Information Technology and Quantitative Management (ITQM 2017)

Entrepreneurial Leadership and Organizational Effectiveness: A Comparative Study of Executives and Non-executives

Prachee Mishra[a],*, Rajnish Kumar Misra[b]

[a]Visiting Faculty, JIIT, A-10 Sector 62, Noida-201309, India
[b] Professor, Jaypee Business School, JIIT University, A-10, Sector 62, Noida, 201309, India

Abstract

The present study focuses upon identifying the determinant of organizational effectiveness with focus on the emerging concept of entrepreneurial leadership. It was hypothesized that executives and non-executives would differ significantly with each other on the variables under study. There would be a significant positive contribution of attributes of entrepreneurial leadership on organizational effectiveness irrespective of organizations' typology. The sample of 410 respondents from both public and private organizations working in the manufacturing sector in India participated in the study. The findings of the study reveal that executives and non-executives of both organizations differ significantly on directed discovery, creative integration of networks and arena building. The quantum of difference in employees of private organizations was low. The findings are important to design interventions on entrepreneurial leadership attributes for enhancing organizational effectiveness.

1. Introduction

The emergence of globalization and liberalization has led to changes in the functioning of various organizations. It has not only led to severe competition among organizations rather it has made the organization's life span shorter. In order to prolong their existence the organizations need to adopt innovations in their work practices to make their processes efficient and effective in the future. These innovations have also led to the growth of newer areas of knowledge management, and information technology management as a tool to succeed and survive. In this context, the role of leaders is critical for success of any organization.

In the changed business scenario where organizations are required to compete globally, benchmarking of

* Corresponding author. Tel.: +91-9560206627;

E-mail address: mprachee@yahoo.co.in

organizational practices has also become vital. Organizational survival requires not only meeting but also setting global standards. Organizations, therefore have to react fast to learn from their experiences and aim towards achieving world - class excellence through constant learning and innovation. The above business environment challenge propels us to understand the criteria of organizational success and excellence.

2. Literature Review - Organizational Effectiveness -

Previous researches conceptualized and measured success of organization in diverse ways. [1]. Cameron and Whetton (1983) posited that organizational effectiveness is a hypothetical abstraction existing in peoples' mind giving meaning to ideas and interpretations about organizational effectiveness. Although the concept of organizational effectiveness is characterize by lack of consensus in definition and its measurement, they are of the view that difference and disagreements over the definition and measurements are inevitable because of its mutable, complex and comprehensive nature. [2] They also emphasized the importance of organizational effectiveness in understanding and improving organizations. [2] While, Connolly, Colon and Deutsch (1980) concluded that organizational effectiveness was a purely theoretical concept. Hence, it cannot be measured. [3] [4] Similarly, Campbell (1977, 1983) also conceived organizational effectiveness as a construct that cannot be operationally define and measure. [5]

The concept of organizational effectiveness can be summarized under three criteria: a) Organizational flexibility b) Absence of intra - organizational strain and c) Productivity. These criteria can be generalized across all organizations (Geogopoulos and Tannenbaum, 1957). [6] While other researchers emphasized upon conflict, role ambiguity, human relations, leadership, role successors, member participation and evaluation as indices of organizational effectiveness.

As Smith (1976), proposed "hard" and "soft" criteria of organizational effectiveness. The hard criteria lies in the official records such as tardiness, production, job levels, and promotions, which are objectively measured. Whereas, soft criteria are obtained from ratings like – job involvement, organizational commitment, attachment, job satisfaction etc., which are largely subjective/ judgmental in nature. [7] The present study focuses upon the people perspective of organizational effectiveness as the degree to which organization scores high on job involvement, organizational commitment, organizational attachment, job satisfaction, consensus, legitimization, need for independence and self-control.

2.1 Determinants of Organizational Effectiveness

The people perspective (soft issues) conceptualizations of organizational effectiveness, is important to identify the factors influencing organizational effectiveness and innovation. Previous researches have studied organizational effectiveness and its relationship with other variables. These are employee engagement (Kataria, Rastogi and Garg, 2013); organizational culture (Schein, 1992; Klein et al., 2013), transformational leadership (Bass and Riggio, 2006, Gumusluoglu and Ilsev, 2009; Hsiao et al., 2009; Jung et al., 2003, 2008; Sarros et al., 2008). [8] [9] [10] [11] [12] [13] [14] [15]. Transformational leadership and culture (Deem et al., 2015; Shiva et al., 2012), visionary leadership (Taylor et al., 2014), supportive leadership (Oldham and Cummings, 1996), participative leadership (Tierney et al., 1999) are also important variables. [16] [17] [18] [19] [20] The present challenge for any organization to survive and compete in the end is to continuously innovate (Mokhber, 2016; Uzkurt et al., 2013). [21] [22] It is imperative to study, how leadership fosters effectiveness in people processes in the organization.

Leadership Style: Most of the leadership researches for the past several decades have defined leadership as the ability of the person to influence another group without using force towards the achievement of goals. The leadership studies began with Ohio and Michigan research in 1930's. In last two decades, typology of leadership evolved into transformational and later into visionary leadership. Avolio and Bass (1985) proposed Transformational leadership. According to them, this type of leadership style provides with individualized consideration for the developmental needs of the subordinates, change their awareness of issues by helping them to look at old problems in new ways, able to excite, arouse and inspire them to put extra effort to achieve organizational goals. [23] Similarly, Sashkin (1992) defined another type of leadership called visionary leadership as the ability to create and articulate a realistic, credible, attractive vision of the future of the organization that grows and improves the present state. [24]

Beginning of 21st century shifted its focus on entrepreneurial leadership (EL) with opening of world economy and ensuing challenges (Coglister and Bringham, 2004; Ireland, Hitt and Sirmon, 2003; Gupta, McMillan and Surie, 2004; Kuratko, 2007; Surie and Ashley, 2008; Roomi and Harrison, 2011; Greenberg, McKone-Sweet, and Wilson, 2011; Harrison et al., 2015; Leitch, McMullan and Harrison, 2014; Renko et al., 2015). [25] [26] [27] [28] [29] [30] [31] [32] [33] [34] [35] Research on EL began with Cunningham and Lischeron (1991) who posited that EL involves setting clear goals, creating opportunities, empowering people,