Strategic Leadership and Entrepreneurial Intention among Indian Employees

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Abstract:

An organization survives in this dynamic and competitive environment through its innovation and entrepreneurship capabilities. Incidentally, a strategic leader envisions this core competency for successful enterprises and therefore kindles the spirit of entrepreneurship among his/her employees. This is further enhanced by the learning initiatives that are designed by these leaders both at the individual and group levels. Thus, this empirical study attempts to find a link between leadership and entrepreneurial intention. The benefit of this research is that it indicates the areas that could be further explored as possible opportunities in the study of leadership and entrepreneurship education.

Keywords: *Strategic leadership, entrepreneurial intention model, learning organization, perceived behavioral control, personal attitude, and subjective norm.*

Introduction

Strategic leadership plays a critical role in the effectiveness and performance of an organization. A strategic leader provides a clear vision and helps an organization to achieve its mission and goals. Such leaders are more focused in building their organizational capabilities and competencies in order to gain competitive advantages. Moreover, an organization survives in this

dynamic and competitive environment through its innovation and entrepreneurship capabilities. Incidentally, a strategic leader envisions this core competency for successful enterprises and therefore kindles the spirit of entrepreneurship among his/her employees. This is further enhanced by the learning initiatives that are designed by these leaders both at the individual and group levels. The visionary and futuristic thinking traits of leadership are essential for organization-wide learning initiatives to succeed. Therefore, this paper attempts to study the perception of the Indian employees on strategic leadership and its impact on entrepreneurial intention based on the Ajzen's theory of planned behavior (Ajzen, 1991).

Literature Review

There are numerous ways to define and identify leadership. In fact a study by Winston and Patterson (2006) identified that there are over 92 variables that may comprise the whole of leadership. According to them leadership is defined as follows:

"A leader is one or more people who selects, equips, trains, and influences one or more follower(s) who have diverse gifts, abilities, and skills. A leader focuses the follower(s) to the organization's mission and objectives causing the follower(s) to willingly and enthusiastically expend spiritual, emotional, and physical energy in a concerted coordinated effort to achieve the organizational mission and objectives."

Although this is an integrative definition of leadership, it is evident that the concept of leadership will continue to develop as scholars, researchers, and practicing leaders gain greater insight into the concept. Subsequently, literature review suggests that there are widespread classifications of leadership theories based on the important trait that each theory argues for. Broadly, leadership theories have been classified as follows: Great man theory (leadership is intrinsic and destined by birth), Trait theory (based on individual characteristics such as mental,

physical or social), Behavioral theories (based on the individual's acquired behavior toward task or people), Contingency theories (based on situational factors), Transactional leadership (based on leader's management style of members) and Transformational leadership theories (based on the relationship of leader and members). These studies demonstrated the effects of certain factors in leadership and suggested systemic ways to underscore the existence of such theories. For example, Offermann, Kennedy, and Wirtz (1994) studied the implicit theories of leadership to understand the variations in content, structure and generalizability of the implicit ways that people view leaders.

Effective leaders have a unique style and adopt their own methods to steer their organization and its members. Leadership styles are basically categorized into three basic types viz., **authoritarian**, **democratic**, and **laissez**-faire (Giltinane, 2013). Autocratic leadership, also known as authoritarian leadership is defined by the fact that the leader makes the decisions made by the leader and delegates the work/tasks to the members. Democratic leadership also known as participative leadership involves the members to involve in the decision process under the guidance of the leader. Thus the decision-making is a collective process. Laissez-faire, also known as free-reign style, entails total freedom to the members in the decision-making without any involvement of the leader. The members hold responsible for their action. There are various other styles such as bureaucratic, facilitative style, servant leadership style, coaching and so on. Each style has its own advantages and disadvantages at any given situation. For example, the healthcare industry preferred strategic and coaching best, finance industry preferred strategic and democratic, and pharmaceuticals preferred strategic, coaching, and democratic styles almost equally (Cunningham, Jennifer, Jordan Salomone, and Noreen Wielgus, 2015). Thus, there are

leadership style preferences across industries and when used appropriately leaders can lead an organization effectively (Giltinane, 2013).

Further, leadership models can act as a guide that would suggest specific leadership behaviors to use in a specific environment or situation. Among several models, the most prominent ones are managerial grid, four framework approach, and situational leadership. The managerial grid by Blake and Mouton (1964) focuses on two behaviors of a leader to predict outcomes. They are i) concern for task and ii) concern for people. The four framework approach modeled by Bolman and Deal (1991) uses four common concepts to guide leadership behavior in specific situations. They are structural framework, human resource framework, political framework and symbolic framework. Structural leaders focus on structure, strategy, environment, implementation, experimentation, and adaptation. Human resource leaders believe in people whereas political leaders assess the distribution of power and interests among the stakeholders and finally symbolic leaders use symbols to capture attention, frame experience by providing plausible interpretations of experiences, and discover and communicate a vision. Finally, situational leadership model is based on the coaching that leaders extend to their members.

Strategic Leadership in learning organizations

According to Rowe (2001), strategic leadership is the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term organization's viability. Strategic leadership requires certain essential skills. The research at the Wharton School with more than 20,000 executives, identified that six skills such as the abilities to anticipate, challenge, interpret, decide, align, and learn when mastered and used in concert, allow leaders to think strategically and navigate the unknown effectively (Schoemaker, Krupp, and Howland, 2013). Similarly, it is

argued that the competencies required for strategic leadership can be acquired (Norzailan, Yusof, and Othman, 2016). Leaders in organizations, particularly those in learning organizations play an important role in developing and in achieving the individual, team and organizational goals.

Entrepreneurial Intention Model

Entrepreneurship intention is defined as a factor that acts as a strong indicator for entrepreneurial behavior which leads to the emergence of an organization. There are several definitions in the literature which includes various other variables such as time frame and demographic variables. For example, entrepreneurial intention is defined by OECD as "the percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years" (www.oecd.org).

Literature review suggests that several studies have employed Ajzen's model of planned behavior which is widely used in social psychology to study the entrepreneurial intent (Lortie & Castogiovanni, 2015; Kautonen et al., 2015; Fretschner,2014; Van Gelderen, 2008; Krueger et al., 2000; Krueger & Carsrud, 1993). Krueger & Carsrud (1993) argue that "intentions-based models of entrepreneurial activity ……open new approaches to studying venture initiation and allow us to better understand the impact of various antecedents of organizational emergence; identifying not only what influences emergence, but also how". It was found that intentions to be the single best predictor of any planned behavior, including entrepreneurship and that attitudes influence behavior by their impact on intentions (Krueger et al., 2000). Particularly, the meta-analytic review to study the efficacy of the TPB perceived behavioural control (PBC) construct accounted for significant amounts of variance in intention and behavior (Armitage & Conner, 2001)

Therefore the study hypotheses are as follows:

H1: There are no significant differences between strategic leadership and entrepreneurial intentions based on demographic variable gender.

H2: There are no significant differences between strategic leadership and entrepreneurial intentions based on demographic variable nationality.

H3: There are no significant differences between strategic leadership and entrepreneurial intentions on based organizational type.

H4: There is no correlation among the study variables viz., strategic leadership, personal attitude, subjective norms, and perceived behavioral control.

H5: There is no significant effect of strategic leadership on the entrepreneurial intention model.

Research Methods:

Data source:

The data were obtained from database of the alumni network of the college in which the first author of this study is presently employed. This study is a part of a larger research work for which an online questionnaire was randomly sent to about 250 alumni who had passed out of the college since 2001-2015. A total response of 140 was collected resulting in a response rate of 56%. The purpose of the study was briefed to the respondents and who were assured that their responses would be held confidential.

Measures

To measure entrepreneurial intention, this research uses the Entrepreneurial Intentions Questionnaire (EIQ), developed by Liñán and Chen (2009). EIQ consists of 12 statements to measure the four variables viz. entrepreneurial intention (3 items), personal attitude (3 items), subjective norm (3 items) and perceived behavioral control (3 items). In order to measure the strategic leadership (3 items), this study employs an adapted version of The Dimensions of Learning Organization Questionnaire (DLOQ) as proposed by Watkins and Marsick (1997).

Further, demographic variables such as age, gender, nationality, education, years of experience in the present organization and previous entrepreneurial experience, if any were also considered. Thus, the resulting consolidated instrument has 21 items to measure the variables in the study. A 5-item Likert scale was used to measure all the constructs.

Data analysis

This study employs multivariate data analysis to study the impact of strategic leadership on the entrepreneurial intention model. The descriptive statistics is used to provide a general overview of demographic profile of the respondents. The data collected is checked and analyzed by using the Statistical Package for Social Sciences Programme (SPSS) version 19.

Findings and Results

The following results for the descriptive statistics are summarized in Table 1 that summarizes the demographic details of the survey respondents.

Table 1. Demographic details of the respondents

Variable Name	Categories	Frequency	Percent (%)
Gender			
	Male	**107**	**76.4**
	Female	33	23.6
Age (years)			
	30 or Less than 30	**89**	**63.6**
	31- 40	49	35
	41-50	2	1.4
Education			
	Under Graduate	**61**	**43.6**
	Post Graduate	70	50
	Ph.D	9	6.4
Nationality			
	Indian	**122**	**87.1**

	Non Resident Indian	18	12.9
Total Work Experience (years)			
	Less than 1	11	7.9
	1 to 5	**53**	**37.9**
	6 to 10	45	32.1
	11 to 15	25	17.9
	More than 15	6	4.3
Entrepreneurial Experience			
	Nil	**121**	**86.4**
	1 to 2	13	9.3
	3 to 4	5	3.6
	5 and Above	1	0.7
Organization Type			
	Private	**91**	**65**
	MNC	34	24.3
	Public	8	5.7
	Government	5	3.6
	Others	2	1.4
Experience in current organization			
	Less than 1	23	16.4
	1 to 5	**79**	**56.4**
	6 to 10	31	22.1
	11 to 15	7	5

(Sample size n=140)

Table 2: Descriptive statistics for the main variables of the study (n=140)

Scales	Dimensions	Mean	Std.Dev
Entrepreneurial Intention		**3.98**	**0.77**
	Personal Attitude	**4.09**	**0.66**
	Subjective Norm	**3.76**	**0.69**
	Perceived Behavioral Control	**3.51**	**0.75**
Strategic Leadership		**3.62**	**0.83**

Table 2 shows the descriptive statistics for the main variables of the study. Further, the Cronbach's alpha to test the reliability of the instrument is found to be 0.69 and thus the instrument is found to be reliable.

To compare the entrepreneurial intention and strategic leadership in terms of gender and nationality, t-tests are conducted. The results comparing entrepreneurial intentions and strategic leadership in terms of gender and nationality are found to be statistically insignificant ($p>.05$). This means that female and male employees within India or abroad have the same perspectives of their entrepreneurial intention.

One-way ANOVA between the subjects was conducted to compare the effect the type of organization on entrepreneurial intention and strategic leadership. It is found that there are no statistically significant differences among the categories based on the organization type.

Correlation

The purpose of correlation analysis is to measure and interpret the strength of a linear or nonlinear relationship between two continuous variables. Correlation **coefficients** take on values between -1 and +1, ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (1). The positive or negative sign of the correlation coefficient indicates the direction of the relationship and the absolute value indicates the strength of the correlation.

Table 3 shows the results of the Pearson correlation coefficient for the study variables Entrepreneurial intention, Personal attitude, Subjective norm, Perceived behavior control and Strategic Leadership

Table 3: Correlation Analysis

	SL	EI	PA	PCB	SN
SL	1				
EI	0.066	1			
PA	.194*	.779**	1		
PCB	0.133	.572**	.498**	1	
SN	.236**	.332**	.280**	0.132	1

*p<.05 , **p<.01

It is found that the Pearson correlation coefficient between strategic leadership and entrepreneurial intention model are positive and at moderate level. The coefficients between strategic leadership and dimensions of entrepreneurial intention model were statistically significant for personal attitude (r=.194, p<.05) and subjective norm (r=.236, p<.01).

This study employs the multiple regression analysis to study the influence of strategic leadership on the entrepreneurial intention model. The table 4 below shows the regression analysis of the relationship between dependent and independent variables in this research.

Table 4: The results of the stepwise regression analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.779[a]	.606	.603	.48587	.606	212.489	1	138	.000
2	.807[b]	.651	.646	.45893	.045	17.674	1	137	.000
3	.816[c]	.666	.658	.45089	.015	5.934	1	136	.016
4	.825[d]	.681	.671	.44248	.015	6.219	1	135	.014

a. Predictors: (Constant), PA

b. Predictors: (Constant), PA, PCB

c. Predictors: (Constant), PA, PCB, SN

d. Predictors: (Constant), PA, PCB, SN, SL

Personal attitude of the entrepreneurial intention model was the first variable entering in the model, and additional to this, 'perceived behavioral control' was the second variable entering in the model followed by subjective norm and strategic control. Durbin-Watson coefficient (1.83) in the analysis shows that there was no autocorrelation among the independent variables (not represented in the table 4).

As seen in the above table 4, in the first model personal attitude accounts for 60.6% variance in predicting the entrepreneurial intention of the employees. In other words, personal attitude is found to be the most effective independent variable to predict the entrepreneurial intention of the employees. In the second and third regression models, perceived control behavior and subjective norms contributes 4.5% and 1.5% to the model. Strategic leadership is the last to enter the model and it contributes about 1.5% to the model estimation. ANOVA results show that the model generating all the four variables viz., personal attitude, perceived control behavior, subjective norm and strategic leadership predicting the entrepreneurial intention of the employees teachers are significant [$F(1,139)= 71.90$, $p<.001$]. Results of the beta coefficients of stepwise regression analysis are presented in Table 3.

Table 5: Results of beta coefficients of stepwise regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.284	.257		1.103	.272
	PA	.905	.062	.779	14.577	.000
2	(Constant)	-.020	.253		-.078	.938
	PA	.763	.068	.657	11.287	.000
	PCB	.251	.060	.245	4.204	.000
3	(Constant)	-.384	.290		-1.321	.189
	PA	.722	.069	.621	10.516	.000
	PCB	.252	.059	.246	4.302	.000
	SN	.141	.058	.126	2.436	.016
4	(Constant)	-.155	.299		-.517	.606
	PA	.738	.068	.635	10.910	.000
	PCB	.259	.058	.252	4.493	.000
	SN	.169	.058	.151	2.918	.004
	SL	-.117	.047	-.126	-2.494	.014

a. Dependent variable : EI

As seen in table 5, t-test result show that there is a statistically significant positive relationships among the variables personal attitude, perceived control behavior, subjective norm and a negative relationship for strategic leadership.

Thus, the regression equation for entrepreneurial intention is = -0.155 Constant + 0.738 personal attitude +.259 perceived control behavior+ .169 subjective norm-.117 strategic leadership. It is also noted that subjective norm and shared leadership decreased the value of correlation coefficient significantly along with the change in the significance level.

Discussion and Conclusion

The major contribution of this study is that this is a unique study where the relationship between strategic leadership and its influence on entrepreneurial intention model is studied empirically. Further, the adapted questionnaire was found to be reliable and valid to measure all the study variables. The t-test and Anova analysis shows that there are no significant differences between strategic leadership and entrepreneurial intentions based on the demographic variables such as gender, nationality and type of organization. This suggests that the hypotheses 1, 2 and 3 of this study are supported. The study found that there is a correlation between entrepreneurial intentions, personal attitude, subjective norms, perceived behavioral control and strategic leadership. Therefore, hypothesis 4 of this study is supported. The regression analysis revealed that strategic leadership is a predictor to the model and though it contributes less to model, it is significant. This suggests that the intention for entrepreneurship among the employees in an organization is dependent on their leaders. Thus, the hypothesis 5 of this study is supported. Finally, the limitation of the study is that the study sample is small in size due to time and cost constraints and future studies can address this issue. To conclude, strategic leadership has a determinant role for innovation and entrepreneurship in organizations.

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