



## Entrepreneurial Leadership Competencies—A Study with Reference to Women Entrepreneurs

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**Abstract:** Women have a pivotal role in the economic development of the nation and their share in the labour force has continued to rise and has become the means for self empowerment. Tapping the opportunities given, women have excelled in either starting a home based business or a multinational company to support their family and demonstrated the passion to succeed. But the same was not reflected and recognized as it deserves. The purpose of the present paper is to identify and examine the entrepreneurial leadership competencies which lead to growth and success of women entrepreneurs. This research is an exploratory study designed to explore the Entrepreneurial leadership competencies. The questionnaire with nineteen competencies were taken and administered to 552 women entrepreneurs in Hyderabad who are actually managing the enterprises. The data collected were analyzed by a multivariate analysis technique (Factor Analysis) reducing the factors to the minimum commonalities. And also an attempt was made to find the significant variation of entrepreneurial competencies with reference to demographic factors. The study found out that the key entrepreneurial competencies are Emotional Awareness, Accurate self assessment, Self confidence, Self control and Creativity. This shows that these are the important entrepreneurial leadership competencies which promote to success. The study also revealed that there is no significant variation of entrepreneurial competencies with reference to demographic factors. Women of all ages demonstrated the same leadership potential from young age to old age. Only the level of experience they gain that makes a difference in the decision making process. The results of this study will help the decision makers to understand the women power and helps in formulating the policies to encourage women towards entrepreneurship which will be a road map for empowerment.

**Key words:** Competencies, Creativity, Empowerment, Emotional Awareness

### 1. Introduction

Since Independence an attempt was made to bring women to the forefront of the growth sector by giving them positive discrimination. The small and medium scale sectors contribute to a country's developments which also enable to reduce the poverty and promote self-reliance among people and particularly women. Entrepreneurship development is considered as the priority area to encourage women to stand on their feet. Today the businesses are becoming more and more complex and enterprises are in need of leaders who have the competencies and skills and can act as both leader and a manager depending upon the situation he or she is in. Opportunities are provided by the government in the entrepreneurship sector to empower women economically. The economic empowerment of women at various levels in

different cultures and situations will also bring about economic and social benefits not only in their respective families but also to their community and the society as well. Entrepreneurial ventures are making provision of more business options especially in rural and semi urban areas. The women who are young, dynamic and interested in self employment are motivated to start entrepreneurial ventures with the experience they have gained through education. Women have the capacity to adapt, multi-task, nurture, and have good managing skills. The increasing number of women entering entrepreneurship is in fact, a positive trend but most of the women are not prepared to take risk when compared to their counterparts. In this aspect women are still conservative and hesitate to step forward. Equipped with good managing skills, optimistic outlook, adaptability and futuristic vision, women should

learn to strengthen themselves and move forward with willingness to take risks. Entrepreneurship is an in-built quality and only those with an entrepreneurial streak of creative, innovative and copious ideas turn them into successful ventures and could become a successful entrepreneur. In this context it is important to understand the leadership competencies that are required for women entrepreneurs to manage in the changing environment.

## 2. Literature Review

According to the words of our first prime minister Pandit Jawaharlal Nehru “When women moves forward the family moves, the village moves and the nation moves”[1], it seems to be very much applicable to entrepreneurship and it is being fast recognized as an important area for development. Not much research has been done in the area combining the women leadership and entrepreneurship. Not much data is available on competencies that constitute entrepreneurial personality, particularly women entrepreneurial personality. A review of literature would point out the relevance of the study and provide a background for future research. The change of strategies for entrepreneurship development in the last two decades stressed the importance of conscious efforts for facilitating entrepreneurship development in the right directions. Entrepreneurship has been acknowledged to be one of the essential factors determining the growth of industry of any country. Many studies are evidence that entrepreneurship development and economic development are very closely inter-related [2]. At global level reveals that the interest in female entrepreneurship has increased in recent times, with a greater number of women setting up in business [3]. Entrepreneurship has been the indispensable factor contributing for the development and Entrepreneur has been defined in the traditional literature as a person who undertakes business and bears associated risk, innovative ability, and high need achievement, and religious belief, socially good and economic background [4]. The quality of leadership directly impacts the health and success of every organization. Leaders often have the intelligence, experience and interpersonal skills required to successfully lead an organization, but it is an understanding of how to apply that knowledge is defined as Competence. Competencies differ from individual to individual, but are also affected

by personal style, values and skills [5]. Leadership defines what the future should look like, aligns people with that vision and inspires them to make it happen despite the obstacles. In the simplest terms, leadership is about defining the big-picture; management is about making it happen. Leadership and entrepreneurship are critical concepts in academic research [6]. Leadership is considered a mature [7] entrepreneurship is a relatively young field [8], the two, however, are interconnected [9] and assumed that entrepreneurship is merely leadership in a special context [10]. An entrepreneur is often a leader; an entrepreneur must possess leadership skills to be successful [11]. Some researchers have tried to combine entrepreneurship with leadership into a new form of leadership called entrepreneurial leadership. This new leadership model has been used to show both entrepreneurship and leadership behavior. Competency is defined as a capability or ability and it is derived from effective performance [12], [13]. Individual competencies are unique as much as it is the person that posses and they are also difficult for rivals to imitate because of the ambiguity about their origins and their embedded ness in the individual [14]. Entrepreneurial competencies are considered a higher-level characteristic encompassing personality traits, skills and knowledge, and consequently can be seen as the total ability of the entrepreneur to perform a job role successfully. The main advantage of using such an approach is that it offers us a way to analyze entrepreneurial characteristics that have closer links to performance of organization with leadership. A person as an entrepreneur when they have a very strong eagerness to achieve, an idea which was emphasized which also one of entrepreneurial factor [15],[16]. The use of new combinations defines enterprise and the individuals whose function it is to carry them out with competence. Innovation is an important characteristic for an entrepreneur. Anyone who combines inputs in an innovative manner to generate value to the society, results in a creation of some kind of wealth [17]. Another characteristic of an entrepreneur is opportunity-seeking and examined five critical dimensions of business practices: visioning, commitment to opportunity, control of resources, management orientation, creativity, all of which are related to entrepreneurial development [18]. Entrepreneurs create employment for themselves and for others in

order to work with innovative and economic-centered projects. People who are self-employed and have ownership of the business are called entrepreneurs. An entrepreneurial competence in order to provide an integrated account of contributions relating to entrepreneurial competencies by different authors working in different countries and different industry sectors and at different points in time and, develop an agenda for future to practice entrepreneurial competencies [19]. The shifting focus of entrepreneurial success factors before 1990 was on personal and psychological factors, while after 1990, the focus was shifted to managerial and leadership competencies [20].

### 3. Research Objectives

The main objectives of the study are formulated into four research questions as follows:

1. To study and understand the demographic profile of women entrepreneurs\*
2. To study and understand the leadership competencies of women entrepreneurs\*
3. To study and understand the significance of variation for leadership competencies according to their demographic variables.
4. To study and understand the relationship between leadership competencies and entrepreneurial competencies.

\* According to the Government of India Third all India Census of Small Scale Industries (SSI) for the reference year 2001-2002, "Women Entrepreneur" has been defined as the women or group of women who initiate, organize and co-operate a business enterprise. Government of India has defined women entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women.

#### A. Research Hypotheses

Taking into consideration of the specific objectives of the study, the following hypothesis is been formulated

1. H01: There is no relationship between leadership competencies and demographic variables
2. H02: There is no correlation between leadership competencies and entrepreneurial Traits

#### B. Research Methodology

The Methodology adopted in the present study for analyzing the leadership competencies for women entrepreneurs in all its perspectives is qualitative. The exploratory form of research is adopted to identify and understand the experiences, opinions, perceptions of women entrepreneurs. Qualitative & quantitative data has been used to understand leadership potential of women entrepreneurs.

#### C. Significance of the study

Entrepreneurial dream is having a big-picture and the reality is to develop competencies and skills. Thanks to our government where the mission is to make every girl child have right to formal education, but due to many reasons they still face the prospect of unemployment. In this background, self employment is regarded as a cure to generate income. The findings of the study will contribute to knowledge, which might justify that a competency of an individual is a capability or ability and it is derived from effective performance. Thus, the study will help the entrepreneurs to effectively carry out their business and build confidence to overcome the little hurdles they face in their path way to leadership success.

#### D. Sampling Procedure

The universe for the present study consists of all women entrepreneurs in different sectors belonging to Hyderabad and Rangareddy Districts. Stratified simple random sampling method of probability sampling technique was used for the study. The sample includes only women entrepreneurs. Entrepreneurs belonging to different category and nature of business and abilities (high, middle, and low achievers) are appropriately represented in the sample. The total sample consists of women entrepreneurs within the age group of 20-55 years. According to all India industrial census the estimated number of enterprises actually managed by women was 294 and the number of women

enterprises were 515. For the purpose of the study the total 294 women entrepreneurs who are actually managing are been completely selected. Out of total 515 women enterprises only 258 enterprises were actually managed by women comprise of 50 percent of the sample of women enterprises. Hence, they have been taken for the study. The total sample size for the given study is  $552(294+258) = 552$  women entrepreneurs chosen on a random basis which is adequate representation. The data was collected over a period 26 months during 2009-2011 and care was taken in collecting the data to get adequate representation of the sample size. Using statistical package for social sciences (SPSS v19) the data was processed using the same statistical package.

#### **4. Demographic Profile of the women entrepreneurs**

A country's economic progress is found to be positively correlated with the rise in number and quality of its entrepreneurs. Andhra Pradesh has a history of state initiative towards development of women entrepreneurship.

##### *A. Age of the women entrepreneurs*

The age groups of the respondents are of mixed range from 21-55 years. But the maximum respondents are between 35-45 years indicating the age wise significance of choosing entrepreneurship as a profession. Young women want to prove their competencies; women who are early starters of family want to balance the dual roles, women who are in the middle age gained enough experience in their respective fields of profession and want to put their experience into practice. Research support and confers that women in different age groups have different reasons to plunge into entrepreneurship.

##### *B. Educational qualification of the entrepreneurs*

The educational qualifications of the respondents in the given sample are 157 respondents having SSC as the basic qualification. 49 respondents having Intermediate as the basic qualification. 151 respondents are having bachelors degree as the basic qualification. 67 respondents are having technical degree as the basic qualification. 128 respondents are having post graduate degree as the basic qualification. The positive initiative of introduction of self help groups to give support to

women in which formal education is not insisted. Women with rural background without basic qualification are doing wonderful job by being part of the nation's development. This enables us to conclude that education only enables to gain knowledge.

##### *C. Marital status of the entrepreneurs*

In the given sample two categories married representation is more compared to unmarried. Women life revolves around men so in the given study spouse occupation is also considered.

##### *D. Spouse occupation of the entrepreneurs*

Many women start their career or discontinue their career based on their spouse occupation. Some times to support or to take care of the family they sacrifice their professional career. In the given sample the spouse occupation details of the respondents are 187 respondent's husbands were employed. 113 respondent's husbands were unemployed. 166 respondents were self employed. 61 respondents were in practicing profession. 8 respondents were retired.

##### *E. Type of family of the women entrepreneurs*

The breaking up of joint family system and emerging pattern of nuclear family has created problem. The entire family responsibility is on the shoulder of the women in the nuclear family, taking care of the family and child care responsibility on the shoulders women need to have a balancing profession where they can juggle with the two things. In the given sample 399 respondents are in nuclear family were husband wife and children are the part of the family and 153 respondents are in Joint family.

#### **5. Analysis and Interpretation of data**

Leadership competencies and women entrepreneurs

According to the table:1 the factor analysis was conducted and the respondents are tested for responses and the data was analyzed to test for the hypothesis framed. The KMO value is arrived at 0.777 since it is greater than 0.05 this is suitable for conducting factor analysis. Therefore the factor analysis was conducted. And the commonalities among 552 respondents are extracted and found

that minimum for self control and maximum for business visioning. The dimensionality of leadership competencies are reduced to only five components. They are emotional awareness with highest eigen value which leads to conclusion that it is the basic skill for promoting leadership success. Accurate self assessment, self confidence, self control and creativity are the other four important leadership competencies which promote to entrepreneurial success. Hence, Leadership Competence, Conceptual Competence, Personal Competence, Efficiency Competence and Entrepreneurial Competence are the competencies

According to the fig:1, Self-motivation, business awareness, self-confident and optimistic, documentation and analysis of result, feedback and analysis of information, Ability to take decision, independent minded, dynamic leadership and determination appear to be the common traits of successful entrepreneurs.

*A. Demographic factor wise significance of variation for leadership competencies.*

In order to examine whether there is significant difference of variation arises out of Leadership competencies with reference to demographic factors ANOVA was conducted and found they are statistically not significant. From the Table -2 the Results reveal that having educational qualification does not in any way promotes to leadership positions, women with basic qualification and people with the technical qualification have the same level of competencies. Marital status, Family, Spouse occupation, Nature of Business and Category of business are not bringing any change in the leadership competencies and they are statistically not significant.

*Hence, H01 i.e. Null hypothesis is accepted, this means demographic factors have no significance of variation for leadership competencies.*

*B. Correlation between Leadership competencies, Entrepreneurial Traits and Entrepreneurial Competencies for women Entrepreneurs*

According to the Table: 3 the correlation matrix indicates that all independent variables are having significant and positive correlation with entrepreneurial traits. The independent variables are Personal competencies, Efficiency

competencies and Entrepreneurial competencies which are together constitute Leadership competencies. Personal competencies shares about 29 percent and 46 percent of its variability with relationship competencies and entrepreneurial competencies. Efficiency competencies shares about 29 percent and 52 percent of its variability with personal competencies and entrepreneurial competencies. Entrepreneurial competencies shares about 46 percent and 52 percent of its variability with personal and social Competencies. We can see the correlation between leadership competencies and entrepreneurial traits is .175, concluding of 3 percent of variability. The present study clearly emphasizes the importance of relationship between entrepreneurial traits and leadership competencies. Entrepreneurship development involves a process in which the interplay between the leadership competencies and entrepreneurial factors.

*Hence, H02 i.e Null Hypothesis is rejected which means entrepreneurial traits have significant relationship with leadership competencies*

## 6. Conclusions & Recommendations

Inherently the majority of success factors are similar for men and women, but probably the most notable challenge women face is two –fold roles; the formidable counter balance of career progression and the safekeeping of family and motherhood. On average the most accelerated period of career progression is in the age 30 to 40, and the average age for college –educated women to start a family is fortuitously during the same time. With the parallel process if women are successful to continue in the business acquire valuable experience and skills, and become very adept to multi tasking environment. Without a positive change of attitudes and mindsets, the position of women would improve at the very most, only at a snails pace. On the contrary, if women are assisted, encouraged, guided and appreciated, then they could blossom. Education is like a driving license, if one aims to be within the race, should have it. But it doesn't give anything special concerning to leadership competencies. Home gives the background, some kind of platform; school and the universities gives degrees to stand out in the race, but the only the different responsibilities, knowledge ,skills , attitudes ,experience and makes a leader. There is a myth that women are not good leadership material but



this study provides objective evidence that women have all the competencies and skills to aspire leadership positions. The psyche makeup of women should be strong and determined to aspire for leadership positions. Women need to have mentors who can transform through their actions and behaviors. Lot of leadership learning should happen in the boss-subordinate relationships. Women should stop underestimating their leadership potential. Entrepreneurship is a personal quality this can be cultivated. Efforts should be made at an early stage to identify potential personalities to cultivate entrepreneurial qualities. Planned and purposeful efforts are required to cultivate entrepreneurial traits and identify potential entrepreneurs at an early stage and orientation towards entrepreneurship should be provided. The formal education plans should be made more effective by establishing a linkage with industry and commerce. Entrepreneurship should be taken up as a profession rather than a part time activity. Successful entrepreneur have to be made part of the programmes and act as mentors for future generations.

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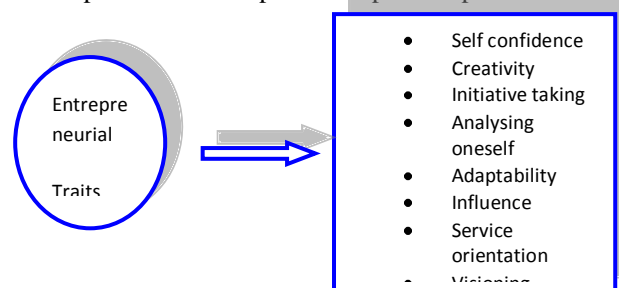
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**Table 1:** The Factors loaded on Rotated Component matrix

Emotional Awareness (Leadership Competence) Factor-1	Accurate Self Assessment(Conceptual Competence) Factor -2	Self Confidence(Personal Competence) Factor-3	Self control (Efficiency Competence) Factor-4	Creativity (Entrepreneurial Competence) Factor-5
Accurate Self Assessment	Innovation	Self control	Self confidence	Emotional Awareness
Trustworthiness	Empathy	Conscientiousnes	Adaptability	Creativity
Influence	Service orientation	Communication		
Team capabilities	Collaboration &Co-operation	Commitment		
Visioning	Conflict Management			

Source: Survey data

**B. Entrepreneurial Traits which promote to entrepreneurship development.**



**Fig. 1:** Entrepreneurial Traits which promote to entrepreneurship

**Table 2:** Significance of variation for leadership competencies with reference to demographic factors

Demographic profile	df	F	Significance
Age	4	0.398	0.81
Educational Qualification	4	1.604	0.172
Marital Status	4	1.22	0.27
Spouse Occupation	4	1.25	0.289
Type of family	4	0.703	0.402
Nature of Business	4	0.398	0.83
Category of Business	4	2.467	0.044

Source :Survey data

**Table 3:** Correlation between Leadership competencies and Entrepreneurial traits for women Entrepreneurs

		Personal Competencies	Efficiency Competencies	Entrepreneurial Competencies	Entrepreneurial Traits
Personal Competencies	Pearson Correlation (Sig.(2-tailed))	1 552	.543** .000 552	.681** .000 552	.065 .125 552
Efficiency Competencies	Pearson Correlation (Sig.(2-tailed))	.543** .000 552	1 552	.720** .000 552	.059 .169 552
Entrepreneurial Competencies	Pearson Correlation (Sig.(2-tailed))	.681** .000 552	.720** .000 552	1 552	.175** .000 552
Entrepreneurial Traits	Pearson Correlation (Sig.(2-tailed))	.065 .125 552	.059 .169 552	.175** .000 552	1 552

Correlation is significant at the 0.01 level (2-tailed test)