



## **Up scaling leadership for Entrepreneurial Behaviour in organizations**

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**Abstract:** *Entrepreneurial behaviour is being pro-active, responsive, exploring, seeking and exploiting opportunities with speed, element of risk and high tolerance to ambiguity. An entrepreneur is a decision maker who impacts the performance of an organization. Behaviour for entrepreneurial orientation demands; letting go and letting people do, re-engineering processes, resources, creating culture for recognizing opportunities and taking risks in business environment faced with challenges and complexity; globalization, dot.com burst, changing socio-economic milieu, workforce diversity and demographic spread. This demands up-scaling leadership with high order leader-member exchange to identify opportunities and acting on them. Exploratory research carried out by capturing real life lived experiences of leader's explicates pathways for up scaling leadership for entrepreneurial behaviour and overall organizational performance. Proposed model could be used to measure organizational orientation towards developing entrepreneurial behavioural competencies against leader-member exchanges; upscale leadership for creating entrepreneurial behavior in organizations.*

**Keywords:** *Up scaling leadership, Entrepreneurial Orientation and Behaviour, Organizational Performance*

### **I. Introduction**

Joseph Schumpeter posits people convert an idea into successful innovation - create new models for doing business - "gale of creative destruction" - dynamism of organizations to develop, grow and allow newer initiatives in uncharted territory (Schumpeter, 1942). Business landscape today with higher risk, responsiveness and decision making speed is increasingly challenging. This places demands to upscale leadership in organizations to identify and harness intellectual assets creating knowledge through new and creative leader-member exchange. Studies on entrepreneurial behaviour have identified entrepreneurial orientation as one that impacts global success through learning, collecting information and execution for promotion of sales, growth and higher return on investments (Covin, 2006). Organizations with strong leadership grow beyond conventional practices make strategic decisions create newer practices and processes and perform better; upscale leadership for entrepreneurial behaviour (Lumpkin, 1996).

### **II. Review of Literature**

#### **A. Entrepreneurship**

Entrepreneurship is the process by which individuals, teams and organizations identify and pursue opportunities without being constrained by resources. It is the creative ability to take decisions in doing work with greater speed, accuracy and higher risk (Birley, 1984).

#### **B. Entrepreneurial Orientation**

Entrepreneurial orientation is creating an environment of encouragement for doing creative work (Tang, 2008). When organizations support and inculcate entrepreneurial behaviour, organizational performance enhances through the innovative ability of people to do things differently driving the market; up scaling leadership for growth.

#### **C. Entrepreneurial Behaviour and Competencies**

Approaches to entrepreneurial behaviour can be viewed from trait and behavioural theories (Garhner, 1989). DNA for entrepreneurial behavior is the ability of people to be creative in enhancing performance. Tenets for inculcating entrepreneurial behaviour flow out of culture, processes and practices: *leadership*. It therefore becomes imperative to measure the ability to practice entrepreneurial behaviour that conclusively defines it (Kreiser, 2002). Entrepreneurial competencies are *behavioural*; initiative, creativity, innovation, risk taking, influencing, problem solving and giving quality output along with *enterprise launching and managing*. Present day business and sustenance trends demand inculcating and strengthening behavioural competencies irrespective of social and economic dimension, size and location; driving, understanding demands, discipline and making decisions – up scaling leadership.

#### **D. Entrepreneurial Behaviour, LMX and Organizational Performance**

Entrepreneurial behaviour lists key performance indicators for measuring the extant of orientation and changed behaviour as; growth, satisfaction, success rating, sales, return on investments and sustainability (Dess, 2005).

Studies have linked entrepreneurial behavior of an employee with different leadership styles; leader-member exchange theory (LMX), participative and transformational leadership. Participative leadership has positive impact on individual's innovative behavior through empowerment in decision making, identifying goals and targets, setting performance standards and designing processes and practices. Transformational leaders encourage innovation and creativity supporting people to feel, think and act differently; display higher leadership potential (Kahai, 2003). Zahra posits exploitation vis-à-vis exploration w.r.t entrepreneurial behaviour and orientation, co-evolution approach and functioning of ambidextrous organizations (Zahra, 1998). Yukl suggests LMX theory with high and positive leader-member exchange increases individual ability to work creatively and impact overall business performance (Yukl, 2002). Whilst every leadership theory encompasses leader-member exchanges in some form or other, LMX theory operates in group or out group. LMX is an exchange; relationship between a leader and his people (Atwater, 2009). A positive relationship leads to positive behavioral outcomes and hence increased performance. Past studies have focused more on output and outcome of performance and less on entrepreneurial behaviour, adaptation and relationship within the ambit of people and organizations; employee's innovative behavior and leadership.

#### **E. Entrepreneurial Behaviour through Leadership**

Bird and Schjoedt put forth the ability of a person to identify and exploit opportunities, create and develop newer business avenues as measure of entrepreneurial behaviour (Bird, 2012). Gartner et.al includes ability to explore creation of opportunities as part of entrepreneurial behavioural dimension (Gartner, 2010). Simon suggests motivated employees use their abilities to full potential when empowered to make decision in doing challenging tasks and this translates into higher organizational performance in comparison to organizations with less motivated employees (S. Jong, 2013). Nahavandi shares achieving this level of behaviour is critically based on leader-member exchange in influencing people through leadership and translating organizational performance to higher levels (Nahavandi, 2002). Sathe posits need for effective leaders at all levels in an organization who can understand changing business landscape, challenges and complexities due evolving global environment (Sathe, 2003). Entrepreneurial behaviour powered through leadership translates in product innovation enhancing organizational competitiveness. Essence therefore for an organization is to amuse and upscale leadership for entrepreneurial behaviour to grow, sustain and remain competitive.

This leads to formulation of following Proposition:

**Proposition 1:** *Entrepreneurial behaviour is a key predictor of an organization's performance in a competitive and challenging business environment*

#### **F. Human Resource Endorsements – Entrepreneurial Behaviour Moderator**

Business is competitive, knowledge driven and responsive. Jong recommends human resource to evolve creative processes and practices to attain business goals and objectives with speed and higher business acumen. People foster business performance through innovative and creative abilities in creating and supporting an innovative culture (Axtell, 2000). Human resource can integrate creative and innovative permanence with business model for knowledge creation along with processes and practices at all levels impacting performance (Crossan, 1999). Ambidextrous organizations focus on formal structural framework and informal environment merging novel and conventional practices (Tushman, 1996). Co-creating business models with multi-level interactive environment therefore need to become a human resource forte.

This leads to formulation of following Proposition:

**Proposition 2:** *Up-scaling leadership in organizations has a positive and direct impact on individual and organizational performance for inculcating entrepreneurial behaviour.*

### **III. Methodology**

Exploratory research design was used to explore taking leadership further, up scaling leadership for entrepreneurial behaviour in organizations. Phenomenology is an interpretive method designed to capture essence of lived experiences about a phenomenon as perceived by participants (Groenewald, 2004). Phenomenology strives to discover underlying meanings of shared lived experiences to arrive at a deeper understanding of phenomenon under study (Van Manen, 1997). Lester recommends phenomenology as most appropriate to capture real life lived experiences of individuals from their perspective and develop themes that challenge structural or normative assumptions.<sup>1</sup> Primary data was collected from narratives of three leaders selected through purposive non-probability sampling. Common and important narrative indices were analyzed to capture meaning of participants' experiences identifying themes as they related to the phenomenon through horizontalization. Secondary data was collected from research papers, articles, books and web sites.

### **IV. Rationale**

Past studies have focused on leader and leadership styles developed for purposes and not much to assess ability in inculcating entrepreneurial behaviour. Existing models and concepts therefore are unlikely to predict and measure entrepreneurial behaviour as an outcome. In present day business world up-scaling leadership is critical in shaping employees' entrepreneurial behaviour, therefore, current study focused on leader-member exchange

<sup>1</sup> [www.academia.edu/.../An\\_introduction\\_to\\_phenomenological\\_research](http://www.academia.edu/.../An_introduction_to_phenomenological_research)

and organizational orientation in developing entrepreneurial behavioural competencies in organizations; creating entrepreneurial behavioural by up-scaling leadership.

## **V. Findings of Real Life Lived Experiences Captured**

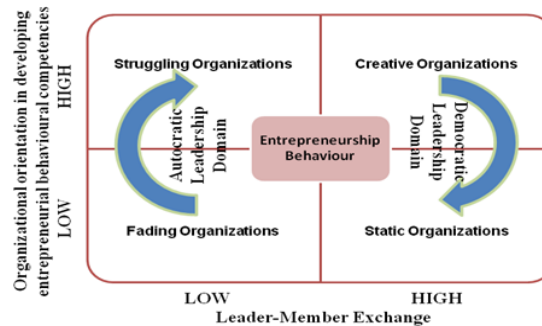
CP Jain is a consultant and ex-chairman of a leading PSU. Leadership to me is; what and how we want to do; sharing everything with people, bringing them on board and creating an enabling environment through culture. With teams at different levels you need to communicate with your people to cascade philosophy for people to perform independently. Essence is leadership strength; common approach, communication, openness, transparency, motivation and common objectives every time. We made a film on our organization with an aim to show case how organization has evolved. Shyam Benegal was given complete liberty from script to interaction; start to end. During the premier ceremony his opening comments touched “during the process of learning and knowing things I interacted with everyone; junior and senior people and one strong feeling I got was as if I was talking to the owner.” I have always been telling my people that they are the most important stake holder. In business some perform well, reasonably well and some miserably; there is no difference; technology, finances, everything same but what is different is people and their creativity. While technology, workability of plans, resources; capital, equipment are important, ultimately things are conceived, arranged and taken further by people. People make things happen; profits and productivity - leading people is at the top. With people and organizations newer dimensions of leadership are being researched, newer theories and concepts are emerging and human resource needs to come up with creative and innovative processes and practices.

Deepika is an engagement specialist with a global finance and audit firm. In her experience leadership is intertwined with human resource. She believes every employee needs to own his/ her career. When it comes to things that you want to do, you want to say, you have to speak up and whichever leader you are working with also has to be supportive. Whichever area I have wanted to experience and explore my ideas I have never been rejected. I have always been given a chance to go ahead with my ideas. This has helped me believe in my organization, stay motivated and inspired. Leadership is a very valuable asset for individual (s) and organization (s). Opportunities I am given are very encouraging and challenging. My superiors rely on me and give me responsibility. I get positive strokes that build trust and belief. A true leader lets his/ her team member do things differently and grow. My leaders have always been; sharing, keeping me abreast with my strengths and weaknesses to develop me. The start point is the mind set. From mind set I move towards awareness. Most leaders and managers at higher levels are from old school being home grown leaders and managers with few exceptions. Their approach and philosophy is based on how they have grown. They go with their mind set, perceptions and beliefs. With evolution of concepts and newer generation entering organizations I have experienced that change has been difficult and hard to accept. They were doing the work and wanted to be done their way considering it as their own baby. They were not ready to accept new people, let go of work and accept doing things differently. Up scaling leadership demands an environment of transparency, communication, trust, integrity, responsibility, approachability, flexibility, empowerment, delegation, networking and decision making to craft entrepreneurship. To make this happen organizational orientation plays a critical role in taking leadership to next level. Building a sense of ownership leads to creating a belief and ability of find more than one solution.

Kapil is a business partner of an e-business and learning company. He believes leader is a person who drives and steers the organization. Through values and principles a leader shapes a road map for people to move from present position to a new position. I believe a single person cannot achieve all by himself/ herself unless the team is empowered. There are people who feel their authority, leadership and position gets undermined if they take inputs, feedback and criticism from team. I too have tried it, been on either side, faced consequences and finally tasted success by being along with the team and empowering them to do things. By being open to ideas a leader is able to instill trust and confidence in people and ensure constructive engagement. I always share with my people; I see you as a very capable person, go ahead and do things, I am there when you need me. I inspire people for them to believe that they have a more participative rather than supportive role in transforming vision into reality and achieve goals. It is important to create and drive culture. A leader has to set value chain and culture in motion making it visible so that people want to follow it. I along with my partners have open and clear communication with no assumptions on meanings. Ideas are deliberated and thrown open to the team and implemented after seeking inputs. This helps in framing real, acceptable and mutually agreed implementable policies. We initiated processes and in a short span we were receiving great ideas from our team. We started working on generating and sharing ideas which I term as “institutionalized development of efforts and ability” (IDEA), a concept which is paying richly for us. For this we empower and develop our people. In a competitive and global market with diverse workforce, being a start up; vision, road map, defining goals and engaging with people, all seemed complex therefore initially I did things myself. Through the journey I learnt my lessons from within and outside environment and I started letting go; letting people do things. Up scaling leadership through creativity, letting people do and empowerment has helped us change over time and evolve.

## VI. Discussion and Analysis

Leader – member exchange in an enabling environment, trust, motivation, inspiration, empowerment, vision, letting go, influence, co-creating with human resource, chasm and values help integrate qualities in people enhancing individual standards and organizational performance building entrepreneurial capacity. A proposed model for measuring entrepreneurial capacity evolved from the study is shown in figure 1. Themes that emerge are Creative organizations: high leader-member exchanges and high organizational orientation in developing entrepreneurial behavioural competencies - leadership hands over the baton to its people to evolve newer business models. Organizations thrive on creativity of people practicing newer ways to do things in an enabling environment.

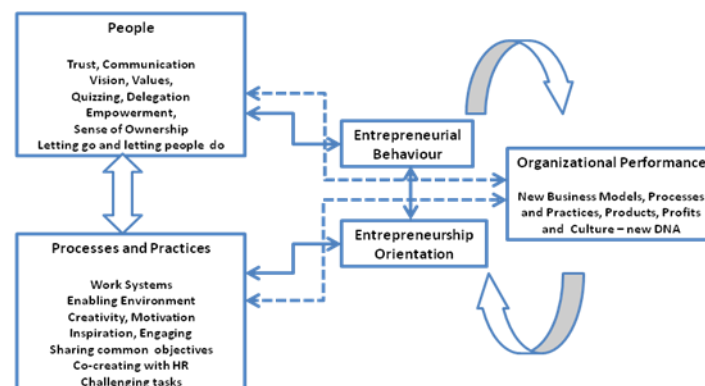


**Figure 1: Proposed Model for measuring capacity of entrepreneurial behaviour in organizations**

In keeping with the present trend this is likely to become the norm in times to come for organizations to stay and compete – the new DNA. *Struggling organizations: low leader-member exchanges and high organizational orientation in developing entrepreneurial behavioural competencies* - desire exists but leadership is found wanting. Sustenance in competitive business world continues to be a struggle until leadership evolves and prevents organizations to fade away. *Fading organizations: low leader-member exchanges and low organizational orientation in developing entrepreneurial behavioural competencies* – leadership and organizational orientation are oblivious hence organizations will have to fade away being unable to understand, adapt and act in a competitive and challenging business environment. *Static organizations: high leader-member exchanges and low organizational orientation in developing entrepreneurial behavioural competencies* - leadership strives hard but is unable to orient a culture due absence of climate, talent, inability to take risks and/or adapt change. Organizations continue to follow set processes and function with business as usual without letting go and bringing change.

## VII. Lessons Learnt

"Treat people as they were that they ought to be and you may help them to become what they are capable of being."<sup>2</sup> Leadership can fuse organizations expand realm of creative and innovative work culture. Levitt shares there is need for purposeful action and inspiring people taking into account practical implementation; upscale leadership.



**Figure 2: Leadership pipeline (s) for entrepreneurship behaviour – a process model**

Organizations where people are always talking about it but never doing it will always be common. Ideation is abundant but it is the implementation that is scarce; people with ideas may not understand how an organization must operate to get things done. It is like putting a dozen people in a room and conducting a brainstorming session to produce new ideas and anybody with average intelligence produces them in an environment with stimulus. Scarce are people who will have the know-how, energy, courage and ability to implement (Levitt, 2002). Up-scaling leadership through trust, empowerment, communication, motivation and

<sup>2</sup> [www.goodreads.com/.../419209-treat-people-as-if-they-were-what-they-](http://www.goodreads.com/.../419209-treat-people-as-if-they-were-what-they-)



inspiration can turn things; ideas into innovation, positive impact on entrepreneurial behaviour enhancing individual capacity for organizational success and performance as it convincingly flows out of the current study. Entrepreneurial behaviour by up scaling leadership in organizations could follow a process work flow as shown in figure 2.

### VIII. Conclusion

If people and organizations continue to do what they did in the past, organizational performance and outcomes are unlikely to be different. Up-scaling leadership enables identifying demands - why it needs to be done, decisions-how it needs to be done, drivers -what supports, strengthens and enables in doing and, being disciplined – growing beyond the present and implementing vision. Organizations need to en-cash entrepreneurial opportunities early in their life cycle for it to become an integral part of autonomous behavior.

### IX. Limitations of the Study

The value of current study lies in its theoretical examination and formulation of framework. Data has been collected based on real life lived experiences of three leaders'. In a rapidly evolving scenario, analysis on one day in one city or in one segment can change quickly. Greater value for more comprehensive understanding, generalization and testing of model developed merits future research.

### X. Scope for future Research

In future research, a wider range of sample across industries could be used to generalize findings comparing entrepreneurial behaviour in small organizations vis-à-vis large organizations, leadership models and testing of constructs identified.

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<sup>i</sup> Real life lived experiences of leaders have been solely captured for class discussion in management education. Research has been compiled from both primary and secondary data. Real life lived experiences captured do not represent or endorse views of management on issues of research. Author may have disguised certain names identifying the case to protect confidentiality where needed.