
The Influence of Transformational Leadership on Entrepreneurship

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This paper will address the following:

- (A). Introduction
- (b). Meaning of leadership
- ©. Types of leadership
- (d). Types of entrepreneurship
- (e). Qualities of a superlative leader
- (f). Influence of transformational leadership on entrepreneurship
- (g). Conclusion

1.0 Introduction

-There is a need to build an enabling environment for entrepreneurs even in challenging contexts.

-Entrepreneurial thinkers should unite so as to work in fragile contexts. Through training sessions like this, entrepreneurs will be empowered on how to build resilience. They will get to understand the challenges and opportunities that come with doing business for better performance.

-Then they will build resilient businesses hence become strong entrepreneurs.

-I would like to thank the Governor, county government of Kakamega for this timely initiative. I am sure entrepreneurs will be better placed to run their businesses even with greater business support. This forum will also lead to networks of strong entrepreneurs who will be discussing their challenges and successes. They will be programmed to associate and network since they are like-minded.

-The training will also contribute to increasing the capacity of the government on specific entrepreneurial initiatives. Initiating such training is a clear indication that the county government is very much concerned about entrepreneurship to the point of getting involved.

- This training will be a big boost to entrepreneurship. With it comes great business advantages. Entrepreneurs will become more dynamic than ever before. They will gain a better understanding of the diverse business environments they are operating in.

-It will also promote economic progress since most people earn their living through entrepreneurship. This will contribute to a positive state of the mind at the individual level and improved social cohesion and trust at the community level.

-Entrepreneurship should be taken seriously as an undertaking. And not just a side job or just to make extra cash. It should be enjoyed and seen as an undertaking which has good rates of returns.

Human resource factors have an important influence in the life and progress of an organization because the achievement of organizational goals depends on the activities of the members of the organization. In other words, the effort is needed in developing human resource in order to achieve the objectives of an organization or institution. May I laud the county government of Kakamega for this great initiative of training entrepreneurs because they are the powerhouse of steering the county's and country's economy to greater heights.

1.1 Leadership

Northouse (2010) and Yukl (2005) define leadership as a process of influencing followers or inspiring behaviours of subordinates in order to achieve organizational goals. It is also the ability to influence other people, subordinates or followers to willingly accept to take a given direction.

A leader cannot only give directions but also gives his/her influence.

A leader cannot only give commands to his/her subordinates but also influences them in implementing his/her commands.

Leadership is the art of influencing others (De Pree, 2004)

Entrepreneurship needs effective leaders who understand the complexities of rapidly changing global environments (Naharandi, 2002)

The world has developed into an entrepreneurial economy and entrepreneurs have become the heroes of economic development (Sather, 2003)

Leadership is considered a mature field (Hunt & Dodge, 2000) but entrepreneurship is a relatively young field (Hit & Ireland, 2000). The two are however interconnected (Colbert, 2003). Vetches (2003) assumed that entrepreneurship is merely leadership in a special

context. Cunniff and Lischeron (1991) opined that an entrepreneur is often a leader and an entrepreneur must, therefore, possess leadership skills to be successful.

Innovation is critical to business survival and growth in a dynamic business environment (Jung, Chow and Wu, 2003).

Transformative entrepreneurs will take their business to greater heights.

Technology oriented firms should have more resources in order to spur the generation of new ideas.

Leaders can be both transformative and transactional (Lvere et al, 1996)

However, some researchers have found data supporting the conclusion that transformative leadership is superior to transactional leadership (Bass et al, 2003, Dvir et al, 2002).

Transactional leadership is often related to direct supervision.

1.2 Leadership styles

These are the relative consistent patterns of behaviour that characterizes leaders (Dribbling, 2001). The prominent leadership styles in entrepreneurial leadership are:

- (a) Transactional leadership
- (b) Transformational leadership
- (c) Laissez-faire leadership

These different leadership styles may affect entrepreneurial effectiveness or performance. Yang (2008) concludes that different leadership styles truly affect business performance. Laissez Faire leadership represents a lack of leadership (Boselie, 2010). Goodnight (2004) defines it to be the best or the worst of the different leadership styles. This leadership style believes in freedom of choice for subordinates, leaving them alone so that they can do what they want. It is characterized by a lack of vision and control of daily work. This can potentially have a negative performance.

In the dynamic and complex business world, a type of entrepreneurial leader who is distinct from the behavioral form of ordinary leaders is needed (Cohon, 2004). In fact, transformational leadership is more related to business performance than transactional and laissez-faire leadership styles. Transformative leadership talks of values. Kotter (1995) suggested that a transformative vision seeps into the very fibre of the firm to become the way people do things in an organization.

In general, Transformational leadership is more effective than transactional leadership (Gardner & Stough, 2002). This is in terms of higher productivity and performance, higher levels of organizational culture and higher levels of emotional intelligence.

Transactional leadership is concerned with the use of rewards for improving follower's performance. Followers are motivated by the leader's promises, praise, and rewards or they are corrected by deceptive feedback, reproof, threats or disciplinary actions.

Transformational leadership occurs when leaders broaden and elevate the interests of their employee, when they generate awareness, acceptance of the purposes and mission of the group and when they stir their employees to look beyond their own self-interests for the good of the group.

It is a leadership style where the leader can expand and increase working interests of his or subordinates. Besides this, the leader can also encourage his/her subordinates in order to be sensitive and accept the company's vision, mission and objectives.

A transformational leader is a leader who can inspire his/her employees in order to prioritize the progress of the organization from personal interests. This leader can also notice and encourage employees in order to learn new working methods/ways.

1.3. Qualities of a superlative leader

This is a practical leader who should be able to do the following:

- Extend his/her reach
- Multiply his/her effectiveness
- Divide his/her work
- Master his/her time by doing what is important and not just what is urgent.
- Highly motivates and is motivated. Motivation is a secret known and used by all effective leaders. It is not optional for leaders. He/She should employ practical techniques to motivate the workforce and this will radically turn around business in a short period.

Leaders should motivate themselves and other members in the group for higher levels of performance (Northouse, 2010).

Entrepreneurs should endeavor to be leaders. They should not go undercover in order to work inside their business. They should get out and see wonderful results. Through transformational leadership, business undertakings can be a bright star. Transformative leaders can improve business performance in the following ways:

- Listening receptively to what is being said and done. The ability to manage employees and clients/customers emotions can greatly boost business growth
- Embracing general awareness especially self-awareness. Self-leadership is a cognitive resource for entrepreneurs (Neck, 1992)
- Pursuing self-efficiency (someone's faith in his/her abilities to conduct a specific task).

1.4. Entrepreneurship

It is the property of certain traits that leads to the formation of entrepreneurial spirit such as; can understand the differences of opinion, has the attitude and determination and is action-oriented.

It is strategically eliminating operations which are in the mature or declining stages of life cycles (Lumpkin and Dess, 1996).

Cunningham (1985) made an attempt to define entrepreneurship as small business owners that are self-employed.

Gartner (1985) explained the term “entrepreneur” as a founder of a new business or a person who started a new business where there was none before.

But within an existing organization, there can also be entrepreneurs. An entrepreneur is, therefore, a person within an organization who takes direct individualized consideration.

In a very competitive business environment, the successfulness of a person is very much determined by his/her entrepreneurship.

Entrepreneurship is a behavior which is dynamic, risk-taking, reactive and growth-oriented.

An entrepreneur is a person who is willing to take action and to pursue opportunities in situations others view as problems or threats.

The characteristics of an entrepreneur are as follows:-

- Internal self-control
- High energy level
- High need for achievement
- Tolerance
- Self-confidence
- Action-oriented

Generally, an entrepreneur is a founder of completely new business and can develop it to a widely successful company (Liant, et al, 2005).

Entrepreneurship is not only limited to big companies but also small business ventures. Someone who is willing to take risks to buy a motorbike, keep fish, keep chicken, open a grocery shop, sell eggs, open industry or operate some hotel can also be defined as an entrepreneur.

An entrepreneur is, therefore, an innovator. He/she develops business ideas, creates new products, new markets, new production techniques, etc.

An entrepreneurial firm is one that engages in product-market innovations, beating competitors the punch.

Key factors to put into consideration in entrepreneurship include:

- (a) **Innovation:** The tendency to engage in and support new ideas that may result in new products, services or technological processes.
- (b) **Risk-taking:** uncertainty and potential losses associated with outcomes which may follow from a given set of behaviours. For instance venturing into the unknown, borrowing heavily and/ or committing significant resources to ventures in uncertain environments (Rauchet al, 2009).
- (c) **Productiveness:** refers to processes aimed at anticipating and acting on future needs by seeking new opportunities which may or may not be related to the present line of operations, introduction of new performing brands at the heart of competition.
- (d) **Anatomy:** This is independent decision making. It is a key component for successful entrepreneurship. The stories of the entrepreneurs who had an idea and made a successful business out of it are plentiful just to name a few, Bill Gates and Steve Jobs.
- (e) **Competitiveness / aggressiveness**
The tendency to directly challenge competitors in order to enter the market e.g. through lowering prices, fast-follower approach in which an entrepreneur aggressively brings new products to the market (Macmillan& Day, 1987).

1.5. Types of enterprise orientation

Small and medium enterprises (SMEs) exert a strong influence on the economies of all countries, particularly in the fast-changing and increasingly competitive global market (Iadzani& van vuuren, 2002).

SMEs can be publicly or privately held.

Interesting in rural entrepreneurship, social enterprise helps to create flourishing communities.

1.6. Relationship between transformative leadership and Entrepreneurship

Leadership especially transformative leadership significantly influences entrepreneurship. It is a leadership style whereby a leader can encourage working interests of his/her subordinates and create conducive environments in order to develop innovation and creativity, which are critical in entrepreneurship.

Self-efficacy is key in entrepreneurship. It refers to some one's faith in his/her abilities to conduct a specific task (van couver, Thomson and Williams, 2001). Transformational

leadership is associated with self-efficiency. This is a very important value for entrepreneurial success.

Transformative leadership is based on the understanding that someone who has high-quality leadership will be able to encourage (influence) other people, make good decisions, take risks, and take strategic steps. All these qualities will strengthen entrepreneurship. A transformational leader will try to create conducive environments for business success. This is in accordance with entrepreneurial characteristics.

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