

An Entrepreneurial Journey of Leadership

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Abstract: Leadership is simply defined as the ability to influence a group toward the achievement of a vision or set of goals. In today's dynamic world we need strong and challenging leaders to create vision of the future and inspire organizational members to achieve the same. With the changing time number of start-ups are coming up and the role of leaders is getting increasingly complex and critical. Leaders are trying to think high and dream big to bring changes through their contributions to be the part of the competitive rat race. These leaders are either positioned leaders or personal leaders who make indispensable contributions to the society by creating jobs for themselves and for others, at the same time they are an integral part of the renewal process. Here, the researchers are basically focussing upon leaders as entrepreneurs who take major responsibility with context to new and emerging firms where innovations are there and that lead to technological growth change and growth in productivity.

Entrepreneurship is linked with leadership because the success depends on the entrepreneur's ability to lead the venture in the right direction. An entrepreneur is simply the 'team leader' of the venture, so the leadership traits exhibited by leaders in general apply in entrepreneurial leadership as well.

This research paper aims at understanding how an entrepreneur contributes towards the success of the venture as a leader and what traits in a leader is critical for same.

Keywords: Personality traits, Venture, Business traits, Transformational leadership, Entrepreneurial orientation

Introduction

An entrepreneurial leader directs the venture towards a common goal by using making best use of opportunities, taking personal responsibility for its operations and managing change in a dynamic environment for the benefit of the organization.

According to Bruce Bachenheimer, Entrepreneurship is more than just starting a new business venture where a new different mindset – a way of thinking and acting help an organization to be setup. It is also about identifying the problems faced by the market and imagining new ways to solve the problems and create value.

Leadership is a versatile term allocated to represent the qualities of a person that help guide self and others towards the desirable result. Thus, a leader is understood based on the style of leadership they follow and the desirable personality traits they depict.

All leaders are expected to be visionary, out of the box thinker and independent but there are a few areas where entrepreneurial leadership is different from their traditional counterpart. For one, while traditional leaders take calculated risks within the limits set by the organization, the risk and scope of operations for an entrepreneurial leader is significantly higher.

This means that it is a hygiene factor for entrepreneurs to self-generate, self-reflect and self-correct their workplace. They need to learn to fully leverage their potential and the potential of their co-workers to create maximum value for their venture. They no longer have specific risks. An entrepreneurial leader is expected to understand the market, create and drive the change.

A journey from leadership to entrepreneurship

An entrepreneur is responsible for initiating the idea, conducting feasibility test and guiding the venture through different stages of its lifecycle. Leadership is an integral part of this system. It is a hygiene factor - without a proper lead from the entrepreneur, the venture will doubtlessly fail. Individuals usually place individual goals above the venture's objectives whereas, the entrepreneur is one of the few people in the organization who genuinely take up the venture's objectives as individual goal. Thus, the entrepreneurs are required to lead the people – as they are the ones who set the direction in which the venture needs to proceed.

Entrepreneurial leadership and the Horizon

The world economy requires heavy participation in entrepreneurship in order to sustain the rising population and coping up with the changing needs of the customers. Leadership defines how well the entrepreneur is able to direct the venture towards success.

Entrepreneurial leadership as a concept emerged in the year 2000 when McGrath and MacMillan realized the significance of leadership in guiding the venture towards success. In the current generation world market is highly dynamic in nature. To cope up with the increasingly challenging environment, the business ventures need an entrepreneur who can lead the team through the uncertainties, take up on the opportunities and us able to ensure that the venture is able to keep up with the constant change. In other words, the fast-changing markets or situations give entrepreneurs with a great leader approach, the ability to exploit opportunities to gain advantage for their venture faster than others.

Objectives

The objectives of the research are to: -

- i) Identify the importance of a leader for the success of an entrepreneurial venture.
- ii) Analyse the leadership styles displayed by successful leaders.
- iii) Understanding traits required by entrepreneurs focusing on desirable traits expected from leaders during different stages of the venture.

Research Methodology:

The study is primarily based on secondary data. For this research project, information from different journals, websites and other available sources were collected. A systematic review of collected literature was done in detail.

This research paper presents preliminary findings on the importance of the entrepreneur's leadership skills for the success of the venture. Detailed stakeholder mapping was done to identify focus areas. The research covers the generation of entrepreneurs who belong to, their area of operation and the scale of operation of their venture.

Due efforts have been taken up to ensure that the research is unbiased one and based on only the written and documented authentic data.

Evaluation criteria of entrepreneurs:

i) Generation of entrepreneur - Traditional, Gen Y and Gen Z

- Personality traits
- Leadership style
- Idea initiation
- Expectations of the market
- Feasibility of their idea
- Impact on the society

ii) Scale of operation - small, medium and large.

- Roles and responsibilities
- Delegations
- Knowledge of the entrepreneur

Literature review:

Numerous industry experts have identified different factors that they consider important for entrepreneurial success like Personal background and experience, socio-economic factors like financial status, family background in business, intellectual abilities, managerial skills, personal qualities (leadership, approachability, confidence, risk-taking etc) and behavioural characteristics(need for control, looking at the big picture, commitment etc) ¹(Siwan Mitchelmore & Jennifer Rowley, 2010)

According to Warren Bennis, leadership is the ability to be able to turn the vision/objective into reality. Entrepreneurial Leadership can be studied in depth by considering personality traits and leadership styles.

There are three major categories of leadership: transactional, transformational and passive-avoidant leadership Transformational leadership is significantly more correlated to the business performance than

¹ Siwan Mitchelmore & Jennifer Rowley, International Journal of Entrepreneurial Behaviour & Research, Emerald Group Publishing Limited, Vol. 16 No. 2, 2010.

transactional leadership and passive-avoidant leadership. Among the three different leadership styles, transformational leadership is the best predictor of the business performance.²(**Chung-Wen Yang, 2008**) Knowledge is the backbone that supports leadership and ensures its effectiveness.³(**Ted Sun, 2004**)

Personality

Use of Big 5 model, Locus of control, McClelland's theory of needs and Self efficacy model to understand the personality of an individual

1. The big 5 model (OCEAN)

- Openness to experience – willing to take risks, gain experience and thinking out of the box.
- Conscientiousness – ability/tendency to control impulses and act in a socially-accepted manner.
- Extroversion/Introversion – comfort level in interacting with people(strangers)
- Agreeableness – Behavioural characteristics that make an individual appear to be socially acceptable or likable.
- Neuroticism – emotional stability and the confidence to feel confident in one's own skin.⁴

2. Locus of control

Locus of control is the degree to which people believe they have control over the outcome.

- Internal locus of control – the belief that one's own effort determines the result.
- External locus of control – the belief that one's destiny is predetermined/ affected by factors outside the individual's control.

3. McClelland's Theory of Needs

According to McClelland's theory of Needs or Human Motivation Theory, every human has at least one specific motivator or 'need'. This need could be power, achievement or affiliation.

- Need for power - Need for power refers to a need to be a position of influence
- Need for achievement - Need for achievement refers to a need for achieving high targets in the field of interest.
- Need for affiliation – Social/Societal needs

4. Self Efficacy - Self efficacy can be termed as people's perception about their own capability and efficiency.

- Experience – Past success raises self efficacy while past failure lowers it.
- Modelling – positive examples increases self efficacy while negative examples/role model reduce self efficacy.
- Social persuasion – Positive affirmations from people around them leads to increase in self efficacy while negative affirmations reduce self efficacy.
- Physiological factors –people notice these behaviours in themselves, they attribute it to inability to perform. This leads to low self efficacy.

Entrepreneurship

According to the 5 M model, there are five types of entrepreneurs:

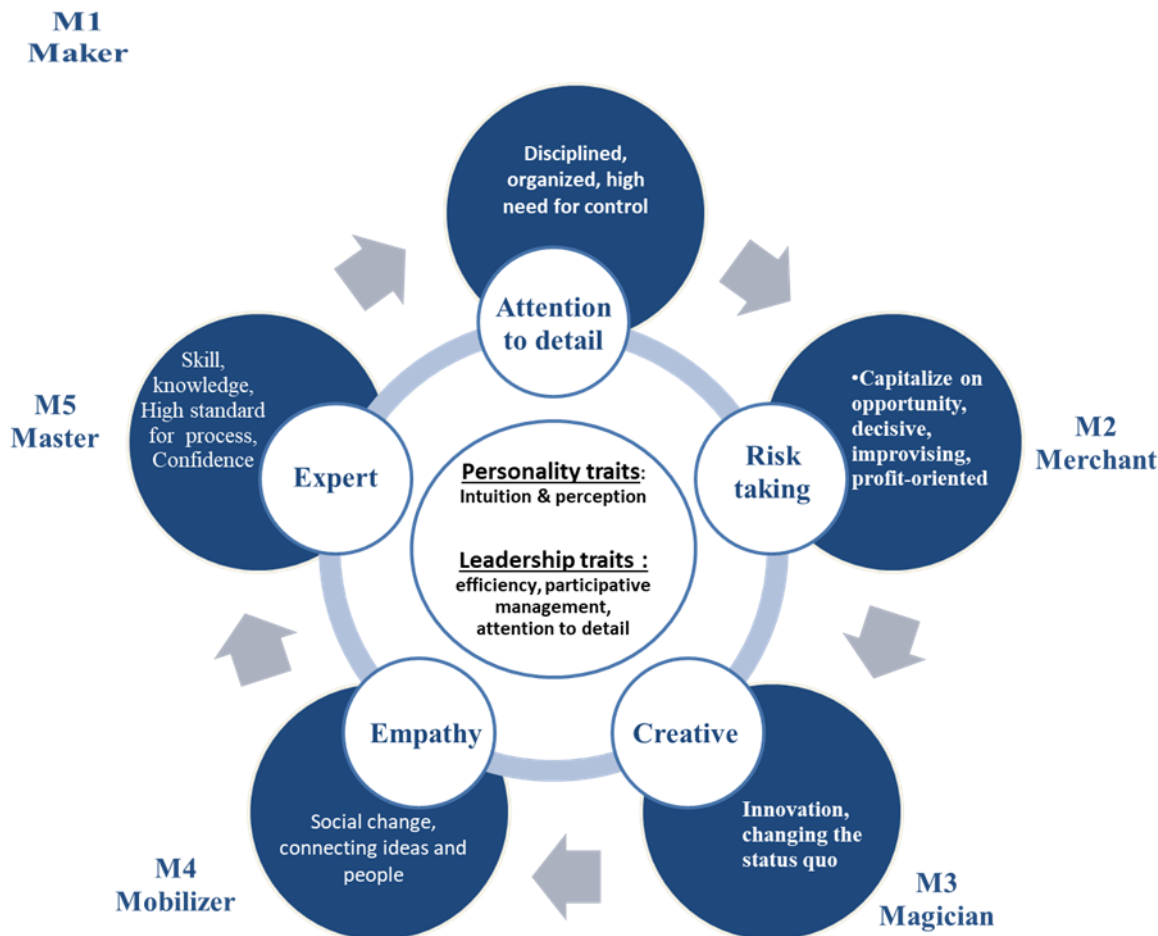
- Maker – disciplined, organized, high need for control
- Merchant – capitalizing on opportunity, decisive, improvising, profit-oriented
- Magician – innovation, changing the status quo
- Mobilizer – empathy, social change, connecting ideas and people
- Master – highly skilled and knowledgeable, confidence, high standards for excellence.

² Chung-Wen Yang, The Relationships Among Leadership Styles, Entrepreneurial Orientation, and Business Performance, Volume 6, Number 3, Fall 2008

³ Ted Sun, Knowledge required to achieve entrepreneurial success, University of Phoenix May 25, 2004

⁴ Neuroticism, Positive psychology program, the five factor model explained

Suggested model



(Cited by Ahmed Salleh , 2017 in his presentation about 5M of entrepreneurship.)

- The outer circles represent business traits exhibited by each type of entrepreneur.
- The inner circles represent the leadership trait that defines each type of entrepreneur.
- The circle in the centre represents the personality and leadership traits that are common across all styles of leadership and types of entrepreneurs.

Interpretation

The model shows how the entrepreneur’s personality and behavioural aspects are directly linked to the leadership traits they display. Despite the variations in the type of entrepreneurs, there are some common personality and leadership traits that are applicable to all.

Key Personality traits: Intuition and perception

Key leadership traits: Attention to detail, efficiency, participative management.

Conclusion

Entrepreneurial leadership encompasses knowledge, personality and behavioural traits that help individuals direct the venture towards its objective.

It is observed that there is a direct link between the leadership capability of the entrepreneur and the venture’s success. Entrepreneurial leadership is more related to transformational leadership than it is to transactional leadership⁵. Transformational leadership focuses on revolutionizing the operations. This helps entrepreneurs to identify an unique solution to the market’s need and making best use of the opportunity.

From this research we understand the importance of developing desirable leadership traits to optimize profits, utilize opportunities, reduce risk and create a sound work environment in the venture. An entrepreneurial leader needs to rank high on self efficacy and calculated risk taking.

⁵ Chung-Wen Yang, The Relationships Among Leadership Styles, Entrepreneurial Orientation, and Business Performance, Volume 6, Number 3, 2008.

Upon researching the personality and leadership traits of successful entrepreneurs from different sectors, the following results were gathered:

- Entrepreneurs use a mix of transactional and transformational leadership – but the highest priority is given to transformational leadership and transactional leadership is used to handle tasks that are repetitive in nature.
- Most entrepreneurial leaders rank high on McClelland’s need for achievement.
- More than 90% of entrepreneurs exhibit internal locus of control and focus on long term goals. They are open to experience and display a high degree of self control.
- Key personality traits are intuition and perception. Key leadership traits are Attention to detail, efficiency and participative management.

1. Entrepreneurship over the generations

Generation	Entrepreneurs used as reference	Characteristics exhibited
Traditional	1. Dhirubhai Ambani 2. Walt Disney 3. Elon Musk 4. Sara Blakely 5. Andrew Wilson	1. Credibility 2. Influential 3. Effective communication skills 4. Power – legitimate and Expert 5. Visionary 6. High risk-takers
Gen Y	1. Steve Jobs 2. Mark Zuckerberg 3. Gerald Adams 4. Jessica Alba 5. Peter Cashmore	1. Expert power 2. High EQ 3. Work-life balance 4. Simplification and right delegation 5. Networking skills 6. Problem solver approach
Gen Z	1. Connor Blakley 2. Ishan Goel 3. Jonah Stillman 4. Angie Read 5. Mehak Vohra	1. Independent 2. Knowledge driven 3. Breaking the status quo 4. Social networking 5. Need creator

The traits required to be an entrepreneur changed over the generations – while traditionalists focussed on legitimate and expert power along with high risk taking, Generation Z show high need for independence and being socially relevant to ensure success of the venture.

Traditionalists – Show a visionary way of thinking with a transactional method of operation. Autocratic in nature, pioneers and

Generation Y – Focus on innovation, risk management and work-life balance.

Generation Z – Need creator and the desire to change the status quo, break-up of the traditional organizational structure.

3. Stage of operations

1. Seed and development – the entrepreneurial lifecycle begins the moment a decision is made to set up a business. It is essential to do an in-depth research of all the legal compliances and benefits available.

Key leadership traits: Need driver or problem solver attitude, ability to pitch the idea, ability to spot opportunities and willing to take the risk.

2. Start-up – Once the business idea has been tested, it is time to launch it. Mistakes made at this stage impact the company many years down the line. 25% of the ventures close down due to errors at this stage. Hire smart people with complementary skills.

Key leadership traits: High risk taking, adaptability and willingness to accept feedback.

3. Growth and development – Focus on generating consistent source of income. As the venture is growing, ascertain that delegation of work is being done properly. The founder/Entrepreneur will no longer be able to single-handedly handle the responsibilities.

Key leadership traits: Attention to detail, efficiency, participative management.

4. Expansion – The venture has firmly established its presence within the industry. Think about capitalizing on current stability and look out entering in new geographical areas or offering (product or service) to the market.

Key leadership skills required: Transformational leadership, innovation, change driver, adaptive, crisis management.

5. Maturity and possible exit – Push for further expansion or exit the business. Once the maturity stage has been attained, it is nearly impossible to expand further. It is advisable to exit the market or expand to other market offerings.

Key leadership traits: High risk taking, visionary, need driver, adaptable, ability to understand the market situation.

List of General desirable and destructive traits identified:

These are the 10 most important traits that make or break leadership efficiency in entrepreneurial ventures.

Desirable traits	Destructive traits
1. Integrity and Trust	1. Rigid
2. Risk taking	2. Unwilling to take risk
3. Effective communication	3. Impatient
4. Expert	3. Authoritative
5. Empathy	4. Temperamental
6. Visionary	5. Manipulative
7. Attention to detail	6. Pessimistic
8. Team player	7. Condescending
9. Creative	8. Resistant to change
10. Participative	9. Providing critical, not constructive, feedback
	10. Hypocrisy

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