

Role of Leadership in Entrepreneurial Development: An Empirical Study

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Abstract

Leadership is a method of guiding groups or organizations to take action for attaining a common goal. This is a manner of inspiring and motivating people to work passionately to achieve a target. It is not possible to teach leadership; though it may be acquired and enhanced by right training. Persons possessing right leadership skills will gain top positions within an organization. These may be the Chairman or the MD; or other high officials such as head of Finance, or Operations, or Chief Executive Officer. The current study has focused on whether effective leadership exerts impact on entrepreneurial development and if leadership is a fundamental component of entrepreneurship. It has also focused on whether Entrepreneurial Leadership is a significant contributory factor to the extent of relationship between Entrepreneurship, Leadership and Entrepreneurial Leadership. Stepwise Multiple Regression was used as the statistical tool to obtain results from the collected data. There were total seven independent variables, and one dependent variable.

Keywords: *Effectual Leadership, Entrepreneurial Expansion, Business, Entrepreneurial Envisioning, Entrepreneur, Leadership Dexterity*

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1. Introduction

Leadership is a method of guiding groups or organizations to take action for attaining a common goal. This is a manner of inspiring and motivating people to work passionately to achieve a target. Persons possessing right leadership skills will gain top position within an organization. Leadership comprises of employee motivation, envisioning a project, outlining the process to realize the vision, and maintenance of stakeholder-interests. Successful leaders are found forever determined in their approach; they take

courageous decisions, are passionate achievers, have honest dealings, and are humble, but self-confident. Diverse leadership practices in the world of business: Futuristic, Tyrannical, Autonomous, Laissez-Faire, Alteration or Transformative, Training style.

Leadership comprises:

- Clarity of perception and conceptualization.

- Providing inspiration to organizational employees to go along readily with the vision.
- Giving all pertinent information and procedure to workers to work at attaining the goal.
- Establishing coordination among the opposing interests of each stakeholder.

All successful business leaders erect organizations that survive ambiguity, alteration, and opposition. The continued influence of leaders on business success can additionally be realized through exploring leadership styles and the kinds of individuals running the businesses. Leaders direct themselves and other workers employing leadership styles built on their own experience, educational background, or instructions they have received. Diverse leadership styles influence the level of performance and performance augmentation in an organization (Bass, 1985). The manner in which a person leads a business influences its workers, consumers, society, and its stakeholders. Entrepreneurs running businesses operate as the leader of their business and require precise leadership tools to commence, develop, and maintain a successful project.

Hann, 2013 stated that it is not necessary that every business will succeed. He also said that the attitudes of entrepreneurs impact the expansion of their business. A successful business can be gauged through the company's financial performance, such as generated income, productivity, and return on investment. Bass 1985 opined that leaders in business enterprises impact the financial performance of a business by showing the right leadership styles in the appropriate business context, adding to enhanced firm performance.

Entrepreneurship has gained immense popularity during the last twenty years. As Kuratko (2007) states that the world economy has attained its

optimal financial performance in the last decade by encouraging and supporting entrepreneurial activities. Hence, major part of new wealth has been fashioned by entrepreneurs and trend setters (Timmons, 1999). To reinforce the significance of entrepreneurial literature, words of entrepreneurial authors: Entrepreneurship is the core of a national gain and Entrepreneurship is of prime significance for carrying out innovations and for augmenting opposition. (Porter, 1990) Entrepreneurship is the evident capability and keenness of persons, individually, in teams, inside and outside existent organizations, to see and produce new economic opportunities – whether they be novel articles, novel ways of production or organizational schemes and novel product-market combinations. Subsequently they need to introduce these new ideas in the market, despite insecurity and other hurdles, take on-the-spot decisions, and make use of available resources. (Wennekers & Thurik, 1999).

Accenting the significance of entrepreneurship and leadership, for over two decades now, they are viewed more as a synthesized standpoint, rather than as two distinct perspectives. (Reich, 1997). Kuratko (2007) emphasizes the significance of entrepreneurial leadership by saying that entrepreneurial leadership is mandatory for all types of firms in order to thrive. The chief daunting task for a good leader is to build an internal entrepreneurship as a synthesized idea that can inspire individuals to become pioneers. Such a viewpoint has revolutionized the manner in which business is done at all levels worldwide. This perspective awakens the pioneer spirit in people, and is the heart and soul of entrepreneurial leadership (Kuratko, 2007).

2. Literature Review

Jones (2011) stated that leadership skills could be the chief tool for expansion of any business enterprise. Entrepreneurs discover that zeal, energy, and determination alone cannot uphold an

organization; rather leadership strategies are mandatory skills to make the business grow through the organizational development stages (Shafer, 2012). Although during the initial stages, leadership skills may not be a mandatory component of the entrepreneur's capacity, they are required in the organizational development stage, and these skills can be acquired. Shepard (2013) identified indirect services to be seen as vital, alongside applied educational services. Such services can aid the entrepreneur in comprehending means to innovate and organize strategies, evolve organizational leadership competencies, along with taking right decisions and capacity for critical thinking (Shepard, 2013).

The research focused on transactional leadership, particularly on conditional reward behaviors, and was additionally correlated with the transformational leadership of entrepreneurs (Ardichvili, 2001). The entrepreneurial leadership style has been associated with entrepreneurs because of its pioneering, a sense of insecurity, and realization of opportunities, that is typical to entrepreneurs (Renko et al., 2015). It is not however necessary, that an entrepreneur must make use of this style practically.

The rate of failure in business makes it necessary for leaders to adjust their style of leadership to manage change and modernization, alongside aiding employees to comprehend the overall vision of their businesses. Kouzes and Posner (2012) concluded that a leader forms a relationship among two groups – one who leads and one who follows. It is a relationship that exhibits reciprocal regard and confidence, that can conquer the greatest obstacles and leave a significant heritage.

Gupta et al. (2004) undertook a cross-cultural research on 15,000 mid-level managers to study the efficacy of entrepreneurial leadership, employing the Global Leadership and

Organizational Behavior Effectiveness survey on leadership. From among 112 leadership attributes mentioned in this survey, 23 leadership behaviors were acknowledged to support entrepreneurial leadership. The research showed that entrepreneurial leadership is recognized all over the world and is more popular in the Western world.

One of the chief constituent of transformational leadership, additionally regarded as a construct of entrepreneurial leadership, is individualized consideration, signifying differences in styles of leadership. Individualized consideration is a leadership behavior that sustains followers and aids them towards self-actualization (Northouse, 2016). The entrepreneurial leadership style lays stress on the right usage of opportunities for the organization, rather than providing this kind of enduring support to employees. However, an organization may need the amalgamation of transformational leadership and entrepreneurial leadership styles to be demonstrated by a leader as an organization grows. Business leaders require precise leadership skills to succeed, of course taking into consideration the business ethos and organizational context.

The entrepreneurial leadership style cannot be considered a leadership style that is exclusively meant for entrepreneurs. Research in corporate entrepreneurship, also called entrepreneurial orientation, reveals that entrepreneurial behaviors within an organization result in enhanced performance (Engelen et al., 2015; Seong, 2011).

Sklaveniti (2017) argues that entrepreneurial leadership emerges from the co-action of a venture's participants. She identifies co-action as the intersection between the field of entrepreneurship and leadership. In entrepreneurship, co-action characterises a change in the direction for a venture (Gergen, 2009), while in leadership it characterises the expression of creativity (Steyaert, 2007).

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3. Objectives of the Study

- To illustrate the relevance of leadership in entrepreneurial success.
- To chalk out the other attributes that is needed in successful entrepreneurship.
- To analyze the drawbacks that obstructs the growth of a successful entrepreneur.

Hypothesis of the Study:

Null hypothesis is denoted by Ho and alternate hypothesis is denoted by Ha

Ho 1 Leadership is not an integral impact on the entrepreneurship.

Ha 1 Leadership is an integral part of the entrepreneurship

Ho 2 Entrepreneurial vision has no impact on the business leaders for Entrepreneurial Success.

Ha2 Entrepreneurial vision has significant impact on the business leaders for Entrepreneurial Success.

Ho 3 Effective leadership of an entrepreneur has no impact on the Entrepreneurial Success.

Ha 3 Effective leadership of an entrepreneur has significant impact on the Entrepreneurial Success.

Ho 4 Business Leaders’ vision has no impact on the Entrepreneurial Success.

Ha 4 Business Leaders’ vision has significant impact on the Entrepreneurial Success.

Ho 5 Leadership skills have no impact on the Entrepreneurial Success.

Ha 5 Leadership skills have significant impact on the Entrepreneurial Success.

Ho 6 Leaders are born not made and have no impact on the Entrepreneurial Success.

Ha 6 Leaders are born not made and have significant impact on the Entrepreneurial Success.

Ho 7 Entrepreneurship is leadership and has no impact on the Entrepreneurial Success.

Ha 7 Entrepreneurship is leadership and has significant impact on the Entrepreneurial Success.

4. Research Methodology

To identify the effect of leadership on the entrepreneurial quantitative research was used. Data was recorded from 211 entrepreneurs who belong to Delhi NCR. The data has been collected through purposive sampling for entrepreneurs from different sectors. The data was collected from the chosen respondents with the help of a close ended structured questionnaire. The scaling technique used was Likert five point scale. The statistical tool – Stepwise Multiple Regression was applied to derive the results from the data. There were total 7 independent variables and 1 dependent variable.

5. Data Analysis and Interpretation:

5.1 Demographic Profile

Table 1 Demographic Profile of the Respondents

Categories	No. of Respondents	% age
Age		
20-30	56	26.5%
30-40	52	24.6%
40-50	60	28.5%
50 and above	43	20.4%

Total	211	100%
Gender		
Male	148	70%
Female	63	30%
Total	211	100%
Experience		
Below 1 year	42	20%
1-3 years	58	27.4%
4-5 years	75	35.5%
5 years and above	36	17.1%
Total	211	100%
Income per month		
Below 5 lakhs	66	31.3%
5-10 lakhs	50	23.7%
Above 10 lakhs	95	45%
Total	211	100%

years of experience. 31.3% of the population has a monthly income less than 5 lakhs, 23.7% of them earn between 5-10 lakhs and the remaining 45% of them get of more than 10 lakhs.

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 ^a	.707	.705	.68504
2	.861 ^b	.741	.739	.64547
3	.875 ^c	.765	.762	.61602
4	.881 ^d	.776	.772	.60274
5	.884 ^e	.782	.777	.59633

Predictors: (Constant), **Leadership is an integral part of entrepreneurship, Business Leaders essentially carries the entrepreneurial vision, Effective Leadership of an entrepreneur ensures the success of an enterprise, Business Leaders' Vision and Entrepreneurial success depends upon the Leadership skills.**

The model summary, as presented in the table 2 shows that five steps were taken for the optimization of the model and results. The 5th step shows value of R square as .777 which finds that around 78% of the variance is explained by the model, which is significant. The value of adjusted R Square is also high.

Table 3 ANOVA for Stepwise Regression

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
5	Regression	261.717	5	52.343	147.195	.000 ^f
	Residual	72.899	205	.356		
	Total	334.616	210			
a. Dependent Variable: Entrepreneurial Success Depends upon Leadership						
b. Predictors: (Constant),						

Predictors: (Constant), **Leadership is an integral part of entrepreneurship, Business Leaders essentially carries the entrepreneurial vision, Effective Leadership of an entrepreneur ensures the success of an enterprise, Business Leaders' Vision and Entrepreneurial success depends upon the Leadership skills.**

Dependent Variable: **Entrepreneurial Success Depends upon Leadership**

Table 3 shows the ANOVA statistics. Under the model column – number 5 represents the values which have come out at 5th step. The ANOVA table tells whether the independent variable is significantly affected by the dependent variable. Referring table 3, Sig. column, the value is .000,

which is less than the critical value of p - .05, hence there is a significant impact of independent variables on dependent variable. With the value in sig. column (e) is also added with .000, which means (see table footnote) that it is significant when the dependent variable (**Entrepreneurial Success Depends upon Leadership**) is predicted by the five independent variables namely- **Leadership is an integral part of entrepreneurship, Business Leaders essentially carries the entrepreneurial vision, Effective Leadership of an entrepreneur ensures the success of an enterprise, Business Leaders' Vision and Entrepreneurial success depends upon the Leadership skills.**

Table 4 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
5	(Constant)	.410	.154		2.661	.008
	Leadership is an Integral Part of entrepreneurship	.492	.068	.648	7.231	.000
	Business Leaders essentially carries the entrepreneurial vision	.240	.073	.209	3.297	.001
	Effective Leadership of an entrepreneur ensures the success of an enterprise	.327	.067	.327	4.867	.000
	Business Leaders' Vision is	.319	.085	.288	3.769	.000
	Entrepreneurial Success depends upon their Leadership Skills	.105	.045	.103	2.335	.020
a. Dependent Variable						
b. Predictors						

The coefficients table 4 shows which variable out of the total 7 independent variables, 5 variables significantly affect the dependent variable. There are **Leadership is an integral part of**

entrepreneurship, Business Leaders essentially carries the entrepreneurial vision, Effective Leadership of an entrepreneur ensures the success of an enterprise, Business Leaders'

Vision and Entrepreneurial success depends upon the Leadership skills. The list of excluded variables or the variables which have insignificant

impact on the Entrepreneurial Success Depends upon Leadership of are listed in the table 5.

Table 5 Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
5	Leaders are born and not made	.004 ^f	.071	.943	.005	.388
	Entrepreneurship is nothing but leadership	.095 ^f	1.209	.228	.084	.173

Table 5 shows the list of excluded variables. These are the variables that do not affect the satisfaction of women librarians significantly. These variables are – Leaders are born and not made and Entrepreneurship is nothing but leadership.

Results of the Hypotheses testing:

Ho 1 Leadership is not an integral impact on the entrepreneurship.

Ha 1 Leadership is an integral part of the entrepreneurship

The value under significant column of table 4 is .000, which is less than the value of ‘p’ at 5% significance level (.05) that is why, the null hypothesis is rejected. Hence it may be concluded that **Leadership is an integral part of entrepreneurship.**

Ho 2 Entrepreneurial vision no impact on the business leaders for Entrepreneurial Success.

Ha 2 Entrepreneurial vision has significant impact on the business leaders for Entrepreneurial Success.

The value under significant column of table 4 is .001, which is less than the value of ‘p’ at 5% significance level (.05) that is why, the null hypothesis is rejected. Hence it may be concluded

that **entrepreneurial vision has significant impact on the business leaders for Entrepreneurial Success.**

Ho 3 Effective leadership of an entrepreneur has no impact on the Entrepreneurial Success.

Ha 3 Effective leadership of an entrepreneur has significant impact on the Entrepreneurial Success.

The value under significant column of table 4 is .000, which is less than the value of ‘p’ at 5% significance level (.05) that is why, the null hypothesis is rejected. Hence it may be concluded that **Effective leadership of an entrepreneur has significant impact on the Entrepreneurial Success.**

Ho 4 Business Leaders’ vision has no impact on the Entrepreneurial Success.

Ha 4 Business Leaders’ vision has significant impact on the Entrepreneurial Success.

The value under significant column of table 4 is .000, which is less than the value of ‘p’ at 5% significance level (.05) that is why, the null hypothesis is rejected. Hence it may be concluded that **business leaders’ vision has significant impact on the entrepreneurial success.**

Ho 5 Leadership skills have no impact on the Entrepreneurial Success.

Ha 5 Leadership skills has significant impact on the Entrepreneurial Success.

The value under significant column of table 4 is .020, which is less than the value of 'p' at 5% significance level (.05) that is why, the null hypothesis is rejected. Hence it may be concluded that **leadership skills has significant impact on the entrepreneurial success.**

Ho 6 Leaders are born not made and have no impact on the Entrepreneurial Success.

Ha 6 Leaders are born not made and have significant impact on the Entrepreneurial Success.

The value under significant column of table 5 is .943, which is more than the value of 'p' at 5% significance level (.05) that is why, the null hypothesis is accepted. Hence it may be concluded that **Leaders are born not made and have no impact on the Entrepreneurial Success.**

Ho 7 Entrepreneurship is leadership and has no impact on the Entrepreneurial Success.

Ha 7 Entrepreneurship is leadership and has significant impact on the Entrepreneurial Success.

The value under significant column of table 5 is .228, which is more than the value of 'p' at 5% significance level (.05) that is why, the null hypothesis is accepted. Hence it may be concluded that **Entrepreneurship is leadership and has no impact on the Entrepreneurial Success.**

Conclusion The research was based on the very foundation that leadership is the most important element to be a successful entrepreneur. Adequate methods were adopted to analyze the validity of the statement and curate the most appropriate

aspect that boost the success of people who are in this venture. Effectual Leadership is the backbone of a business as it provides stimulation, power and ambiance for originality, modernization and self-motivation. However some believe that entrepreneurship cannot come with time but is a gift of nature.

The exploration portrayed that proper leadership is an integral part of entrepreneurship, business Leaders essentially carries the entrepreneurial vision, effective leadership of an entrepreneur ensures the success of an enterprise, business leaders' vision and entrepreneurial success depends upon the Leadership skills. However, it is also revealed that leaders are never born but made and that leadership is a separate attribute and cannot be mixed with entrepreneurship. The survey is done on a significant amount of people who are young and are doing extremely well and they are grateful towards their innate skills and appropriate leadership attributes for the victory they have achieved till date. Therefore, efficient headship can be the biggest reason for a flourishing endeavor.

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