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**ENTREPRENEURIAL LEADERSHIP IN KUWAITI  
PRIVATE FIRMS**

By

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## ABSTRACT

This study examines the traits and characteristics of entrepreneurial leaders within the Kuwaiti context, by drawing from the different but related leadership and entrepreneurship theories. We first identified several areas where these fields theoretically converge with an emphasis on traits, styles and behavioural characteristics, which led to the emergence of a new leadership paradigm herein referred to as ‘entrepreneurial leadership’. Entrepreneurial leadership is conceptualised as a process of social influence, transformation, and empowering in rapidly changing and uncertain contexts.

We operationalised the construct of entrepreneurial leadership by identifying the key traits and characteristics of Kuwait’s private sector leaders. These traits and characteristics included the leaders’ values and beliefs, vision, proactivity, creativity and innovation, opportunity-seeking and risk-taking. The study adopted a predominantly positivist ontology and objective epistemology in order to better understand the phenomenon under investigation (i.e. entrepreneurial leadership). This necessitated obtaining data largely from surveys of 345 leaders, mainly from the financial banking and investment sectors of Kuwait, complemented by qualitative data from 12 interviews.

The study provides important insights into the concepts related to entrepreneurial leadership in a non-Western environment and enriches our knowledge in this sector of the management field. The research contributes to knowledge on leadership in Kuwait by conceptualizing a model of entrepreneurial leadership, which places emphasis on leaders’ traits and characteristics and how that relates with leadership effectiveness. The implications of the research relate closely to the way in which companies must be managed or led in a global and competitive environment.

**Key words:** *Entrepreneurial leadership, entrepreneurship, traits, characteristics, effectiveness, Kuwait*

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# CHAPTER 1: INTRODUCTION

## 1.1 Background

The study was conducted amongst leaders working within the private sector companies of Kuwait, particularly leaders from the financial banking and investment industry, with a view to understand whether the leaders running these firms have entrepreneurial traits and characteristics and whether their leadership styles contribute to organisational effectiveness and overall company performance. The research draws on leadership and entrepreneurship theories, the characteristics of successful entrepreneurial leaders and how these traits and characteristics can enhance an organisation's performance, its capacity for adaptation and its chances of long-term survival. Each field (i.e. leadership and entrepreneurship) has generally ignored the other (Jensen and Luthans, 2006), and entrepreneurial leadership offers a break from the past and movement into the future (Fernald *et al.*, 2005). In this thesis, leadership is understood as the process of developing ideas and vision, living by values that support those ideas and making (often difficult) decisions about human and other resources with the view of motivating people within the organisation through modelling, through the values and beliefs of the leader and by providing overall direction of the organisation so that it can achieve its overall goals.

This research focuses on the main traits and characteristics of entrepreneurial leaders that enable them to succeed and add value to their organisations, rather than investigating all the wider concepts related to both entrepreneurship and leadership fields. Based on the work by McClelland (1961), entrepreneurial behaviour is embedded in an individual's personality,

the result of one's upbringing, which is similar to what is often described as characteristics of leaders (Fernald *et al.*, 2005).

Entrepreneurial leadership has not yet translated into a significant research field (Fernald *et al.*, 2005; Tarabishy, 2006), but is emerging as a new paradigm, and hence the undertaking of this research is necessary in order to gain in-depth knowledge and to operationalise the notion of entrepreneurial leadership so that leaders within the Kuwaiti context can become more proactive and competitive in a global market.

## **1.2 The Notion of Entrepreneurial Leadership**

Companies nowadays are faced with an increasingly turbulent and competitive environment, and leaders of these firms need to adopt styles of leadership different from the traditional styles, necessitating a new style of leadership, herein referred to as entrepreneurial leadership. Conceptualisations of entrepreneurial leadership are still embryonic, but Gupta *et al.* (2004, p. 241) defined entrepreneurial leadership as: 'leadership that creates visionary scenarios that are used to assemble and mobilize a "supporting cast" of participants who become committed by the vision to the discovery and exploitation of strategic value creation'. This definition distinctively differentiates this form of leadership from other types of leadership styles and it emphasises the need to mobilise resources, the need to gain organisational commitment by subordinates and the need to have subordinates who have the capabilities to enact the vision. Creating value through results achieved makes entrepreneurial leadership a progressive and productive way to lead people. The conception of entrepreneurial leadership adopted in this study may be considered a preliminary step that attempts to initiate further research in this direction, and

to contribute to on-going efforts to integrate the fields of strategy, leadership and entrepreneurship (Gupta *et al.*, 2004). An important consideration in this style of leadership is that entrepreneurial leaders deal with concepts and ideas not related organisational nature, but tend to have individual characteristics or behaviours (El-Namaki, 1992; Fernald *et al.*, 2005). According to Fernald *et al.* (2005), entrepreneurial leaders envision, solve problems, take risks, initiate strategic initiatives and enact a proactive transformation of the firm's transaction set (Venkataraman and Van de Ven, 1998). It is leadership that is not based on the traditional hierarchical chain of command and control, but instead on individual skills such as achieving goals innovatively and collecting the requisite resources (Skodvin and Andresen, 2006). Such leaders recognize opportunities and evaluate them through increasing the flow of information (Hansson and Mønsted, 2008).

According to Gupta *et al.* (2004), entrepreneurial leadership integrates the concepts of 'entrepreneurship' (Schumpeter, 1934), 'entrepreneurial orientation' (Covin and Slevin, 1988), and 'entrepreneurial management' (Stevenson, 1983) with leadership. In so doing, it takes a strategic approach to entrepreneurship, so that the entrepreneurial initiatives can support development of enhanced capabilities for continuously creating and appropriating value in the firm.

Several theories of leadership have emerged, beginning with the early conceptions of leadership based on traits theory (Stogdill, 1974) to the more contemporary theories of leadership such as distributed (Bolden, 2011; Gronn, 2000), authentic (Walumbwa *et al.*, 2008), servant (Mittal and Dorfman, 2012; Stone *et al.*, 2004) and entrepreneurial leadership, the latter of which has much in common with transformational leadership in that the leader evokes super-ordinate performance by appeals to the higher needs of followers

through inspirational visions. However, there is still a wide gap in our knowledge about the specific characteristics that entrepreneurial leaders should possess in order to successfully lead their organisations.

This thesis reviews several theories of entrepreneurship, commencing with the earlier conceptions by Schumpeter (1934) that focused on what entrepreneurs do, to the more contemporary conceptions of entrepreneurship that focus on entrepreneurial activities and competencies required to perform (Timmons, 2007). Based on these prescriptions of leadership and entrepreneurship, considerable similarities can be observed. Both leadership and entrepreneurship have been studied relative to their traits, skills and behavioural characteristics (Fernald *et al.*, 2005). Therefore, drawing on these different but related leadership and entrepreneurship theories, a new concept emerges, herein referred to as entrepreneurial leadership, which is viewed as an additional type of leadership distinguished by the leader formulating a vision of the future state to be enacted by the followers through provision of information and critical resources and based on anecdotal evidence; the most successful leaders are visionaries (Fernald *et al.*, 2005).

We operationalised the construct of entrepreneurial leadership by identifying the key traits and characteristics of Kuwait's private sector leaders. These traits and characteristics included the leaders' values and beliefs, vision, proactiveness, creativity and innovation, opportunity-seeking and risk-taking.

Several conditions must exist in order for entrepreneurial leadership to thrive in an organisation, including: effective communication of an entrepreneurial vision; processes that nurture and support innovation, such as systems for rapid product design, development,

and commercialization (Quinn, 1985); resources and expertise for entrepreneurial efforts (Daily and Dalton, 1993); and the capacity to facilitate continuous exploration and idea generation (Jelinek and Litterer, 1995).

The main objective of entrepreneurial leadership style is to form a basis for competitive advantage and technological growth in a competitive global environment. This is achieved through a discovery-driven approach to specifying problematic limits, and mandating strategic commitment to new business development so that team members feel that they have ‘not only the right but the obligation to seek out new opportunities and to make them happen’. Entrepreneurial leaders are expected to be role models so that their subordinates can emulate their behaviours and ‘they will not change what they do on the basis of words alone’ (McGrath and MacMillan, 2000, p. 303).

To establish the relevance of entrepreneurial leadership, an important question is whether, on average, the managers/leaders universally endorse it as a characteristic of outstanding leadership (Gupta *et al.*, 2004), which was tested within the Kuwaiti context.

### **1.3 Kuwaiti Context**

It is important to highlight Kuwait’s key contextual issues and their implications on leadership styles and behaviour, particularly how they influence entrepreneurial leadership styles in Kuwait’s private sector. As noted by Weir and Hutchings (2005), all management behaviour takes place and all management attitudes are rooted in a specific cultural context. This point is further strengthened by Becherer *et al.* (2008) in their suggestion that factors that lead individuals to take initiatives within the context of a particular circumstance

should be identified. The same authors went on to suggest that the situational factors that lead the individual to adopt more traditional leader or entrepreneurial-type behaviours need to be understood. Furthermore, researchers are products of specific cultural contexts, and this is reflected in the questions that they ask and the ways they go about answering them (Guthey *et al.*, 2009), and the difference between the two constructs of leadership and entrepreneurship may be due to differences in the contexts through which the root phenomenon flows (Becherer *et al.*, 2008).

Kuwait is a constitutional emirate located in the Middle East, on the north-western coast of the Arabian Gulf, bordering with Iraq in the north and Saudi Arabia in the west. It is a small country with an area of 17,818 km<sup>2</sup> (World Fact Book, 2012). Leadership, an occupational position within an organisational hierarchy whereby one can influence the course of action (Goffee and Jones, 2006), is not well developed in Kuwait, partly because of historical reasons whereby up to the time of its liberation from the Iraqi invasion in 1992, the country was heavily dependent on expatriates who were occupying many of the leadership positions in both the public and private sectors. Wood *et al.* (2004) noted that human resource management, and in particular the notion of leadership, is not well developed and understood in Kuwait, which calls for research to be conducted in the area.

Although Kuwait is relatively small in land mass, it has crude oil estimated to comprise 7% of world reserves. Half of Kuwait's GDP is accounted for by petroleum, which equals 95% of export revenues and 95% of the state's government income (World Fact Book, 2012). Whilst the wealth from oil has been a manifest boon for the people of Kuwait, there are aspects of the 'resource curse' prevalent in the country. Generous and extensive state welfare provision has increased citizens' expectations and they tend to exert enormous

pressures on the government to make decisions and, as a result, hasty and uncoordinated decisions are often made (Auty, 2001). Furthermore, there are high expectations among Kuwaitis about acquiring secure public sector jobs, with higher salaries and more benefits than most private sector occupations (Abdel-Halim and Ashour, 1995, cited in Ali and Al-Kazemi, 2005), and as a result many Kuwaitis work in the public sector and shun private sector work, to the detriment of the overall economic vigour and productivity of the country. This makes the findings of this study very relevant even to the public sector where many Kuwaitis work.

Other important contextual factors that may impact entrepreneurial leadership include the tradition of a family basis of entrepreneurship; Kuwait has traditionally been a nation of family-owned businesses. Furthermore, culture was identified to also influence leadership styles, particularly in view of the country being a high power distance society, where decisions tend to be made by top management with little participation from subordinates (House *et al.* 2004). It is generally accepted that this leadership style stifles creativity and innovation. Lastly, the sectors within which the leaders were working were considered an important explanatory variable, as it was expected that the financial and investment sectors would be more innovative and risk-taking.

The literature review shows that entrepreneurial leadership is a relatively new concept, which is not currently well understood. There is a gap in our understanding of entrepreneurial leadership and the traits and characteristics of entrepreneurial leaders. Furthermore, the relevance of entrepreneurial leadership to leadership effectiveness and how it can improve organisational performance is not well researched. Effective leaders must solve problems quickly and forcefully, regardless of their nature (Fernald *et al.*, 2005)

and achieve organisational objectives. This thesis aims to make some theoretical contributions in this regard. This leads us to discuss the significance and rationale for undertaking this study

#### **1.4 Study Rationale**

This study is important in several facets of the field. First, a review of the literature indicates that entrepreneurial leadership is at the early stages of conceptual and theoretical development, and few researchers have defined the concept (Bagheri and Pihie, 2011). More specifically, it is not known whether Kuwait's leaders possess entrepreneurial characteristics and there is scarcity of knowledge about entrepreneurial leadership in Kuwait. This is therefore a pioneering study to investigate the characteristics and behaviours of Kuwaiti leaders within the context and subject of entrepreneurial leadership. The roles, styles and characteristics of tomorrow's leaders have to change in the face of the changing environment that has become more global and highly competitive. The traditional forms of leadership might not be adequate if companies are to be proactive and remain competitive. This research posits that entrepreneurial leadership might be the answer as it contributes to knowledge by showing how opportunities are recognized, and how innovativeness, risk-taking and proactiveness are encouraged in the process of leading organisations. However, the concept of entrepreneurial leadership is yet to be explored thoroughly and to be utilized as a key success factor for Kuwait's organisations.

Kempster and Cope (2010) stated that within the small firm context, entrepreneurial leadership is heralded as vital to the growth of both new and established ventures. This is particularly the case for companies operating in very hostile and turbulent environments as

is the current situation. This is more important for Kuwait's private sector, which the government is trying to develop as a matter of national survival (in the post-oil era), so that there is less dependency on the public sector, particularly the dependence on oil revenues. An appropriate configuration of entrepreneurial orientation is required in such environments. However, scant empirical evidence exists for us to be able to understand this emerging leadership style and how it can improve organisational performance of companies in developing countries and make them more competitive.

Secondly, entrepreneurial leadership now permeates the strategies of many companies in the developed countries. As companies have found themselves continually redefining their markets, restructuring their operations, and modifying their business models, learning the skills to think and act entrepreneurially has become the source of competitive advantage (Ireland and Webb, 2007). How to create and sustain new organisations is viewed critically important in today's global economy.

Third, the contribution of leaders to organisational performance has been elusive to researchers, and scant empirical evidence exists of the linkage between entrepreneurial leadership and leadership effectiveness and overall organisational performance within the study context. It is also not known whether entrepreneurial leadership will consist of the characteristics found common to both the successful leader and entrepreneur (Fernald *et al.*, 2005). Becherer *et al.* (2008) suggest that in order to better understand the origin of entrepreneurship and leadership, it is necessary that research must first focus on the combinations or hierarchy of traits that are necessary, but perhaps not sufficient, to stimulate the two constructs of leadership and entrepreneurship. Thus this study addresses

this void by investigating such traits and characteristics and testing relationships between entrepreneurial leadership traits and leadership effectiveness.

Lastly, the study provides insights and greater understanding of entrepreneurial leadership by conceptualising a theoretical model that offers important insights regarding the fusion of entrepreneurship and leadership resulting in the emerging entrepreneurial leadership phenomenon within Kuwait's operating environment in order for leaders to be effective and maximize their firms' level of performance. This theoretical framework opens up new possibilities for integration (leadership and entrepreneurship) and outlines a more comprehensive framework for leadership that contributes to theory building and offers areas and avenues for empirical research.

### **1.5 Aim and Objectives**

The main objective of this study is to examine leadership traits and characteristics from both the leadership and entrepreneurship literature in order to define entrepreneurial leaders, and how these characteristics can enhance an organisation's performance, its capacity for adaptation and its chances of long-term survival. More specifically, the objectives of the study are:

- 1) To identify the gaps in the literature and contribute to knowledge in the emerging field of entrepreneurial leadership that are not well researched.
- 2) To develop a theoretical framework of entrepreneurial leadership and explore the application of entrepreneurial leadership amongst Kuwait's financial banking and investment sectors.

- 3) To investigate the most common characteristics of the sampled leaders and determine whether they relate to entrepreneurial leadership.
- 4) To investigate the relationship between entrepreneurial characteristics and leadership effectiveness and organisational performance.
- 5) To make some policy and managerial suggestions on how leaders can improve the effectiveness and performance of organisations through the employment of entrepreneurial leadership.

## **1.6 Research Questions**

The research seeks to address the following major research questions:

- 1) What are the unique personal traits and characteristics of entrepreneurial leaders and are there discernible relationships between their characteristics with leadership effectiveness and organisational outcomes?
- 2) Do these attributes distinguish entrepreneurial leaders from others, and in particular does the presence of these 'entrepreneurial' characteristics relate to the organisational performance of the firm, its capacity for adaptation and its chances of long-term survival?
- 3) Do differences in demographic variables (gender, age, nationality, years of experience and position) significantly explain leaders' views of entrepreneurial leadership characteristics?

- 4) Do differences in company characteristics (company's years of existence, nature of business and size of establishment) significantly explain entrepreneurial leadership characteristics?

### **1.7 Conceptual Model of Entrepreneurial Leadership**

The researcher's conceptual model (figure 3.3) fuses contextual factors and entrepreneurial characteristics arising from the integration of the concepts of entrepreneurship, entrepreneurial orientation, and entrepreneurial management with leadership. It emphasises taking a strategic approach to entrepreneurship, so that the entrepreneurial initiatives can support development of enhanced capabilities leading to organisational performance.

### **1.8 Thesis Structure**

The thesis consists of eight chapters, as follows:

#### *Chapter 1 - Introduction*

This introductory chapter gives an overview of the thesis beginning with the rationale of undertaking the study. It was noted that entrepreneurial leadership was a relatively new phenomenon in which there is very little research undertaken to conceptualise the concept and understand the characteristics of entrepreneurial leaders. It is also not known whether entrepreneurial leadership can lead to leadership effectiveness and overall organisational performance. Thus, the chapter details the impetus for the investigation and provides the rationale for undertaking the research, including the aims and objectives of the study as well as the main research questions. The introductory chapter also presents the structure

and organisation of the thesis. We conclude this chapter by explaining how the thesis is organised for ease of reference to the reader.

### *Chapter 2 – Kuwaiti context*

This chapter is a review of the literature pertaining to the Kuwaiti context, with a socio-economic analysis of the need for Kuwait to have companies that are much more proactive and entrepreneurial. The literature review shows that this requires a different type of leadership at both the organisational and national levels, and entrepreneurial leadership emerges as an imperative subject. Entrepreneurial leadership involves a creative and proactive response to environmental opportunities and therefore the environment within which the leaders function is important.

The Kuwaiti context shows that the country has a small indigenous population and thus relies on expatriates to undertake many employment roles, particularly manual labour and mundane jobs that Kuwaitis shun, preferring to work in secure public sector jobs that amount to sinecures. However, the Kuwaiti Government is making a concerted effort through its Kuwaitisation policy (a policy of positive discrimination obliging private firms to hire quotas of Kuwaiti nationals) to enable Kuwaitis to assume private sector jobs, including leadership positions.

The chapter identifies several other important factors that affect leadership in Kuwait, including family-owned businesses that tend to take control away from organisational managers/leaders and make most of the key decisions, and in so doing rendering the managers/leaders ineffective; a high-power distance culture (as explained in section 2.3.1); strong religious sentiments, whereby principles based on Shari'a (Islamic law) are being

adopted by many companies, despite the fact that such systems are not yet well developed or understood, largely because religious sentiments present market opportunities in the GCC; and the anti-productive effect of the resource curse, by which generous social support from the government discourages individuals from starting up and running new ventures. However, it should be borne in mind that research has shown that general government policies and programs may play a role in the success rate of new ventures (Zacharakis *et al.*, 1999).

### *Chapter 3 – Leadership and entrepreneurship literature review*

This chapter critically reviews the two separate but interrelated strands of leadership and entrepreneurial literature, with particular emphasis on the characteristics and behaviours of entrepreneurial leaders. Although leadership and entrepreneurship are distinct fields, there is significant overlap between the two concepts and there are specific characteristics that entrepreneurial leaders should develop in order to be proactive, innovatively create and lead effectively within the organisation. Following the review of the extant literature, it seemed reasonable to conclude that many of the constructs used in the area of entrepreneurship are also found within the mainstream of leadership theory and the literature review contributes to the theoretical and empirical overlap between leadership and entrepreneurship.

The literature provided sufficient information to support a basis for the argument that the behavioural characteristics of leaders and entrepreneurs are more similar than different. We posited that there are many similarities or overlap in the theoretical premises on which these two fields are based. There may therefore be mutually beneficial effects of an integration of the two literatures (Cogliser and Brigham, 2004) and the development of a new, universal construct referred to as ‘entrepreneurial leadership’.

The merging of concepts from both fields has led to the development of a new, universal construct referred to as ‘entrepreneurial leadership’. It is leadership capable of sustaining innovation and adaptation in turbulent and uncertain environments. It emphasises taking a strategic approach to entrepreneurship, so that the entrepreneurial initiatives can support development of enhanced capabilities leading to organisational performance. It is leadership that is pragmatic and focused on problem-solving and value creation in the market (Surie and Ashley, 2007).

The literature identified entrepreneurial leadership characteristics, such as vision, proactiveness, creativeness and innovativeness, risk-taking and opportunity in addition to the seeking of beliefs and values being fundamentally important in shaping leaders’ qualities and behaviours, and subsequently their leadership effectiveness. The literature review culminated with an entrepreneurial leadership framework, as shown in figure 3.3, which takes into account these characteristics and some contextual factors, as identified in chapter 2, drawing on previous research (Cogliser and Brigham, 2004; Fernald *et al.*, 2005; Gupta *et al.*, 2004; Kuratko and Hodgetts, 2007).

#### *Chapter 4 - Research methodology*

The methodology for data collection and aspects of the research design, including the research techniques, tools for data collection and the actual process of data collection are justified and outlined in this chapter. In order to generate knowledge about entrepreneurial leadership, it is imperative to appreciate the ontological and epistemological assumptions underpinning this research. The study adopted a predominantly positivist ontology and objective epistemology in order to better understand the phenomenon under investigation (i.e. entrepreneurial leadership). This necessitated obtaining data largely from surveys of

leaders from the finance and investment sectors of Kuwait. Whilst 500 questionnaires were distributed, 345 participants responded, of which 340 were usable (a 69% response rate; 5 were subsequently discarded due to incompleteness).

Several statistical tests were conducted in order to explore the data and test the hypotheses, including reliability tests, factor analysis, descriptive tests, correlation and logistic regression test and this was achieved with the use of SPSS.

In order to gain a better understanding of the phenomenon, 12 face-to-face interviews were conducted with some Kuwaiti leaders who were purposively selected. Albeit this relatively small number of in-depth interviews (compared with the questionnaire survey) limits the appellation of 'mixed methodology' to this research, the inclusion of qualitative data to the predominantly quantitative research methodology yielded some fascinating data.

#### *Chapter 5 - Findings and quantitative analysis*

Subsequent to the various statistical analyses that were conducted as detailed in chapter 4, this chapter presented the actual findings and analyses. Descriptive analyses yielded no significant differences for gender regarding men and women's scores of entrepreneurial leadership characteristics, nor were there national differences (between Kuwaitis and non-Kuwaitis). The leaders in these organisations were mainly Arabs who tend to exhibit a similar style of leadership. However, differences were noticed between the more academically qualified people compared to those with lower qualifications, with the former exhibiting higher scores of entrepreneurial leadership characteristics. Unexpected results were found with regards to the impact of the sector to entrepreneurial leadership, whereby

those leaders from the banking and the insurance sectors were more risk-taking than their counterparts in the financial investment sector.

Correlation tests revealed a positive relationship between entrepreneurial leadership characteristics and leadership effectiveness. Due to the non-normal distribution of the data, logistic analyses were conducted to test the hypotheses and the conceptual model. The main characteristics of entrepreneurial leadership were the leaders' beliefs and values, vision and proactiveness. The leaders did not exhibit the other characteristics of entrepreneurial leadership, namely risk-taking, opportunity-seeking, creativity and innovativeness. These underlying traits and behaviours are key dimensions of entrepreneurial leadership. The contextual factors were also not necessarily predictors of leadership effectiveness in this case.

#### *Chapter 6 – Framing and analysis of qualitative data*

Building upon the findings from chapter 5, this chapter discussed the results with respect to the conceptual framework and the existing literature with the view of gaining better understanding by interviewing a few selected leaders (12). It was observed that leaders in Kuwait were operating in a very uncertain environment following the financial crisis and because of that focus was on trying to recover rather than worrying about the future. The experience of the financial crisis had led many of the leaders to become risk-averse.

Although companies may be listed publicly on the stock exchange, there are big family owners who dominate the decision-making processes, and in some cases the leaders running these companies, unless there were family members or owners of the companies, did not have much real say in key decision-making.

The context within which the Kuwaiti companies were operating was not conducive to entrepreneurship leadership. It must be pointed out that the study was conducted soon after the financial crisis, and many of these companies were still trying to recover and were very cautious in the approaches that they were taking. Furthermore, other contextual factors such as the family and the role of the government in providing attractive incentives to civil servants may be discouraging Kuwaitis to remain within the private sector or to venture into new initiatives.

The qualitative findings supported the quantitative findings in that many of the entrepreneurial characteristics were not exhibited by these leaders.

#### *Chapter 7- Discussion of results*

This penultimate chapter presents the discussion and it presents an emerging framework developed to explaining entrepreneurial leadership within the Kuwait's private sector. The findings showed that whilst the leaders studied might believe in entrepreneurial leadership, and were visionary and proactive, they lacked many of the key characteristics of entrepreneurial leadership, such as opportunity-seeking, risk-taking, creativity and innovativeness. These findings contradicted existing literature on entrepreneurial leadership (Cogliser and Brigham, 2004; Fernald *et al.*, 2005; Gupta *et al.*, 2004; Kuratko and Hodgetts, 2007). Whilst leadership effectiveness may be explained by some of the traits and characteristics identified in the literature, it would appear that there are other extenuating variables that need to be considered, such as capabilities and the development thereof, which could be subject of future investigation. However, this study confirms earlier reservations on the traits theory (Stogdill, 1974) to explain leadership performance and organisational performance.

The link between leadership effectiveness and overall organisational performance could not be established, as SPSS would not converge. The notion of leadership effectiveness and organisational performance appears to be an ill-defined concept, which calls for further investigations so that they can be properly operationalised.

The chapter concluded with an emerging model of entrepreneurial leadership which is one of the contributions of this study. An important finding is that entrepreneurial leadership consists of entrepreneurial dimensions such as innovation and improvement, risk-taking and opportunity-seeking and transformational leadership qualities such as vision, values and the need to bring change and improvement in an organisation so that it can be more proactive and competitive. The need to be competitive is becoming more important for Kuwait's private sector companies as the Government liberalises the economy and the companies now have to compete both domestically and in the global market.

#### Chapter 8 – Conclusion, knowledge and recommendations

The chapter primarily presents the recommendations of the study and concludes its findings. The main contribution of the study is first to integrate the two related strands of leadership and entrepreneurship literature and put forward an entrepreneurial leadership model, which it is believed may be a basis for developing leadership qualities and leadership effectiveness. The study identified several areas where these fields theoretically converge, leading to the conceptualisation of entrepreneurial leadership so that the phenomenon can be operationalised.

Entrepreneurial leadership is considered to be an emerging field which may be associated with leadership effectiveness (Lumpkin and Dess, 2001). Research on the 'social capital' of

leaders' traits, characteristics, behaviours and styles (i.e. human capital) 'is perhaps the most ignored, under-researched aspect of leadership' (Brass and Krackhardt, 1999, p. 180; McCallum and O'Connell, 2009), and this research provided empirical evidence about entrepreneurial leadership amongst private sector leaders in Kuwait.

Several recommendations were put forward and suggestions made of ways to achieve organisational excellence through entrepreneurial leadership in today's dynamic environment of opportunities. This study may benefit leaders and companies that are trying to reinvent themselves and become proactive and competitive by fostering entrepreneurial leadership within their organisations. From a human resources management perspective, companies can strategically recruit, retain and develop individuals who demonstrate these entrepreneurial leadership characteristics. It is believed that the adoption of some of these policy and managerial recommendations may lead to leadership effectiveness and ultimately organisational performance, through providing vision and direction, and by being proactive, creative and innovative, and risk-taking.

## **1.9 Chapter Conclusion**

This introductory chapter presented the rationale of conducting this research and in particular the traits and characteristics associated with entrepreneurial leaders, using the Kuwaiti private sector leaders as case study. The chapter noted the gaps in the leadership and entrepreneurship literature of having an integrated model that explains entrepreneurial leadership and in particular the traits and characteristics of entrepreneurial leadership and the linkage between such leadership style and leadership effectiveness. The research objectives along with the major research questions were formulated. The chapter concludes

by explaining how the thesis is outlined for ease of reading. The next chapter puts the study into context by examining the key contextual factors that influence leadership in Kuwait.

## CHAPTER 2: KUWAITI CONTEXT

### 2.1 Introduction

The previous chapter provided an overview of the thesis and the rationale for undertaking this study and in so doing introduced the notion of entrepreneurial leadership. Entrepreneurial leadership is considered as ‘leadership that creates visionary scenarios that are used to assemble and mobilize a “supporting cast” of participants who become committed by the vision to the discovery and exploitation of strategic value creation’ (Gupta *et al.*, 2004, p. 241). This chapter places the study into context by providing the study background and some of the contextual factors that may play a role in the management and leadership of the companies in Kuwait. Of particular importance to note is the unique culture of Kuwait and the role that Islamic religion plays in the management of companies. Another important point to note is the importance of oil revenues to national prosperity and social welfare, rendering the indigenous population dependent on oil revenues and stifling creativity and innovation. Most Kuwaitis prefer to work in the public sector, which provides them with attractive pay packages and incentives for less effort than required in the private sector (e.g. working time and productivity requirements). The chapter discusses these contextual factors and their implications for entrepreneurial leadership.

The context within which a leader operates is equally important because of certain peculiarities such as the power accorded to the leader, such as the ability to reward and discipline employees. The context is fundamentally important in countries such as Kuwait,

where leaders are severely constrained in their ability to control Kuwaitis because of very protective labour and government laws (Al-Enezi, 2002).

A brief background of Kuwait helps to understand why contextual factors such as culture, family business orientation, and the economy are important for leadership styles in this country. Furthermore, it is argued that leadership and followership dynamics take very different forms in different contexts and societies. This is a view supported by Weir and Hutchings (2005), who stated that all management behaviour takes place and all management attitudes are rooted in a specific cultural context. In addition, researchers are products of specific cultural contexts, and this is reflected in the questions that they ask and the ways they go about answering them (Guthey *et al.*, 2009). Leadership studies have tended to ignore the context within which leadership is practiced, thereby taking a reductionist approach to leadership, therefore the tendency has been to adopt positivistic methodology. It might equally be important to listen to various groups and organisations and establish when and why the ‘natives’ talk about entrepreneurial leadership, what they mean by it, their beliefs, values and feelings around the subject matter and their different decisions and expressions of it (Alvesson, 2011).

## **2.2 Implications of Family in Business**

The six countries of the GCC, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), share many social, political and economic features and are organized in the form of extended families at the institutional, governmental and national levels. Family businesses across the GCC region have persisted in their traditional significance in the face of rapid growth and modernization (Davis *et al.*, 2000). Currently,

over 90% of all commercial activities within the GCC are estimated to be controlled by over 5,000 family firms. They hold combined assets of more than \$500 billion, and 70 per cent of the GCC workforce is employed in these firms (Advantage Consulting Kuwait, 2007).

A key feature of most Kuwaiti families is that they own family businesses, and therefore tend to be affluent. However, family owners often have deep emotional involvement in their companies (Bubolz, 2001), since their family's fortune, personal satisfaction, and even public reputation are tied to their businesses (Ward, 2004). Some of the biggest Kuwaiti family businesses include Al Sabah, Al Ghanim, Al Wazan, Al Behbehani, Al Shaya, Al-Kharafi and Sultan (Advantage Consulting Kuwait, 2007), owning enterprises such as banks, shopping malls, telecommunication companies and real estate companies. Although these companies might be publicly listed, the families still dominate them and make most of the key decisions. They are therefore publicly traded family-controlled businesses, in which minority interests are not always protected.

One issue that confronts such public family businesses is how much ownership and control to give to leaders who are neither family members nor shareholders of the company. As noted by Miller and Le Breton-Miller (2006), this choice can influence the incentives and monitoring costs of owners, their strategic behaviour as well as the financial performance of the firm. Unless the leaders running these companies are part of the family, then in many cases, key strategic decisions are not made by the leaders themselves but by the family members rendering these leaders ineffective.

Since there is no obligation for these family firms to publicly report their annual results, the balance sheets and other financial statements are not usually presented to the public. This makes it difficult to assess the real performance of these firms and this also influences the selection of the companies in this study limiting to those that publicly reported their financial statements. The Ernst and Young Report (2007) for instance explained that:

By nature, private companies, anywhere in the world, are not transparent. The difference in the GCC is that they are even more private. They are family-owned, they don't have independent directors and they don't have to file public documents. They are more private than privately held companies elsewhere. You'll get very large private businesses in other parts of the world and they'll almost be institutions, whereas in the GCC they are still very private.

The implication of this is that key decisions, be it investments, launching of new products or markets are made privately by family members and may not be in the hands or control of leaders unless they are family members.

Whilst it is appreciated that family owners might often have a deep emotional involvement in their companies (Bubolz, 2001) since their family's fortune, personal satisfaction, and even public reputation are tied to the business (Ward, 2004), the common consensus (and indeed common sense) is that leaders and managers should be left to run the companies in the way they see it fit, or that the family owners should be held responsible for the decisions that they make. The separation between ownership and control in today's modern companies has resulted in a potential conflict of interest, and the agency theory posits that when the management interest is low, there is a greater likelihood that the management involves itself in value-decreasing activities as a result of the management opportunistic behaviour, which is termed 'agency costs' (Jensen and Meckling, 1976), which may partly explain the style of Kuwait leadership.

Whilst not every family firm in Kuwait is run in the same way, a certain consistency of their configuration and formation can be recognised. This configuration is in general complex in terms of asset holdings across different sectors and the degree of family member's involvement. Usually, assets are in the name of the family owners. Other distinctive characteristics of family firms in Kuwait are the cross-ownership between entities, inter-group accounts and a single management team for multiple businesses (Advantage Consulting Kuwait, 2007).

### **2.3 Implications of Culture**

It is important to study the implications of culture on leadership because not only does it shape leadership but it also nurtures and facilitates the emergence of leaders (Abbas, 2009) and it gives meaning to what leaders do. From the followers' perspective, culture influences the way followers respond and act in a particular way (Abbas, 2009). Therefore, the cultural context is important in the study of leadership and at the same time some researchers have called for studies to gain insights into whether various entrepreneurial characteristics are similar across cultures (McGrath and MacMillan, 1992), thereby supporting a convergence hypothesis.

Several studies have been conducted on culture, and the seminal work by Hofstede (1980; 1983) and subsequent work by House *et al.* (2004) based on the Globe study of 62 countries have been very influential in understanding national culture.

Hofstede (2001) viewed culture as the learned mental programming that differentiates one group from another group, which can be viewed as a hard-wiring of people from a

psychological perspective. His argument is that culture is much more deep rooted, learned at an early stage, and it lies between an individual's unique personality and basic human nature. As such, it is much more determinative of how people behave. His view of culture is that the outer layer consists of symbols, heroes and rituals and the inner layer consists of core values and assumptions about human nature.

Culture is perceived by Alvesson (2011, p. 153) as 'a cohesive system of meanings and symbols, in terms of which the social structure is regarded as the behavioural patterns, which the social interaction itself gives rise to' (Alvesson, 2011;). He moves the subject of leadership from a standardised conception of the subject matter expressed in questionnaire studies to a greater sensitivity to cultural context. General definitions of culture have tended to examine it as the system of meaning – values, beliefs, expectations and goals shared by members of a particular group of people and that distinguish them from members of other group (Gooderham and Nordhaug, 2003). A key point to note is that culture can be a mechanism to distinguish one society from another. Furthermore, culture can influence the way people in that society behave and actions are guided by a system of meanings through which human beings interpret their meanings

Hofstede (1983) singled out 20 of the survey's 150 questions based on factor analysis to originally create four value dimensions by which to measure and compare the 49 national cultures in his study. These dimensions were power distance, collectivism-individualism, masculinity-femininity, uncertainty avoidance and long-short term orientation. A fifth dimension of long vs. short term orientation was added following his research with Bond (Hofstede and Bond, 1988). In his depiction of culture, Hofstede (2001) puts forward these five dimensions, which have been amongst the most cited works by researchers, and have

been used as a reference for studies aimed at investigating a society's national culture and the cultural differences among different societies.

### *2.3.1 Power distance*

This is the extent to which inequality exists and is accepted among the less powerful members of the society. It is a fact that power and inequality exists in every society, but with dissimilar concentrations (Jaw *et al.*, 2006). A high power distance society accepts an unequal distribution of power. In contrast, a low power distance scenario means that power is shared and society members view themselves more as equals. The work by Hofstede (1983) showed that Kuwait exhibits a higher unequal distribution of power among society members compared to the USA, and has a lower belief in equality among society members. Kuwait, as with most Arab countries, is known to exhibit high centralization and bureaucracy, since power and authority are confined to those in the higher echelons (Al-Enezi, 2002). Authoritarian leadership and an autocratic decision-making are more likely to be accepted and expected. Leaders are thus expected to know more than subordinates, a characteristic reflective of a transactional leadership style. However, such leadership style has little room for others to engage in innovative or creative thinking or actions. This is in-line with the prevailing societal culture.

However, it can be said that leadership in Kuwait bears imprints of Western culture due to its global hegemony and increased exposure of Kuwaiti leaders to that culture due to the importance of Kuwait in British and US geo-strategic thinking during the last century and educational programs sponsoring Kuwaitis to study in Western countries, particularly the US.

### 2.3.2 Individualism/collectivism

This is the extent to which individuals are integrated into groups (Hofstede, 1991). In individualistic societies, individuals are expected to look after themselves and their immediate family. Followers within individualist societies are more likely to tolerate leaders who are overtly motivated by self-interest, as long as they are enabled to do likewise. Conversely, collectivistic societies are built on cohesiveness, and individuals in such societies have strong relationships with their extended families, like grandparents and the families of their relatives. In Kuwait (and throughout the Arab World), individuals are very concerned with maintaining strong and cohesive relationships with their immediate families, relatives, neighbours and friends. It is a common lifestyle arrangement for all family members stay together in the same house, even sometimes after getting married. There is general allegiance to the family, tribe or clan, which naturally tends to be expressed in professional contexts as nepotism or the favouritism of clan members, a concept commonly known as *Wasta* in the Arab World.

*Wasta* is a system of patronage in the Middle East and North Africa (MENA) that refers to both the act and the person who mediates or intercedes, and it seeks to achieve that which is assumed otherwise unattainable by the supplicant (Cunningham and Sarayrah, 1993). *Wasta* as a mediation to resolve conflicts is valued, whereas *Wasta* as an intercession to obtain a benefit or to speed up one's paperwork often gets a mixed reception, akin to arbitration and corruption (respectively) in Western tradition (Cunningham and Sarayrah, 1993).

Cunningham and Sarayrah (1994) described *Wasta* as the hidden force within Middle Eastern society, and stated that an understanding of the phenomenon is one of the keys to understanding how decisions are made and how people operate within organisations in the Middle East. In the Middle East *Wasta* is well-known, understood and tolerated rather than accepted by all. *Wasta* involves a paradox of being widely practiced and simultaneously denied by its practitioners and beneficiaries (Cunningham and Sarayrah, 1993, p. 4).

However, the family can equally be a source of financial and organisational support for business start-ups and operations. From a cultural point of view, Kuwaitis have traditionally been entrepreneurs, and many Kuwaitis understand their family (and self) identify in terms of their family businesses, therefore the society is intrinsically entrepreneurial, whereas other populations in the GCC (e.g. the people of Najd in Saudi Arabia) hail from Bedouin ancestry that traditionally shunned trade.

### *2.3.3 Masculinity/femininity*

This refers to the distribution of roles and responsibilities among genders. In Hofstede's paradigm, masculinity refers to values like assertiveness, competitiveness and success, while feminine values are considered to comprise modesty, caring and solidarity. There are two aspects of masculinity/femininity, one of which represents the level to which a society promotes and rewards the masculine values over the feminine values, and the masculine societies have been found to score higher in achievement and motivation. The second aspect of masculinity/femininity presents society's beliefs about the proper behaviours for males versus females. In masculine societies men are expected to be tough and assertive, while in feminine societies, males and females are expected to be modest, and values such

as warm social relations and caring (House *et al.*, 2004). For masculinity, House *et al.* (2004) gave the USA a score of 62 (on a 1-100 scale), while Kuwait scored 52, which means that the American society is more assertive, achievement-oriented and competitive than the Kuwaiti society.

The masculinity/femininity value according to Schwartz's (1999) (cited in Jaw, 2006), has to do with egalitarianism (meaning the equality among gender roles). In Kuwait, before the legislation of women's rights, many Kuwaitis (men and women) were against giving women the rights to vote and run for parliamentary seats.

Men were positioned as 'natural' and 'legitimate' figures of authority, enabling male dominance at a societal and organisational level to flourish as they were able to access and maintain positions of power and privilege (Simpson and Lewis, 2005). Many tried to deny the rights of women using religious justifications and other conservative claims. According to Sidani (2000), the common religious teachings in the Arab world appear to promote a differentiation between gender roles. Women have therefore generally remained an under-represented group within the upper echelons of organisations in both public and private sectors which is an area that requires further empirical research to understand women's experiences and practices of leadership (Twenge, 2001). The social and religious traditions in this region have generated the disapproval by both men and women, of women becoming supervisors or co-workers.

The implication of a masculine society has been that despite laws being changed to allow women to stand as parliamentarians, not one woman was elected in the last Kuwaiti parliamentary elections in February 2012. The same is also observed in industry, where few

women occupy senior leadership positions in Kuwait. In both the public and private sectors, key leadership positions are occupied by men, which make it difficult to ascertain and assess the entrepreneurial leadership qualities of women.

The masculinity/femininity dimension has encountered the most criticism because of its crude characterisation of abstract values according to biological determinants (i.e. conflating individualism and masculinity). As noted by Dickson *et al.* (2003), while these dimensions have been found in some cross-cultural studies to be correlated, it is not clear that they consistently form a cohesive factor (i.e., that the difference between sub-dimension relationships are consistent enough across cultures to be considered a functional universal). Given that there can be markedly different leadership implications for the varying sub-dimensions, the Globe approach of separating them (as explained below) seems to be the most appropriate.

#### *2.3.4 Uncertainty avoidance*

This refers to society's intolerance of uncertainty and ambiguity. The uncertainty-avoiding societies try to minimise the possibility of uncertainty by setting rules and regulations. Low uncertainty avoidance scores indicate that the society has very few restrictive mores, and people are free to discover their own truth, and exhibit different views from what they are used to. Hofstede (1980) rated the USA at 46 for uncertainty avoidance, compared to 68 for Kuwait, on a 0-100 scale. Countries with high levels of uncertainty avoidance will endeavour to ameliorate the threat of uncertainty and ambiguity by establishing formal rules, emphasising their technical expertise and showing little tolerance for deviant ideas and behaviours. On the other hand, leaders in societies that are more accepting of

uncertainty are more flexible and willing to champion change (Shane *et al.*, 1995), thus innovation is more prominent.

Hofstede's conceptualization of culture was based on the original sample that came from a single multinational corporation (IBM), and it ignores the existence of substantial within-country cultural heterogeneity. This is important in a country such as Kuwait, where two-thirds of the population are expatriates. Furthermore, culture is dynamic and changes over time, thus the dimensions can provide a snapshot at best (Sivakumar and Nakata, 2001).

Although Hofstede's dimensions of culture have been very prominent in the cross-cultural leadership literature, it is important to remember that there remains some disagreement about the dimensionality of culture. However, it is clear that some dimensions are more significant for particular cultures than others. With regard to uncertainty avoidance, Kuwait must be understood as a vulnerable and apprehensive society, both because of the underlying economic factor of oil dependence and more immediate dangers such as the political situation of the Middle East.

The Iraq invasion in 1991 was a major dramatic event in the history of Kuwait which exposed the weakness of the GCC states compared to regional powers such as Iraq and Iran. Kuwait requires responsible leadership that is creative, has courage, integrity, and compassion that ensures progress and prosperity. To some extent, significant economic progress has been made since the liberation of the country by the US-led coalition and it can be said that leadership has been a pivotal factor to such development. The US guarantee of Kuwait's safety enables the country to function, but exposes the intrinsic vulnerability of the country, which may explain why many Kuwaitis invest their money abroad (Kazemi,

2002). The presence of Western (especially US) personnel has exposed Kuwaitis to new ideas and customs. Kazemi (2002) argued that it has made Kuwaitis develop a spirit of competition, cunning and gamesmanship in their relation with others, although adherence to traditional aspects of authority and obedience continue to exist.

Ali (1989) stated that Arab workers in general like a structured and unambiguous work environment, more formalised and standardised work procedures, and a centralised structure. This can be a major cause for lacking a great deal of creativity and autonomy in the work place, which may negatively influence an organisation's ability to be effective and perform.

### *2.3.5 Long- or short-term orientation*

The time orientation captures the extent to which people have a pragmatic future-oriented perspective rather than a focus on the present (Hofstede, 1991; Hofstede and Bond, 1988). People in societies characterised by a long-term orientation embrace future-oriented values such as persistence (Barkema and Vermeulen, 1997). It is argued that the unpredictability of the environment has hindered a future-oriented perspective in developing countries, and has instead fostered a short-term perspective. This may partly explain why the notion of strategic planning has been alien to developing countries such as Kuwait.

Ailon (2008) is critical of Hofstede's (1994) deterministic approach to studying culture and how to measure with statistical validity the influence that national culture exerts on the ways that leaders behave. Although the above dimensions of culture have been subjected to heavy criticism, notably from McSweeney (2002), many studies have adopted these

dimensions of culture. Culture has a significant impact on how employees view their organisational responsibilities and their commitment. Leaders affect their subordinates both directly through their interactions and indirectly through the organisation's culture. Leaders impact the organisational culture with their values, which flow from their beliefs, and it would appear that the dimensions of culture of Kuwait are different from those of Western countries.

Various studies of culture have either adopted Hofstede's dimensions or sought to extend them. For instance, Trompenaere and Hampden-Turner (1997) distinguished between affective societies, in which people are encouraged to show their emotions, and neutral countries, where people are encouraged to keep their emotions in check.

The Globe Study of 62 societies (House *et al.*, 2004) came up with 9 dimensions of culture and studied them at the societal and organisational level based on 17,300 middle managers and 951 organisations. The study found that there is a wide variation in the values and practices relevant to the nine core dimensions of cultures and a wide range of perceptions of what constitutes effective and ineffective leader behaviour.

In all cultures, leader team orientation and the communication of vision, values and confidence in followers were reported to be significant leader behaviours. Leadership attributes reflecting irritability, non-cooperativeness, egocentricity, being a loner, ruthlessness and dictatorial were associated with ineffective leaders.

The Globe study found variations with respect to autonomous leadership (as characterised by a high degree of independence from superiors) and self-protective leadership (as characterised by self-centredness, status consciousness and narcissism). It found self-

protective leadership behaviour to be more perceived as slightly more effective among managers in Kuwait. Although the Globe Study identified the various attributes of leadership, they did not identify the behavioural manifestations of such attitudes.

Jepson (2009) criticised the Globe Study for not capturing the dynamic nature of cultural interactions that often take place in several intersecting contexts, including national, organisational, hierarchical, departmental and individual contexts. It can therefore be stated that there are several cultural dimensions over and above those put forward by Hofstede or by the Globe study.

One of the prominent factors of Kuwait culture is strong family bonds. Most businesses are family-owned, and some of these have grown to major organisations. Families look out for each other and they prefer successors of the family business to be from within the family. The boards' members are also largely made up family members. The point that is being stressed here is the strong bond that is established, which can be easily observed in the Kuwaiti culture. Cultural traits influence the structure of the society and influence business development. Societies that value entrepreneurship and innovativeness instil effective societal systems promoting opportunity-driven entrepreneurship (Vesper, 1983).

Culture is closely linked with religion. Kuwait, like most Middle Eastern countries, is Islamic, and Kuwaiti lifestyles revolve around Islamic religion and traditions. Kuwait's culture is derived from an Arab-Islamic worldview that does not necessarily reflect contemporary Muslim societies. Theoretically, Islamic culture affirms neither high power distance nor low (Kazmi and Ahmad, 2006), enjoining respect and care for others in the workplace irrespective of the power or position one holds, along with respect for authority.

However, the cultural inheritance of Muslim societies have an impact on their current worldviews, thus it is important to understand the implications of Islamic religion as understood in Kuwait to this study.

## **2.4 Implications of Religion**

Kuwait's Constitution defines it as 'an independent sovereign Arab State', with its people as 'part of the Arab Nation', Islam as 'the religion of the State', and Shari'a as 'a main source of legislation'. Islam is the predominant religion in Kuwait and it influences people's work and whole way of living (Milton-Edwards, 2004), including broad tolerance of other religions. Religion acts as a tremendously dominant factor in socialisation and enables unity among members of society (Mohammad, 1998). Mohammad (1998) argued that religion is the most significant ideological umbrella to solidify a society, followed by kinship. Furthermore, other studies have noted that values are often related to the religious background of the leader (Fry, 2003; Mitroff and Denton, 1999), and it is therefore unsurprising that leaders' religious backgrounds shape their values (e.g. whether leaders become more visionary and proactive or leave it to fate). Beekun and Badawi (1999, p. 2005) also observed that Muslims base their behaviours as leaders and as followers upon the word of God, as detailed in the Qur'an. They believe and accept it as true that the Prophet of Islam, Mohammad (PBUH), modelled the way for Muslim leaders and followers for all time.

The cultures of the Middle East are unique in many aspects, but there is a general tendency toward fatalism. This is manifest in many ways, but particularly in one expression, 'Insha' Allah', meaning 'God willing'. Insha' Allah is used to explain many uncertainties in life

and expectations of the future. High levels of fatalism suggest that people believe they have little control over events affecting their lives. Middle Eastern cultures are generally considered to be more fatalistic than Western societies, especially North Americans (Abbasi and Hollman, 1993).

In Islamic religion and philosophy, leadership is given considerable attention largely because in Islam, leadership is perceived to be the most significant instrument for the realisation of a good society (Abbas, 2009). 'Islam' is an Arabic word that connotes submission, surrender and obedience. As a religion, Islam stands for complete submission and obedience to Allah (Abbas, 2009). The implications of this paradigm in organisational models are that lower-level employees may tend to look to top management for leadership and direction and not exercise their initiative, which is one of the important characteristics of entrepreneurial leadership. Another implication of submissiveness in this study is that employees might be submissive to their leaders and not question their actions. An authoritarian style of leadership, whereby subordinates have no choice but to accept managers' decisions, is not supported by Islam, which clearly advocates participative management (Alhabshi and Ghazali, 1994), but leaders in these organisations tend to be authoritarian, reflecting the high-power distance culture that draws on Arab-Islamic ethics and history to override actual religious injunctions.

Empirical research on how Islam influences leaders' behaviours and business practices is not easily available, partly because of the sensitivities associated in studying Islamic religion in Islamic countries such as Kuwait. Nevertheless, the orientalist assumption that Islamic religion compels people to be submissive and thus to lack creativity continues to prevail. Although doctrinally speaking submission to authority is on the proviso that leaders

are just and fair, real historical experience has resulted in a large gap between leaders and subordinates, which makes people reticent to challenge top management or offer new ideas and suggestions, which may go against an entrepreneurial spirit expected of a modern organisation.

Management style can also be related to differing sizes of organisation and different Muslim sects. Authoritarian management is predominant in large organisations, while consultative methods prevail in other arenas. Kets de Vries (1993) found that smaller, family-controlled firms were less bureaucratic, authoritarian, and impersonal than larger firms that were not family controlled. Some Islamic sects prefer consultative methods of management, which is more consistent with tribalistic traditions (Ali, 1989), while others prefer religious interpretations that promote authoritarian styles and encourage the absolute authority of rulers (Ali, 1990). Early colonial possession of the region also set a precedent of authoritarian management (Abbasi and Hollman, 1993; Ali, 1990).

However, the difficulty of applying religious doctrines in management is that they cannot easily be challenged or questioned, which renders management/leadership ineffective. Furthermore, not all employees believe in Islam and its teachings, and therefore the question that arises is what principles should be used to guide such employees. In many countries throughout history, people have been persecuted for having a different faith. In addition, challenging authority or Islamic religion can be met with severe punishment.

## **2.5 Implications of the Economy**

Kuwait's oil-boom wealth has established one of the most comprehensive, generous welfare systems in the world. Services include extensive benefits, free education through to university level, free healthcare (in Kuwait or abroad), subsidised housing projects, and an early retirement plan with high pension benefits (Civil Service Commission, 1998). Females can retire after 15 years of service, whilst men can retire after 20 years of continuous service in the public sector. The government takes care of its citizens by granting various monetary incentives. Such decisions are taken by the ruling Al-Sabah family, and the Emir is the primary authority. Although Kuwait has a democratically elected parliament, sovereignty lies with the Emir of Kuwait, who is the fount of preferment and remuneration. For example, in February 2011, every Kuwaiti was granted a bonus of KD1000 (US\$3,500) by the Government in the wake of the political turmoil then prevailing in the region.

However, the implications of a wealthy society reliant on the state has meant that the younger generation has lost the entrepreneurial ethos of its predecessors, and the Government's efforts to encourage people to join the private sector or start up their own businesses have not been very effective. At the very least, any society interested in encouraging entrepreneurship must make it relatively rewarding. For the most part, Kuwait has developed laws and institutions over time that effectively discourage people from joining the private sector or start up their own business, such as awarding huge salary increases for civil servants. The legal system has also not made it easy to form a business, and the financial system has not necessarily been generally favourable to the formation and growth of new ventures.

Generous social support from the government discourages individuals from starting up and running new ventures. Research elsewhere has shown that Government policies and programs may play a role in the success rate of new ventures (Zacharakis *et al.*, 1999).

## **2.6 Conclusion**

Many studies have been conducted in the Western world on leadership and entrepreneurial qualities, but very few have been undertaken in developing countries, and the unique features of a country such as Kuwait (e.g. the powers accorded to leaders) might have significant bearings in the way leaders behave, hence there is a need to consider the contextual issues in this study. It was noted that much of the extant research on leadership does not take the influence of cultural context sufficiently into account (Guthey and Jackson, 2011). It was also noted that the strength of embedded cultural influences could likely lead to divergence from (rather than convergence toward) a uniform global view of leadership cultures. Through an understanding of themselves and the contexts in which they work, act on and shape opportunities that create value for their organisations, their stakeholders, and the wider society, leaders can become effective (Greenberg *et al.*, 2011; McKone-Sweet *et al.*, 2011).

This chapter has examined the contextual factors and their implications on entrepreneurial leadership in Kuwait. The historical background of Kuwait is important, whereby some leaders may be occupying leadership positions by virtue of being Kuwaiti. The Government's policy of Kuwaitisation has also forced companies to hire Kuwaitis and in some cases appoint and fast-track them to leadership positions. Cultural values were discussed and it was noted that a high power distance tends to foster authoritative

leadership approaches that tends to discourage entrepreneurial thinking, and lower-level employees tend to be submissive and look upon top management for direction instead of taking initiatives and being proactive. Furthermore, a short-term oriented culture is not quite amenable with the notion of long term strategic thinking and provision of vision and direction, which are characteristics required for entrepreneurial leadership. There is also a need to move the interest in leadership from a standardised conception of the subject matter expressed in questionnaire studies to a greater sensitivity to cultural contexts and meanings of leadership interaction.

However, much of the economic growth and diversification (i.e. innovation) in the GCC has resulted from the migration towards Shari'a-based products, particularly within the banking sector, and several companies are adopting Shari'a-based accounting principles, which in some cases has given these institutions a competitive advantage over Western companies in key markets. Accordingly, the pervasiveness of local culture with its generalised values and entrepreneurial norms within that culture may strongly inhibit universal values and norms.

The economic well-being of the country was also examined and its implication on business start-up and operation and it was commented that this may be discouraging an entrepreneurial spirit amongst the young generation as most Kuwaitis now seek the easy way out of working in the public sector, where they receive very attractive benefits. This compounds Kuwait's absolute economic dependence on the petrochemical sector and is detrimental to the long-term future of the economy and the nation.

The following chapter reviews the extant literature on both leadership and entrepreneurship with the view to find areas of convergence and conceptualise a theoretical framework of entrepreneurial leadership that integrates both strands of literature.

## **CHAPTER 3: LEADERSHIP AND ENTREPRENEURSHIP - AREAS OF CONVERGENCE**

### **3.1 Introduction**

This research contributes to knowledge in the emerging field of entrepreneurial leadership. The study specifically examines the characteristics and traits of leaders, and how these entrepreneurial leaders contribute to innovation and creativity, risk-taking and pro-activity in their organisations in order to enhance organisational performance. It is argued that theory development is what drives any field of study, and it is important to understand the literature on both leadership theory evolution and entrepreneurship development in order to establish the gaps in the literature and better appreciate the nature of entrepreneurial leadership. Entrepreneurial leadership has not yet translated into a significant research field (Fernald *et al.*, 2005; Tarabishy, 2006), hence the need to undertake this research so that we can gain in-depth knowledge and operationalise the notion of entrepreneurial leadership, especially in developing countries such as Kuwait.

This chapter reviews the extant literature of the separate but related fields of leadership and entrepreneurship, particularly looking for areas of convergence in order to establish the characteristics and qualities of entrepreneurial leaders. Previous research findings on leadership and entrepreneurship are characterised as diverse, fragmented and inconsistent (Chandrakumar *et al.*, 2011). The chapter explores the issue of integrating entrepreneurship research and theory into the more established traditions of leadership and management. It is believed that such integration will aid the design of future research in these areas by

highlighting the common trends and common threads of thought that underlie these scholarship streams. Based on this review, we then explore the implications of our findings and an entrepreneurial leadership framework is delineated, which integrates leadership and entrepreneurship, and highlights the characteristics and qualities of entrepreneurial leaders.

The two fields of leadership and entrepreneurship have evolved separately, with little cross-fertilisation although there is some attempt to integrate them (Gupta and MacMillan, 2002). This research focuses on the main characteristics of entrepreneurial leaders which enable them to succeed and add value to their organisations, rather than investigating all the wider concepts related to both entrepreneurship and leadership fields. The research will focus on private organisations where there is more scope for entrepreneurial activities.

The main objective is to examine these characteristics and the perceptions from both the entrepreneurship and leadership literature in order to define entrepreneurial leaders clearly, since the link has not been well researched (Fernald *et al.*, 2005). Whilst previous researchers have highlighted the main reasons that influence the success of different organisations (Lumpkin and Dess, 1996), this research draws from both leadership and entrepreneurship theory, the characteristics of successful entrepreneurial leaders and how these can enhance an organisation's performance, its capacity for adaptation and its chances of long term survival. Each field has generally ignored the other (Jensen and Luthans, 2006).

Both leadership and entrepreneurship theories will be reviewed. Our starting point is a critical review of how leadership has evolved, starting with the early notions of trait theories of leadership. The 'old management paradigm' either focused on management or

on the qualities of the 'Heroic CEO' and failed to link leaders with organisational outcomes and the important role employees play in organisations, especially nowadays (when the workforce is much more knowledgeable and the old command and control approaches are less applicable). Other contextual factors that have created space for the new paradigm, particularly entrepreneurial leadership, are the volatile business environment and globalisation, which force organisations to be much more creative and proactive, if they are to compete successfully in a global environment.

However, leadership has been widely defined by different authors (e.g. Kotter, 1990; Northouse, 2004; Scherr and Jensen, 2007) and it is important to adopt a definition of leadership within the context of this thesis, if the construct is to be operationalised.

### **3.2 Leadership**

For more than half a century the term 'leadership' has been a topic of discussion and research work, especially in the field of management and organisational development. More often than not, such discussions and or research work focuses on the issue of quality of leadership, ability of a leader or leadership effectiveness or leadership styles (Adlam, 2003). As Adlam (2003) observed, leadership is a rather complex concept. This is especially true because several approaches have been employed to provide meaning to the terms 'leadership' and 'leadership effectiveness'. The different perspectives and definitions relevant to this area are discussed below.

### 3.2.1 Definition of leadership

Leadership has been studied from different angles leading to different perspectives but little research has been undertaken in the field of entrepreneurial leadership. For instance, Stogdill and Bass (1981) noted that there are almost as many definitions of leadership as there are people trying to define it. This means that although there could be some common threads among these different interpretations, there is still no common consensus on what leadership is; an understanding of where these leaders come from, whether they are born as leaders or whether leadership can be developed (Senter, 2002). Personality characteristics play a large role in determining predispositions to be natural leaders or if an individual needs to learn and practice to develop leadership skills (D'Intino *et al.*, 2007). This leads to the need to conceptualise our understanding of leadership within the context of this thesis, especially if we are to operationalise leadership phenomenon.

On the surface, leadership appears to have a simple definition, but it is in fact complex to precisely define due to the variety of ways in which leadership has been envisioned. For example, Dubrin (2001) views leadership as the ability to inspire confidence and support among the people who are needed to achieve organisational goals. This means that leaders ought to inspire and motivate their subordinates for the organisation to achieve its goals, which is a view shared by Heymann and Heifetz (2001), who reiterated the need to accomplish societal, organisational, or personal goals. Similarly, Osborne (2008, p. 10) defined leadership as 'the ability to inspire and encourage others to overcome challenges, accept continuous change, and achieve goals; it is the capacity to build strong, effective, teams; and it is the process of using your influence to persuade and steer'.

Of particular importance to note in Osborne's (2008) definition is the aspect of continuous change and adaptation, which is important in entrepreneurial leadership as this can be a source of competitive advantage for organisations. She also acknowledges that leaders in such organisations cannot achieve these feats by themselves, but rather they rely on the creativity and innovation of those they lead, and it is incumbent upon leaders to stimulate, influence and steer people in a positive direction, if organisations are to be competitive and grow.

Inasmuch as certain characteristics (such as vision, inspiration, etc.) begin to emerge amongst leaders, leadership is also a process as enunciated by Kotterman (2006), who argues that leadership can be involved in four areas. First, vision establishment sets the direction and develops the vision, develops strategic plans to achieve the vision and displays very passionate attitude about the vision and goals. Second, human development and networking aligns organisation, communicates the vision, mission, and direction, influences creation of coalitions, teams, and partnerships that understand and accept the vision, with driving impetus, passion and choice. Third, vision execution motivates and inspires, energizing employees to overcome barriers to change, satisfying basic human needs and taking high-risk approaches to problem solving. It is important to note that without execution, an organisation cannot effectively compete with others and performance cannot be realised. Lastly, vision outcome promotes useful and dramatic changes, such as new products or approaches to improving labour relations. Some companies such as 3M have been able to stay ahead of competition by launching innovative and new products.

Bass (1990) defined leadership as a process of interaction among individuals and groups that includes a structured or restructured situation, members' expectations and perceptions.

Leadership can be explained as the ability of an individual to have power that focuses on how to establish directions by adapting forces. From an organisational perspective, Schermerhorn (1999) believed that leading is a process used to motivate and to influence others to work hard in order to realize and support organisational goals, while Hersey *et al.* (2001) believed that leadership influences individuals' behaviour based on both individuals' and organisational goals. Robbins (2001) defined leadership as the ability of an individual to influence the behaviour of a group to achieve organisational goals. It is possible to conclude from these discussions that leadership is a phenomenon whereby leaders are distinctive from their followers, and can influence individuals' activities to achieve set goals in their organisations.

Schermerhorn *et al.* (2000) define leadership as the phenomenon of interpersonal influence inspiring individuals or groups to do what the leader wants to be done. By implication, the leader's focus is on what he/she wants from people; therefore followers' input is not encouraged with regard to what is required to be done. However, Maxwell (1999, p. 108) argued that the leader's attention is on what he/she can put into people rather than what he/she can get out of them, so as to build the kind of relationship that promotes and increases productivity in the organisation. Most of these definitions of leadership highlight the important aspects of leadership in influencing several aspects of organisational life, such as objectives, strategies and culture.

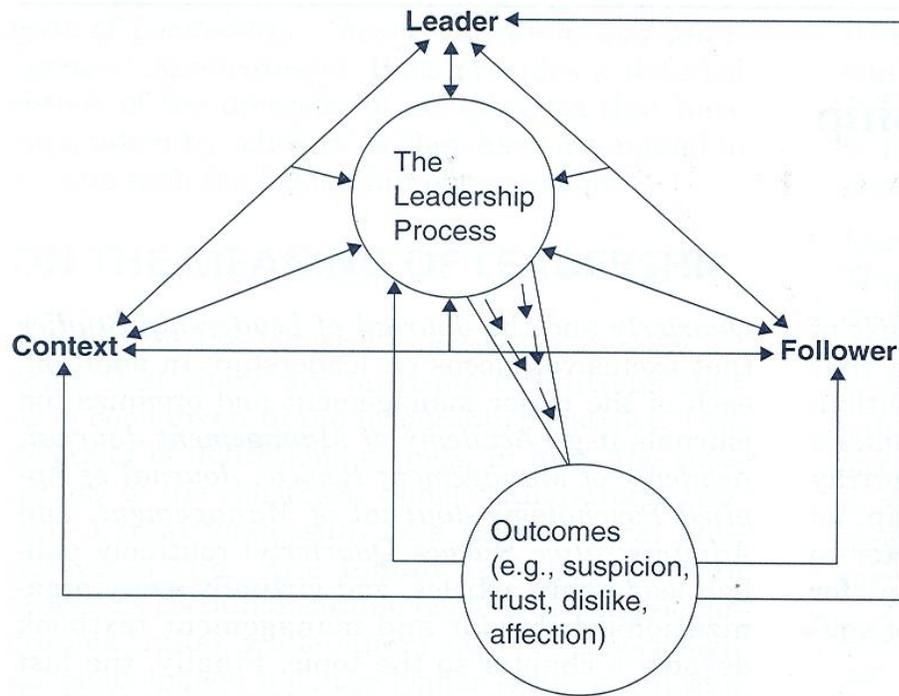
Alvesson (2011) contended that the diversity of relations, situations and cultural contexts in which the superior-subordinate interaction takes place means that a universal definition of leadership will not aid our understanding of the phenomenon since the interactions occur in different cultural contexts. Alvesson (2011) advocates consideration of the social context

within which leadership takes place because of the social process in which meanings and interpretations are manifest. He argues that leadership is framed by the context, which includes societal, occupational and organisational aspects, therefore leadership has different meanings and values for people in different contexts.

From the above perspectives, leadership can be argued to be the process of developing ideas and vision, living by values that support those ideas and making hard decisions about human and other resources. From the perspective of this thesis, of all the aspects of leadership, it is clear that the most important skills of sound leadership are the ability to provide direction and vision and harness resources to provide for future opportunities. The requirements of a good leader are to be able to lead toward improvement and to manage change within the organisations and to maintain progress so as to become competitive.

The underlying asset of leaders is the ability to communicate the change, activity, or process to followers in an influential manner. Without credible communication, employees' hearts and minds are never captured. According to Senter (2002), leadership defines the role rather than the person and that leadership is understood by most people as having the freedom in their role to make a difference.

Figure 3.1 (below) provides a visual framework by Pierce and Newstorm (2003) about the leadership process. As shown, there are three key components involved in the leadership process namely: (a) the leader is the person who takes charge and guides the performance or activity; (b) the follower is the person who performs under the guidance of a leader; and (c) the context is the situation surrounding a leader-follower relationship.



**Figure 3.1: The Leadership Process**

*Adapted from Pierce and Newstorm (2003)*

It is important to note that the individual leader has an important role to play in an organisation in terms of providing vision and direction and motivating the followers to behave accordingly.

The study of leadership, and in particular those who hold senior positions in organisations, is important because Chief Executive Officers (CEOs) have the means to bring about changes and differences, and they have the authority to do so by virtue of their positions in these organisations. Kaplan *et al.* (2008) are of the view that CEOs are likely to have a significant impact on their companies' success. They back their argument from many theories that model CEOs running firms. CEOs vary in being more or less resolute which the authors define as a type of overconfidence. In their model, more resolute CEOs are

more successful because the increased coordination benefits from being resolute outweigh the costs of not fully reacting to new information.

Furthermore, empirical work in economics and finance suggests that CEOs matter, but that work is just beginning to consider what particular abilities or skills are important. Bennedsen *et al.* (2007) found that firm performance is negatively related to CEO focus.

### *3.2.2 Importance of Leadership*

There is consensus among scholars that the importance of effective leadership cannot be overemphasised. Sashkin and Sashkin (2003) maintain that leadership matters because leaders help reduce ambiguity and uncertainty in organisations or society. Leaders take constructive action to achieve long-term goals and provide clear positive reasons for their actions, goals, and accomplishments. In essence, leaders add clarity and direction to life and make life more meaningful. Sashkin and Sashkin (2003) say that leadership matters because effective leaders make a difference in peoples' lives; they empower followers and teach them how to make meaning by taking appropriate actions that can facilitate change.

Schermerhorn *et al.* (2000) maintain that leadership is the heart of any organisation because it determines the success or failure of the organisation. Thus the study of leadership in organisations is closely tied to the analysis of organisations' efficiency and effectiveness. Based on findings by the Social Policy Research Association, Schermerhorn *et al.* (2000) reported on how leaders create circumstances for positive inter-group relations and a caring and safe environment indicate that strong leadership is of great importance.

### **3.3 Leadership Theories**

The study of leadership theories evolved from trait theories to style, behavioural, contingency, and charismatic studies, and to more contemporary theories such as transformational, distributed and emerging theories of entrepreneurial leadership. These theories are reviewed because they are the most cited theories and also because they highlight the characteristics of leaders, which enable us to begin to understand the characteristics of entrepreneurial leaders. A review of these theories is given in the following sections, starting with the trait theories to appreciate the important characteristics of leaders that may contribute to their entrepreneurial qualities. The review also helps in understanding the interface between leadership and entrepreneurship.

#### *3.3.1 Trait theory*

Becherer *et al.* (2008) posit that a better understanding of the origin of entrepreneurship and leadership requires a focus on the combinations or hierarchy of traits that are necessary, but perhaps not sufficient, to stimulate the two constructs. The trait theory specifies generally related characteristics that distinguish leaders from non-leaders. It identifies how individuals can be leaders by investigating the personality of effective leaders (Stogdill, 1974; Bennis, 1989). Personality is one of the most fundamental ways in which people differ from one another. Personality may be described as the relatively stable pattern of traits and characteristics that help to shape a person's behaviour and make the person unique. Personality may also influence life and career choices, work performance, and entrepreneurial behaviour (D'Intino *et al.*, 2007).

As noted by Bennis (1989), traits are distinguishing qualities or characteristics of a person, while character is the sum total of these traits, and skills are the knowledge and abilities that a person gains throughout life. The ability to learn a new skill varies with each individual (Bennis, 1989). These characteristics are associated with guiding others toward a goal, influencing others to make a difference, or working effectively with and through others.

The trait theory has been developed over the years and has discussed a collection of traits. It was a way of discovering the key characteristics of successful leaders. The theory has a flawed assumption that the leadership ability is inherent and that great leaders are born and not made (Herrington *et al.*, 2000). Whilst some leaders might be borne with certain unique leadership qualities, it is equally true that some of these leadership skills can be developed with time. Furthermore, whilst a number of leaders may possess certain traits, missing some of them does not indicate that they cannot lead effectively. In addition, there is lack of empirical attention partly due to the difficulty of measuring the desirable personality characteristics that are likely to matter.

Trait theories emphasises the personal traits of leaders, the underlying assumption being that certain people possess innate characteristics that make them better leaders than others. Stogdill (1974; cited in Lim, 2010) identified certain traits and skills as being critical to leaders (table 3.1). The trait theory can be divided into two schools. The first school believes that people have the same set of traits, and people differ because the level of each trait is expressed differently; thus the traits are ubiquitous in all humans, with varying proportions. The other school believes that individual variance comes from the trait

combination, which varies from one person to another, so that everyone has their own set of specific traits (Lin, 2010).

**Table 3.1: Traits and Skills**

<b>Traits</b>	<b>Skills</b>
Adaptable to situations	Clever (intelligent)
Alert to social environment	Conceptually skilled
Ambitious and achievement-orientated	Creative
Assertive	Diplomatic and tactful
Cooperative	Fluent in speaking
Decisive	Knowledgeable about group task
Dependable	Organised (administrative ability)
Dominant (desire to influence others)	Persuasive
Energetic (high activity level)	Socially skilled
Persistent	
Self-confident	
Tolerant of stress	
Willing to assume responsibility	

*Source: Stogdill (1974; cited in Lin, 2010)*

Leadership can be defined relatively straightforwardly as influencing people towards a shared goal; in this definition, every leader is still unique. What makes every leader special is a combination of factors, including demographic, physical, psychological and behavioural differences. According to Chernyshenko *et al.* (2012), traits vary in individuals based on their characteristics and these can be broken down into four categories:

**Personality** is considered a stable set of physical characteristics; these specific features are stable, although they may evolve gradually over time. It is important to note that this is a set of characteristics, not just one or two.

**Values** are stable, long-lasting beliefs or preferences that are shaped early in life by parents, upbringing and culture. These characteristics illustrate what we consider worthwhile and desirable, right and wrong, and play a key role in decision-making and problem-solving.

*Ability and skills* can be defined as a natural or acquired talent for doing something. Ability is natural and somewhat stable; skills are acquired and change with training and experience. One cannot train leaders to develop ability, but one can train for leadership skills, recruiting and hiring leaders with specific abilities and then training them to exhibit the desired skills.

*Leadership style and behaviour* these are personal choices made by the leader as to the type of leadership style and behaviour they will exhibit according to the situation. To be an effective leader, the most important element is knowing the appropriate leadership style/behaviour for the situation and understanding the results of one's actions.

Recognizing that specific traits are important to effective leadership is important for several reasons. First of all, this notion fits clearly with the one that suggests that leaders are inherently different; they are individuals who are 'out in front' and 'leading the way', which allows us to focus on other characteristics that make them unique. Some of these traits are ingrained upon a leader early in life, but just as many of them can be enhanced and improved throughout life. In addition, sometimes effective leadership is more of a mark of successfully matching a leader (and their unique skills and characteristics) with the appropriate situation, rather than changing or developing specific leadership characteristics.

What is lacking is a consensus on the distinct characteristics of leaders, which renders it difficult to come up with a comprehensive list of the characteristics of effective leaders. Within the context of trait leadership, leaders are born and cannot be trained to be leaders, which would mean that if there are weaknesses in the current leadership, the solution would be to replace the current incumbent with another person with the requisite traits, as opposed to trying to develop the existing leader. There are inherent weaknesses in this assumption

because we know that, from a practical point of view, there is scope for training and development through coaching, mentoring, attachments etc., and furthermore it might be difficult to find an ideal leader with the requisite traits. Critique of trait theories generally cites their inadequacy as means for understanding leadership, while on the other hand leadership scholars are continuously reviving and refining the idea of investigating individuals and their innate, intentional qualities. Furthermore, there is compelling evidence that the cognitive strengths can be strengthened and developed (Luthans and Avolio, 2003) through attending courses, workshops, attachments, as stated above.

While reviews of this research suggest that such traits are not reliable predictors of who will emerge into leadership roles, other reviews have shown that traits influence our perceptions of whether someone is a leader (Robbins and DeCenzo, 2003). Furthermore, Robbins and DeCenzo (2003) contend that attempts to identify traits consistently associated with leadership have been more successful.

Collins (2001) represented one of the more recent trait approaches to leadership when he proposed that 'Good to Great Leaders' are those performing at the highest Level 5 in a hierarchy of executive capabilities identified during his research. Level 5 leaders are those individuals who blend extreme personal humility with intense professional will and can transform a good company into a great one. Such leaders, who build enduring greatness for their organisations, possess seemingly contradictory characteristics, including modesty, shyness, personal humility and timidity on the one hand, and professional will, unwavering resolve, ferociousness and fearlessness on the other. According to Collins (2001), these characteristics are driven by needs to build, create, and contribute to something larger and longer lasting than oneself (as opposed to needs for fame, fortune, power and adulation).

They combine these characteristics with a fierce professional will to succeed which they transfer to their team, with spectacular results. It is possible that leaders can be developed to become Level 5 under the right circumstances, with self-reflection, under a mentor, loving parents, a significant life experience, or other factors (Collins, 2001).

Trait approach paid attention on the leader only, rather than followers or the situation. As a result, researchers did not succeed in realizing any traits that ensure leadership success. Whilst traits are associated with the entrepreneurial profile, however traits alone do not directly link to behaviour (Becherer *et al.*, 2008). The trait approach discussed the characteristics of leadership without specifying how these traits will affect the situation the leaders are dealing with. While there has been a resurgence of interest in identifying generic personality traits possessed by effective leaders (Robbins and DeCenzo, 2003), leadership is inextricably linked to follower thinking, feelings, and behaviour and as noted earlier, the ability to motivate others is critical to an entrepreneur's success (Eggers and Smilor, 1996). However, there is a need to review leadership styles to ascertain their relevance to our study.

### *3.3.2 Behavioural theories of leadership*

The behavioural theory concentrates more on explaining and predicting human behaviours in terms of creating effective leaders and satisfied employees. Researchers of behavioural theory believe that by identifying the specific behaviours successful leaders use, we can develop effective leaders. The approach aims to concentrate on leadership situation, in terms of behavioural styles, to give more emphases on work and employees. By stressing

on work and employees, this approach argues that a leader can be effective in facilitating employees' satisfaction and organisational performance (Derue *et al.*, 2011).

Under the classification of behavioural theories, various studies that have specifically attempted to delineate a leader's behaviour can be identified. A study carried out in Michigan identified two styles of leadership: job-centred and employee-centred. Job-centred leaders consider employees as being just a means of production and profit and the best way to achieve such a goal is by rewarding, supervising, and communicating with them. Leaders use their power to influence employees. On the other hand, employee-centred leaders believe that in order to achieve desirable goals, it is imperative that a supportive work environment is established and created. Such leaders care more about employees' needs, advancement and growth, and believe that employees should feel satisfied to help the organisation achieve its effectiveness and success.

In research conducted in Ohio, Fleishman (1953, 1973) focused on two sets of behaviours: initiating structure and consideration behaviour, similar to job-centred and employee centred. A leader with initiating structure behaviour makes sure that the job is done according to the job descriptions and organisational charts that inform employees what tasks they are expected to do, how they should do them and where they fit into the whole picture of the organisation. A leader with consideration behaviour interacts with employees in a way that enhances trust, friendship, and warmth between them (McCormack, 2007). Many critics argue that the behavioural model still dominates both research and practice (Yukl, 2006).

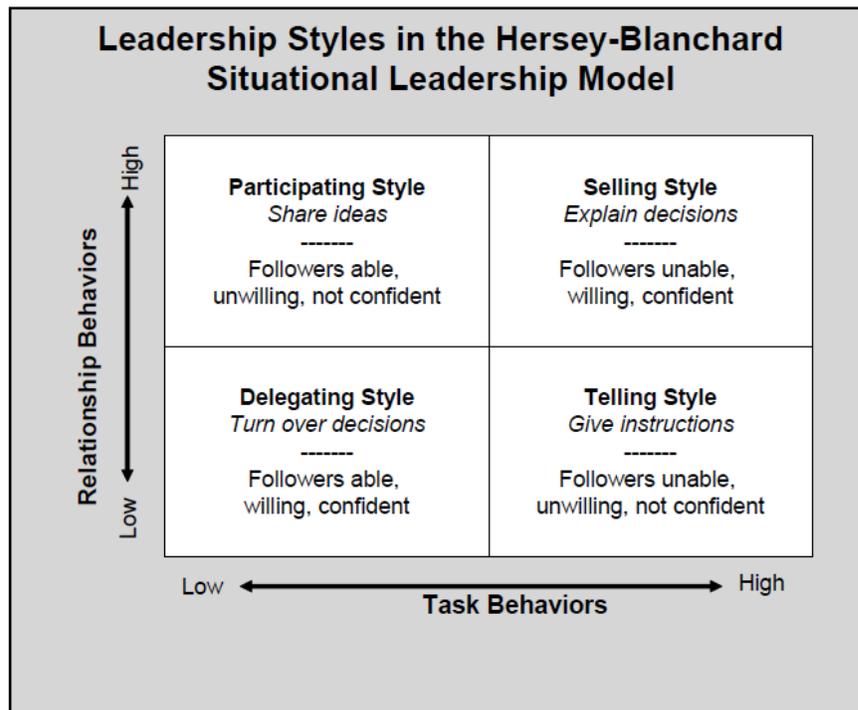
### 3.3.3 *The contingency or situational theory*

The concept of situational leadership is not new. In view of the limitations of explaining all leadership by emphasizing either the individual or the group, situational approaches (Hersey & Blanchard, 1969) marked yet another shift. Fiedler (1967) shifted the focus of leadership theory away from the personality of the leader to an exploration of leadership behaviour. Contingency leadership theory posits that for a leader to be effective there must be an appropriate fit between the leader's behaviour and the conditions of the situation. Researchers consider the contextual and situational variables that influence what leadership behaviours will be effective. The contingency theories explain that leaders can analyse their situation and fit their behaviour to ameliorate leadership influences. Major situational variables are the characteristics of followers, characteristics of the work environment, follower tasks and external environment. Contingency theories, sometimes called situational theories, emphasise that leadership cannot take place separately from various elements of subordinates or organisational situation (Fry, 2003; Yun *et al.*, 2006).

An early and considerable effort to link leadership style with organisational situation was made by Fiedler *et al.* (1967). The main idea is pairing up the leaders' style with the situations most appropriate for their successes. Fiedler's contingency model was designed to enable leaders to find out both leadership style and organisational situation. The basis of Fiedler's theory is the extent to which the leader's style is concerned with relationship or concerned with task. A leader with relationship orientation is concerned with people (Tabassi and Abu Bakar, 2010). A people-oriented leader is concerned with employees' needs and desires, whereas a task-oriented leader is primarily concerned with task

accomplishment. A task-oriented leader prepares clear directions and sets job standards (Yukl *et al.*, 2002).

The situational leadership model views leaders as varying their emphasis on task and relationship behaviours to best deal with different levels of follower maturity. The two-by-two matrix is shown in figure 3.2, which indicates that four leadership styles are possible:



**Figure 3.2: Situational Leadership Model**

*Source: Papworth et al. (2009)*

**Delegating Style:** allowing the group to take responsibility for task decisions; this is a low-task, low-relationship style.

**Participating Style:** emphasising shared ideas and participative decisions on task directions; this is a low-task, high-relationship style.

***Selling Style:*** explaining task directions in a supportive and persuasive way; this is a high-task, high-relationship style.

***Telling Style:*** giving specific task directions and closely supervising work; this is a high-task, low-relationship style.

Managers using the situational leadership model must be able to implement the alternative leadership styles as needed. To do this, they have to understand the maturity of followers in terms of readiness for task performance and then use the style that best fits. In terms of the appropriate style-situation match-ups, the situational leadership model suggests the strategies outlined below.

When follower maturity is high, the situational leadership model calls for a delegating style which might be described as offering minimal leadership intervention. The style is one of turning over decisions to followers who have high task readiness based on abilities, willingness and confidence about task accomplishment. When follower maturity is low, by contrast, the model calls for the telling style with its emphasis on task directed behaviours. The telling style works best in this situation of low readiness, by giving instructions and bringing structure to a situation where followers lack capability and are unwilling or insecure about their tasks.

The participating style is recommended for low-to-moderate readiness situations. Here, followers are capable but also unwilling or insecure about the tasks. As might be expected, this participation style with its emphasis on relationships is supposed to help followers share ideas and thus draw forth understanding and task confidence. The selling style is recommended for moderate to high-readiness situations. Here, followers lack capability but

are willing or confident about the task. In this case, the selling style and its emphasis on task guidance is designed to facilitate performance through persuasive explanation.

Hersey and Blanchard (1973) believe that leaders should be flexible and adjust their styles as followers and situations change over time. The model also implies that if the correct styles are used in lower-readiness situations, followers will mature and grow in their abilities and confidence. This willingness to understand follower development and respond with flexibility allows the leader to become less directive as followers mature (Ralph, 2005).

Part of the criticism of situational leadership style is the concern that a leader may not be flexible and adaptable and not easily able to change his/her leadership style to meet the individual needs of the supervisee. Although the situational leadership approach lacks substantial and sustained confirmation in the leadership literature, it remains one of the most cited and popular models in organisations today (Sashkin and Sashkin, 2003). Skilled leaders should be able to determine the needs of their followers and adjust their approaches according to the changing situation in which they work (Ralph, 2005). However, it is important to understand that leadership can take place in different contexts; political, business or public, private and other sectors. Furthermore, creativity researchers have adopted an interactional approach in arguing that situational and personal factors jointly contribute to employees' creativity (George and Zhou, 2001), and creativity and innovation are essential elements of entrepreneurial leadership.

The Hersey-Blanchard (1973) situational leadership model is intuitively appealing and has been widely used in management development programs. Even though empirical research

support has been limited, the conclusion seems to be that the basic ideas of the model have merit. Leaders might do well to consider altering styles to achieve the best fits with followers and situations, even as they change with time. Also, the model reminds leaders that the skill levels and task confidence of followers should be given continuing attention through training and development efforts.

### **3.4 Leadership Style**

Every leader in every organisation performs certain roles/tasks for the smooth running of the organisation and improvement of organisational performance. The manner in which leaders perform these roles and direct the affairs of organisations is referred to as their leadership style. The role of leadership is largely determined by the culture of the organisation. It has been argued that organisation's 'beliefs, values and assumptions are of critical importance to the overall style of leadership that they adopt' (Bunmi, 2007). Some leaders are more interested in the work to be done than in the people they work with, while others pay more attention to their relationship with subordinates than the job. Whether a leader emphasises the task or human relations is usually considered central to leadership style.

Leadership style is defined as the pattern of behaviours that leaders display during their work with and through others (Hersey and Blanchard, 1993). Miller *et al.* (2002) viewed leadership style as the pattern of interactions between leaders and subordinates, including controlling and directing, indeed all techniques and methods used by leaders to motivate subordinates to follow their instructions. According to Kavanaugh and Ninemeier (2001), there are three factors that determine the type of leadership style: leaders' characteristics,

subordinates' characteristics and the organisational environment. More specifically, the personal background of leaders such as personality, knowledge, values, and experiences shapes their feelings about appropriate leadership that determine their specific leadership style; employees also have different personalities, backgrounds, expectations and experiences, for example, employees who are more knowledgeable and experienced may work well under a democratic leadership style, while employees with different experiences and expectations require an autocratic leadership style. Some factors in the organisational environment such as organisational climate, organisation values, composition of work group and type of work can also influence leadership style. However, leaders can adapt their leadership style to the perceived preferences of their subordinates (Al-Ababneh and Lockwood, 2011).

Leadership styles can be classified according to the leaders' power and behaviour as autocratic, democratic, and laissez-faire, which styles are distinguished by the influence leaders have on subordinates (Mullins, 1998; Rollinson, 2005). More specifically, power has been considered as: the potential of a process to influence people (Hersey *et al.*, 2001); a part of the influence process at the core of leadership (Northouse, 2004); and the rights that allow individuals to take decisions about specific matters (Rollinson, 2005). The influence of leadership will differ according to the type of power used by a leader over their subordinates (Mullins, 1998). Hence, leaders will be more effective when they know and understand the appropriate usage of power (Hersey *et al.*, 2001). According to Kavanaugh and Ninemeier (2001), an autocratic style is embedded in leaders who have full organisational power and authority for decision-making without sharing it with their subordinates, while a democratic style implies that leaders share their authority of decision

making with employees and delegate, and finally a laissez-faire style exists where leaders give their employees most of the authority over decision making.

Leaders express leadership in many roles. These, among others, are: formulating aims and objectives, establishing structures, managing and motivating personnel and providing leadership (Daresh, 2002). However, Nathan (1996) asserts that providing leadership is a very essential component of a leader's role. The style leaders choose to perform the above mentioned roles will determine whether they will accomplish the task at hand and long-term organisational goals or not, and whether they will be able to achieve and maintain positive relationships with staff (Awan and Mahmood, 2010).

Grint (2000) has underscored that a clear understanding of leadership requires an historical approach. He stresses that a particular leadership style during a process of change is time-based and that every period has room for a limited palette of leadership qualities (Velde, 2002). A style organises the pragmatic activity of a leader, indicates how his/her actions are coordinated and how things and people that matter are determined and changed (*Spinosa et al.*, 2001). The following sections discuss some of the prominent types of leadership styles.

#### *3.4.1 Autocratic leadership*

Autocratic leaders do not take care of the social and emotional dimensions of groups; they limit the control and voice over decision-making processes of group members and are displayed as dominant leaders who show little respect towards the opinions and values of followers (Bass, 1990). De Cremer (2006) defined autocratic leadership as a leadership style focused on not providing any latitude for the group members to discuss and think

about their own ideas, rather these leaders push their ideas and opinions during discussions leading to a decision, thus, not giving much voice, control and respect to others.

This style tends to be most effective in industrial work situations or the armed forces. In these situations the task requires strong, centralized control. Furthermore, research by Van de Vliert (2006) has shown that autocratic leadership is more effective in poorer countries with less income equality.

### *3.4.2 Democratic leadership*

According to Gastil (1994), democratic leadership is a style with a degree of comradeship and active member involvement, containing a leader that relies upon group decision-making, and who praises honestly. It is a way of leading that influences people in a way that is consistent and beneficial to basic democratic principles and processes such as equal participation and deliberation. Democratic leaders show care and concern for the members of the group, but not similar to the way a parent does.

By spending time getting people's buy-in, the leader builds trust, respect and commitment. Because democratic leaders afford people a say in decisions that affect their goals and how they do their work, they drive up flexibility, responsibility and morale. The impact of this style on climate is not as positive as some other styles. Its drawbacks are endless meetings, where consensus remains elusive, and people can end up feeling confused and leaderless (Nsubuga, 2008). This style works best when the leader is uncertain about direction and needs guidance or for generating fresh ideas for executing the vision. In times of crisis, consensus may not be effective.

### *3.4.3 Laissez-faire leadership*

Laissez-faire leadership comes with a leader who has a lack of response to subordinate performance (Hinkin and Schriesheim, 2008). In reality it is non-leadership; the leader avoids decisions, hesitates to take action and generally ignores subordinates needs. It is further indicated that this way of leading comes with a leader who does not use his or her authority. Laissez-faire leadership is often used in flat organisations (Manners, 2008).

Bass (1999) concluded that laissez-faire leadership has positive effects on the empowerment of employees. The leader gives followers autonomy with reason and interest in what was delegated. Employees get to decide on matters that they know best, this way of leading has positive effect on their empowerment. It is further stated that laissez-faire leadership stimulates employees to monitor each others' mistakes and that it may have important independent effects on subordinate outcome variables. Hinkin and Schriesheim (2008) indicated that laissez-faire leadership was related to role-clarity and subordinate-perceived supervisor effectiveness. As mentioned previously, laissez-faire leadership is used in flat organisations. Lots of organisations are decreasing the number of management layers to empower those at lower lever in the organisation and place decision making where it can be most effective. By not having a clear hierarchy, this way of leading stimulates the self-confidence of the employees and the commitment to perform responsibilities of the organisation (Manners, 2008).

#### *3.4.4 Relation-oriented leadership*

Relation-oriented leadership is more concerned with developing close, interpersonal relationships. Leaders employing this style involve a two-way communication method to show social and emotional support while helping their employees feel comfortable about themselves, their co-workers, and their situations (Northouse, 2010). Relation-oriented leaders demonstrate an understanding of their employees' problems. They help to develop employees' careers, and provide them with enough information to do the job, allowing individual autonomy in work, and showing appreciation.

According to Yukl (2006), relation-oriented leadership behaviours include supporting, developing and recognizing. Supporting behaviours include showing acceptance, concern, and confidence for the needs and feelings of others. Developing behaviours provide potential benefits to new, inexperienced supervisors, colleagues, peers, or subordinates. Recognizing behaviours show praise and appreciation to others for effective performances, significant achievements, and important contributions to the organisation.

#### *3.4.5 Task-oriented leadership*

Task-oriented leaders put all their efforts into functions aimed at carrying out tasks such as planning or organisation, activities related to coordination and providing the necessary help, as well as supplying equipment and technical assistance for subordinates to carry out their work adequately. Task-oriented leaders structure and define their own rules and those of their subordinates. They supervise their on-site subordinates closely, and keep a close check on the fulfilment of pre-established goals and objectives (Soriano and Martinez,

2007). Those who adopt a totally task-based leadership style like to keep their psychological distance from those of inferior rank and often appear cold and distant tending simply to ignore feelings and attitudes towards subordinates. These leaders define the structures where their inferiors are placed, establish the rules that others follow, explain what to do and how to do it, determine ways in which tasks are to be completed and search for new approaches to solving problems. These are all aspects that increase the likelihood that the subordinate will increasingly depend on the leader and, therefore, the initiative and creativity of the subordinate becomes nullified.

Task-oriented leaders are primarily concerned with reaching goals. They help their employees accomplish their goals by defining roles, establishing goals and methods of evaluations, giving directions, setting time lines, and showing how the goals are to be achieved. As a rule, task-oriented leaders use a one-way communication method to clarify what needs to be done, who is responsible for doing it, and how it needs to be done. Task-oriented leaders coordinate, plan, and schedule work-related activities. They provide their employees with the necessary motivation, equipment, supplies, and technical assistance for completing the task (Northouse, 2010).

Task-oriented behaviours include clarifying roles and objectives, monitoring individual performance and operations, and short-term planning (Yukl *et al.*, 2009). Clarifying behaviours include assigning tasks, explaining job responsibilities, and setting performance expectations. Monitoring behaviours include inspecting the progress and quality of work. Planning behaviours include determining staffing requirements and how to fittingly use them to reach the goals and objectives of the organisation.

### 3.4.6 Participative leadership

The majority of studies on leadership styles consider ‘participative leadership’ as a different style to the relation-oriented or task-oriented styles (Bass, 1990). Essentially, participative management is a style of leadership in which managers share the decision-making process with other members of the organisation. Participative leadership efficiently guides the leader’s efforts towards motivating and facilitating the participation of subordinates in making decisions, which, under other circumstances, could be made by the leader alone. Including subordinates in decision-making is often necessary for decisions to be approved and seen through to a successful conclusion. Leaders frequently involve subordinates in making decisions that will directly affect them, inviting individuals to participate in strategic thinking. Participative leadership at the highest level involves delegating decision-making to subordinates. Participative leaders motivate subordinates to assume responsibilities for their own work, encouraging, favouring and rewarding all behaviour and ideas aimed at satisfying the needs of innovation, thereby improving the organisation’s performance (Ribeiro, 2003). However, Ribeiro (2003) pointed out in his analysis of SMEs that functions rather than responsibilities are delegated.

Participative leaders use groups that help to increase personal interaction between team members, mutual obligation and responsibility, bringing the team closer together as a group. Participative leaders often use formal and informal group meetings in order to facilitate the participation of subordinates in decision-making, which leads to improvement in communication and enables conflicts to be resolved (Deakins *et al.*, 2005). Participative leadership has the potential to positively encourage team members to assume positive

attitudes toward their work, the team and their leaders. Similarly, participative leaders have a positive impact on building personal and professional relationships.

These traditional perspectives perceive the concept of leadership as being primarily concerned with inducing compliance, respect and cooperation among subordinates; in other words, the leader exercises power over the followers to obtain their cooperation (Anderson *et al.*, 1998). In addition to that, the old leadership perspectives are based on leader's role as formulating goals, and ensuring their efficient accomplishment. These conventional approaches, which dominate the discourses in leadership research, often take a 'person-centred and dyadic perspective' and follow a 'heroic leadership' stereotype (Anderson *et al.*, 1998).

#### *3.4.7 New paradigm shift*

The new paradigm shift emerged in the 1980s, principally as a response to dissatisfaction of prevailing views of leadership or management styles and a concern that leaders were too bogged down in detail to provide the inspiration needed in challenging times. This saw the emergence of transactional, transformational and distributed leadership and the current thinking on entrepreneurship leadership that offers a break from the past and a movement into the future.

In a contemporary post-modern context, it is important to discuss issues of the common good, which require that leaders be judged according to more mainstream moral criteria rather than abstract professional competences. High-profile corporate scandals (e.g. Enron and Worldcom) have raised awareness of self-interest motives by leaders. The behaviours

of leaders of these companies shook the confidence of the public, shareholders and governments. Subsequently, many stakeholders bore the brunt of such miscreant and bullish behaviour (Wood and Callaghan, 2003). Inverting the classical economic maxim that individual self-interest generates wider social benefits, an ethos is emerging which holds that 'when people act together for the sake of mutual benefits in which they all share, then they are acting both in others' interests and in their own' (Jordon, 1989, p. 16). Many are beginning to reconsider other traditions that rely more on a collective vision of goodness, rather than an individual one (Brown and Treviño, 2006, Svensson and Wood, 2008), and the common good is one such vision (Hollenbach, 2002).

#### *3.4.8 Transformational and transactional leadership*

Contemporary literature on leadership mainly focuses on the two main dimensions of leadership: transactional and transformational leadership. Transactional leadership is based on the legitimate power given to the leader within the bureaucratic structure of the organisation (Burns, 1978; Mullins, 2002). Transactional leadership is centred on leader-follower exchanges. Followers perform according to the will and direction of the leaders, and leaders positively reward the efforts. The baseline is reward, which can be negative (e.g. punitive action) if followers fail to reach targets, or positive (e.g. praise and recognition) if subordinates comply with the intent and direction settled by a leader and achieve the given objectives. Four core facets of transactional leadership described by Schermerhorn *et al.* (2000) are contingent rewards, active management by exception, passive management by exception and laissez-faire.

This leadership style heavily emphasises the end-result e.g. work tasks and outcomes, rewards and punishments (Mullins, 2002). Transactional leadership is concerned with managing workers under strict rules and regulations to avoid change as much as possible and to avoid making decisions that could alter the status quo of the organisation. Such types of leadership may not be suitable in entrepreneurial environments as they may curtail innovation and creativity.

The other focus of attention by researchers and experts has been transformational leadership. Transformational leaders alter the beliefs and attitudes of followers and inspire the subordinates in their own interests parallel with the betterment of the organisation (Riaz and Haider, 2010). Transformational leaders facilitate new understandings by increasing or altering awareness of issues. Resultantly, they foster inspiration and excitement to put extra efforts to achieve common goals. According to Burns (1978), transformational leadership is based on four dimensions: charisma, communication, intellectual stimulation and individualized consideration. Some researchers use transformational leadership interchangeably with charismatic leadership. As Burns argued (1978, p. 20), this kind of leadership 'binds leaders and followers together in a mutual and continuing pursuit of a higher purpose'. However, according to McLaurin and Al-Amri (2008), numerous differences between these two exist, including: charisma being among the qualities of a transformational leader rather than the sole element; the effect of situational favourableness or uncertainty differing between the approaches; transformational behaviour de-emphasising charisma; the charismatic leader's possible self-centeredness; and the probable negative effects of charismatic leadership (McLaurin and Al-Amri, 2008). The transformational style is in stark contrast to a transactional style in which authority and

accountability reside in the leader who exhibits a controlling, top-down approach (McCarthy *et al.*, 2010).

Conger and Kanungo (1987) suggest that charismatic leadership is an attribution made by followers who observe certain behaviours on the part of the leader within organisational contexts. The same authors propose that attribution of charisma to leaders depend on four interrelated components:

- The degree of discrepancy between the status quo and the future goal or vision championed by the leader,
- The use of innovation and unconventional means for achieving the desired change,
- A realistic assessment of environmental resources and constraints for bringing about such change, and
- The nature of articulation and impression management employed to inspire followers in the pursuit of the identified vision (Abbas, 2009).

Alvesson (2011, p. 157) refers such charismatic leadership as that which ‘emerges from the extra ordinary influence exercised by a person, typically being able to get support for a radical vision, from a group of dedicated followers who are more or less spell-bound by the key person’. It is also believed that transformational leadership is more prevalent at upper levels of management than at lower levels.

Transactional and transformational leadership have been of great interest to many researchers in the current era. Adopting either transformational or transactional leadership behaviour helps in the success of the organisation (Laohavichien *et al.*, 2009). This might

be the reason that different authors of the recent past considered transactional and transformational leadership as predicating variables and investigated their relatedness with other criterion variables. Both transformational and transactional leadership help in predicting subordinates' satisfaction with their leaders (Bennett, 2009). However, in some situations both cannot provide the ultimate satisfaction to their subordinate and partially contribute as explanatory variables. Chen *et al.* (2005) found that followers were satisfied with the contingent reward dimension of transactional leaders and individualize consideration of transformational leaders. Similarly, Jansen *et al.* (2009) concluded that the transformational leadership behaviours contribute significantly to exploratory innovation, while transactional leadership behaviours facilitate improving and extending existing knowledge and are associated with exploitative innovation.

Transactional and transformational leadership behaviours provided varying results in different scenarios. In some situations, transformational leadership behaviour was found to significantly affect predicting variables, and in some cases transactional leadership behaviour. Boerner *et al.* (2007) found that transformational leadership had a greater influence on followers' performance and innovation than transactional leadership, and the latter was additionally more significantly associated with team cohesiveness, work unit effectiveness and organisational learning.

Avolio and Bass (2004) highlighted four behaviours (the '4 I's') that transformational leaders possess: idealised influence, inspirational motivation, intellectual stimulation, and individualized consideration:

1. Idealized influence (followers idealize and emulate the behaviours of their trusted leader), which means that leaders must be exemplary in their actions and deeds.
2. Inspirational motivation to embrace a new vision or set of ideas (followers are motivated by attainment of a common goal), which in many cases is very difficult because of people's different backgrounds and interests. However, the challenge is in sharing the leadership vision with the rest of organisational members.
3. Intellectual stimulation (followers are encouraged to break away from old ways of thinking and are encouraged to question their values, beliefs and expectations), which is a challenge because most people are content with the status quo and dislike change largely because of fear of the unknown.
4. Individualized consideration (followers' needs are addressed both individually and equitably by integrating their desires, beliefs, talents, and ideas into the process of change), including developing them to become leaders or better leaders.

Transformational leaders also help in the acceptance of organisational change, especially when it is about accepting technology and acquisition (Nemanich and Keller, 2007; Schepers *et al.*, 2005). Having effective communication skills, transformational leaders tend to have higher agreement on the strategic goals of the organisation (Berson and Avolio, 2004). They voluntarily help their employees and prevent the occurrence of work-related problems (Berson and Avolio, 2004), which ultimately enhances job satisfaction among employees (Nemanich and Keller, 2007; Scandura and Williams, 2004). They become more committed and have less turnover intentions (Scandura and Williams, 2004).

Transformational leadership seems to be a more appropriate model for an entrepreneurial context and is relevant to this study from several perspectives. Leaders in organisations are expected to be visionary and motivate employees to attain their goals and objectives. Furthermore, transformational leaders are expected to have qualities of intellectual stimulation, which is important in entrepreneurial leadership in that it may foster subordinates to break away from old habits of thinking and be more innovative and creative. Transformational leaders are prepared to upset the status quo of their organisation by guiding major change when it is necessary or likely to be beneficial for the long-term success of the organisation (Burns, 2004). They are able to influence and motivate their followers to do more than is expected using their ability to empower and to encourage others to achieve a shared vision, and by leading through example. In order to be effective, leaders must be capable of moving an organisation towards its goals without coercion. Similarly, Parks (2006) argues that successful entrepreneurship is not achieved by dictating what should happen, but by maintaining a shared understanding between an entrepreneurial team and its leader.

The above conceptualisation of transformational leadership suggests that it may be positively related to follower creativity because it can boost intrinsic motivation. More specifically, when a leader provides intellectual stimulation, followers are encouraged to challenge the status quo and old ways of doing things. They are encouraged to reformulate issues and problems, to pursue and satisfy their intellectual curiosity, to use their imaginations, and to be playful with ideas and solutions (Avolio *et al.*, 1999). Under these conditions, the followers are likely to be interested in and to focus on their tasks instead of on external worries and concerns.

More importantly, when leaders show individualized consideration, they focus on developing followers' capabilities, provide information and resources, and give followers discretion to act (Avolio *et al.*, 1999; Bass, 1985). Consequently, followers may be encouraged to try new and different approaches to their work, to operate independently, and develop their capacity to think on their own.

When leaders serve as role models and articulate a compelling vision to energise followers to perform beyond expectations, the followers should be excited and energised to work hard toward achieving higher goals and objectives (Shamir *et al.*, 1993). In this process, they are likely to focus on the task at hand instead of on issues external to the task.

Current thinking on leadership also recognises that leadership is not something done by a single person; it is a process formed from the actions of various members, herein referred to as distributed leadership.

#### *3.4.9 Distributed leadership*

Distributed leadership is the notion that the creation of a common culture or set of values, symbols and rituals is not accomplished by one person, but leadership is distributed and the power is not vested in one person (Elmore, 2000). However, Hatcher (2005) argues that while leadership may be 'distributed', power often is not, but may be invoked by senior managers to encourage engagement and participation in organisational activities while masking substantial imbalances in access to resources and sources of power. Leadership is not something done by a single person, but instead is a process flowing through the actions of various members. In this regard, leadership is conceived of as a collective social process

emerging through the interactions of multiple actors (Uhl-Bien 2006). From this perspective, Bennett *et al.* (2003, p. 3) argues that ‘Distributed leadership is not something “done” by an individual “to” others, or a set of individual actions through which people contribute to a group or organization . . . [it] is a group activity that works through and within relationships, rather than individual action’. Here human activity is not simply a function of individual skill and knowledge, but is spread across people and situations.

Distributed leadership therefore acknowledges and takes account of the work of all the various people within an organisation who contribute in leadership and management practice as opposed to just those in formally designated ‘leadership’ roles. It also takes into account the interactions of the leaders, followers, and aspects of their situation (Spillane and Diamond, 2007). Leadership is distributed through the actions of people working together for the organisation, and it is therefore not the monopoly or responsibility of just one person, but rather a more collective and systemic understanding of leadership as a social process.

From this point of view, distributed leadership could be argued to be an idea whose time has come (Gronn, 2000) and has more relevance today than it ever has in the past because of the need to be more innovative and creative, which is believed to be an organisation-wide responsibility that cannot be left to a single person. It is a leadership style that has gained popularity in the UK’s educational sector (Bolden, 2011) and it is believed to make the most impact among conventional leadership styles in modern applications.

However, the difficulty of introducing distributed leadership might be more pronounced in high power-distance cultures such as Kuwait, where leaders might not be willing to share

leadership with subordinates for a variety of reasons, ranging from negative attitudes that leaders have towards foreign employees who constitute the bulk of employees, to the fear of being viewed as weak (Tayeb, 1997). Although distributed leadership is commonly offered as curative for the problems of top-down management, it creates problems for functionalist managers whose ideas are supposed to flow uni-directionally from the top of the organisation to the bottom. As O'Toole *et al.* (2003, p. 251) suggest, 'shared leadership for most people is simply counter-intuitive: leadership is obviously and manifestly an individual trait and activity'.

The discussion has so far has centred upon the evolution of leadership from traditional views to contemporary views on leadership. The different approaches to leadership involve in some way or another, the notion of taking initiatives, inspiring commitment, mobilising action, promoting legitimacy, or exerting influence. The review identifies the key leadership characteristics and behaviours that might be relevant for entrepreneurial leadership, which is the focus of our research. However, there is a need to understand the notion of entrepreneurship before we can clearly link the two concepts of leadership and entrepreneurship together.

#### *3.4.10 Team-oriented leadership*

This theory looks at the relationship between the leader and the rest of the group members. It specifically focuses on the leader's ability to elicit high levels of intra-group engagement and involvement between individual members (Gupta *et al.*, 2004). There is a strong similarity between this form of leadership and entrepreneurial leadership according to

Gupta *et al.* (2004, p. 06): ‘In both cases the leader elicits high levels of participation and involvement by the group’.

#### *3.4.11 Value-based leadership*

This leadership theory focuses on the leader’s ability to articulate an attractive vision and mission, and to appeal to followers by being admired and respected. The similarity between this approach and entrepreneurial leadership according to Gupta *et al.* (2004, p. 06) ‘lies in the leader’s capacity to build a high-expectation vision and to convey confidence in the followers’ ability to accomplish that vision’.

The general findings from the literature review show that whilst different leadership styles may affect business performance in various ways, transformational leadership is significantly more correlated to the business performance than transactional leadership style (Yang, 2008).

#### *3.4.12 Relational processes*

Recently, managerial leadership has begun to be reconceptualised as a relational process (Uhl-Bien, 2006), in which emphasis is less on the individual and more toward the interaction of individuals within specific arenas.

#### *3.4.13 Leadership and followership*

There are not many people who are absolute leaders (Hackman and Wageman, 2007); most people spend the majority of their working lives in subordinate rather than leading roles

(Ciulla, 2003). Even conventional leaders are generally in some sense followers of others – for example, a unit manager is a leader in his or her unit, but is subordinate to a general manager or director of an organisation. It is therefore increasingly common to study leadership from the perspective of followership within the broader context of organisational achievement. Agho (2009) argues that only after becoming an effective follower could one become an effective leader – suggesting that followership is an experiential requirement of leadership. Followership is a complement to leadership and ‘encompasses important character traits for any person who aspires to lead others’ (Agho, 2009, p. 160).

Bjugstad *et al.* (2006, p. 306) categorised followership literature into three broad theoretical areas: literature relating to follower motivations, follower values and trust, and the characteristics of effective and ineffective followers. A number of transformational leadership studies have ‘increasingly focused on the role of the follower and how the characteristics of the follower impact on how transformational a leader behaves’ (Avolio and Reichard, 2008, p. 327).

In customary leadership-centred frames, leaders are positioned as knowing and structuring, and followers as subordinates of these processes. Consequently, little attention has traditionally been paid to followers (Collinson, 2006), as those who co-constitute leadership within a reciprocal interdependence of leadership and followership. Methodologically, intensive discussions about multiple-level approaches emphasize the need to understand leadership processes at various levels of analysis to discern the complexities with (and within) which leadership phenomena occur (Avolio and Yammarino, 2002).

Recently, levels of analytic issues and their corresponding measurement are becoming increasingly discussed in leadership studies (Yammarino and Dansereau, 2008). What becomes evident is that conducting leadership research at multiple levels of analysis is essential to advance the field. However, in a current state-of-the-science review, Yammarino *et al.* (2005, p. 882) found that ‘the field of leadership falls short of explicitly dealing with multiple levels of analysis in the literature’ and yet it is important to tap into the hearts and minds of all organisational members if creative and innovative products and processes are to materialise.

#### *3.4.14 Leadership aesthetics*

In the last several years, an increasing number of voices have challenged conventional views of leadership (Fairhurst, 2007). These voices are clamouring to know how leadership distributes itself across time and task, site and situation and people. Aesthetics is an emerging area of meaning-centred leadership research. For Hansen *et al.* (2007), aesthetics is about felt meaning, tacit knowing, and emotions integral to leading and following. Aesthetics, which can be defined as ‘sense perception’ (Williams, 1983, p. 31), focuses primarily on that which is dynamic and sensate within relationships (Hansen *et al.*, 2007) and allows for imagination and tacitly-held beliefs to be expressed (Adler, 2006, p. 491), thereby complementing traditional ways of knowing and leading.

With regards to leadership studies, Hansen *et al.* (2007, p. 546) discussed how aesthetic engagement may assist leaders to ‘construct, represent, and interpret the felt meanings and sensory experiences’. They argued that this ability to firstly acknowledge sensate responses and then communicate them to followers is an essential leadership skill. Awareness of the

aesthetic dimensions of experience (especially including the relationship between presenting and concretization, backward reflexivity, attention to both form and content and myth-making) can usefully extend existing leader capabilities (Bathurst *et al.*, 2010).

### **3.5 Leadership in the Muslim World**

As noted in chapter 2, Kuwait is an Arab country wherein Islam is the predominant religion. Religion is an important cultural factor in Kuwait because it is one of the most influential social institutions that has significant influences on people's attitudes, values and behaviours at both the individual and societal levels. As with Judaism and traditional Christianity, Islam is a comprehensive way of life that shapes public opinion on social and everyday issues in a far-reaching way (e.g. dietary and clothing regulations).

However, Islamic interpretations (and indeed jurisprudence) intrinsically vary according to time, place and other contextual factors, and there is no consensus within the Muslim world on what qualities or traits are proper for a leader, beyond general ethical guidelines (e.g. being just and fair). Abbas (2009) argues that the concept of leaders and leadership has been largely influenced by the nature of power structure and sectarian allegiances. Muslim perspectives on leadership and leaders have always been linked to the nature of followers.

Shari'a, on the other hand, constitutes the framework within which Muslims can undertake all forms of permissible practical actions emanating from this belief and it gives details of required duties and outlines all types of human interactions. To this end we have witnessed several banks established in Kuwait based on Shari'a laws and private companies converting from conventional to Shari'a-based accounting systems.

In traditional Muslim societies, proper religious justifications and assertions are essential for sustaining and validating power and authority and therefore the rise and fall of ideology (faith) and openness in the society has influenced leaders and leadership in such societies. In Islam, there is an understanding that followers usually observe and assimilate certain qualities from the behaviour of those in charge and accordingly they provide or withhold support. Abbas (2009) notes that in Muslim societies, consultative (which Ali (1989) refers to as pseudo-consultative style), paternalistic and autocratic are more common than other styles.

In addition, the traits of a leader deemed to be essential for effective conduct in business are: experience and knowledge, justice, caring, exemplary behaviour, willingness to consult, a trust in God and persuasiveness through goodness. For the true Muslim, the achievement of goals is both a result of individual efforts and also a blessing from God. Islam does not oppose the profit motive or economic competition, as long as the means used to achieve these ends do not contradict Sharia law.

### **3.6 Leadership in Kuwait**

Countries in MENA do not generally endorse participative leadership, and a high degree of power distance prevails (House *et al.*, 2004). Dorfman *et al.* (1997) found that participative leadership has a direct and positive relationship with performance, which again illustrates the link between power distance and participative leadership. There is a willingness among employees to accept supervisory direction, and emphasis on gaining support from those in positions of authority (Dickson *et al.*, 2003). Employees comply with directives without

questioning them. It would therefore appear that Kuwait and other Middle Eastern countries may be losing out by not embracing participative leadership styles.

Unlike the US culture, Kuwait culture is characterized by high power distance in which authority and power is exercised most of the time. This is common in Kuwait and the Middle Eastern cultures in general, and this characteristic is observed in the workplace as well as within family dynamics, reflecting the extension of the latter into the former, as explained previously (Al-Safran *et al.*, 2013).

Kazemi (2002) notes specific managerial problems associated with Kuwaitis which he links to centralisation of authority, inadequate planning and information systems, weak inclination towards research and theories, and personal loyalty at work. Such a highly directive leadership style that is also high on status-orientation, support and involvement in non-work lives is often referred to as a 'paternalistic' style of leadership. However, such directive leadership has been found to be more effective in these high power-distance contexts (Dickson *et al.*, 2003). In addition, a stronger emphasis on the use of rules and procedures is seen when power distance is high and people are more inclined to gain support from those in authority before carrying out new plans. The Kuwaiti culture has strong family bonds and a sense of fatalism, and organisations are expected to take care of their workers as well as their workers' families.

As noted in chapter 2, the high uncertainty avoidance associated with Kuwait may have an impact of low flexibility and low innovation, which are characteristics associated with entrepreneurial leadership.

It was noted that Kuwait is a collectivist society and employees are expected to be more prone to identify with their leaders' goals and the common purpose or shared vision of the group and organisation and typically exhibit high levels of loyalty (Jung *et al.*, 1995). Employees tend to have a stronger attachment to their organisations and tend to be more willing to subordinate their individual goals to group goals, thereby endorsing transformational leadership attributes.

Previously, Abdel-Halim and Al-Tuhaih (1989) found general managerial problems in Kuwait related to economic/marketing and administrative/organisational problems, which hinder development and growth of firms in Kuwait. Al-Remahy (1995) argued that the managerial problems stem from the nature and orientation of society, educational systems and economic growth.

While most of the qualities identified by Asaf (1987) seem to be essential leadership traits, there is little reference to entrepreneurial traits and characteristics as alluded to earlier. However, the absence of any of them does not necessarily preclude leaders from being effective or ineffective (Abbas, 2009).

The actual impact of religion on entrepreneurial leadership is not well known and it is very difficult to study the implications of religion on leadership because of the sensitivity of the topic in this part of the world.

The above review of leadership helps to inform our understanding of entrepreneurial leadership as the latter draws together the common themes and linkages between the concepts of leadership and entrepreneurship (Cogliser and Brigham, 2004; Harrison and Leitch, 1994; Vecchio, 2003) as further elucidated in the next sections.

### **3.7 Entrepreneurship**

Entrepreneurship has become the symbol of business tenacity and achievement. Entrepreneurs' sense of opportunity, their drive to innovate, and their capacity for accomplishment have become the standard by which free enterprise is now measured. We have experienced an entrepreneurial revolution throughout the world. Entrepreneurs will continue to be critical contributors to economic growth through their leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity, and formation of new industry (Kuratko and Hodgetts, 2007).

A theory of entrepreneurship is defined as a verifiable and logically coherent formulation of relationships, or underlying principles that either explain entrepreneurship, predict entrepreneurial activity (for example, by characterizing conditions that are likely to lead to new profit opportunities to the formation of new enterprises), or provide normative guidance, that is, prescribe the right action in particular circumstances (Shane and Venkataraman, 2000).

Whilst there have been extensive studies of leadership, the same cannot be said about entrepreneurship research where leadership issues have not been of primary emphasis (Jensen and Luthans, 2006), except in few cases where leadership qualifications have been considered as pre-requisite by venture capitalists. It is however apparent that the entrepreneurship field has been growing over the last 30 years and to understand the nature of entrepreneurial leadership, it is important to consider some of the theory development in order to better recognise its emerging importance.

The development of entrepreneurship remains in its infancy both from a conceptual and methodological perspective (Aldrich and Baker, 1997), and it is currently considered as being in a significant growth or emergent stage (Busenitz *et al.*, 2003). We need to understand some of that development in order to better appreciate the nature of entrepreneurial leadership (Kuratko, 2007). There is therefore a need for more studies that enhance our understanding of entrepreneurial leadership and its role in transforming organisations so that they can be more innovative and grow. No generally accepted definition of an entrepreneur exists because of the way it has been studied, but if we are to operationalise the concept, we need to be able to define it.

### *3.7.1 Definition of entrepreneurship*

On the surface, entrepreneurship would appear to have a simple definition but it is complex to arrive at consensus due to the variety of ways that entrepreneurship has been envisioned over the years (see table 3.2). There is no generally accepted definition of entrepreneurship because it is a complex phenomenon and also because the subject has not been widely researched and different approaches have been adopted. The literature is replete with criteria ranging from creativity and innovation to personal traits such as appearance and style (Fernald *et al.*, 2005).

Table 3.2 shows how research on entrepreneurship has evolved from an economic perspective to entrepreneurial activities and the competencies required to perform the work. Zimmerer and Scarborough (2008) consider an entrepreneur as a person who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth, by identifying opportunities and assembling the necessary resources to capitalize on those

opportunities. They view entrepreneurs as the small business owner-managers who keep ahead of competitors through better management and the introduction of new, innovative products and processes. They intend to grow their businesses and so are responsible for growth and job creation in the wider economy. This is in contrast to employers of large businesses who are assumed to be more likely to lay-off employees.

**Table 3.2: Research Trends in Entrepreneurship**

<b>Period</b>	<b>Topics</b>	<b>Authors and researchers</b>
What entrepreneurs do (1700-1950)	From an economic perspective	Cantillon, Say, Schumpeter
Who entrepreneurs are (1960-1980)	From a behaviourist perspective	Weber, McLelland, Rotter, De Fries
What entrepreneurs do (1980-	From a management science perspective (finance, marketing, operations, human resources)	Drucker, Mintzberg
What support is needed by entrepreneurs (1985-	From a social perspective, including economics, sociology and geography	Gatner, Welsh, Bygrave, Renold
What entrepreneurial activities are and what competencies are required to perform (1990-	From an entrepreneurship perspective	Timmons, Vesper, Brockhaus

*Source: Adapted from Fernald et al. (2005)*

*See references section for works by cited authors and researchers*

Thus, ‘entrepreneurs are the people who notice opportunities and take risk and responsibility for mobilising the resources necessary to produce new and improved goods and services’ (Jones and George, 2007, p. 42). Entrepreneurship is therefore a dynamic process of vision, change and creation (Kuratko and Hodgetts, 2007). According to these authors, entrepreneurship requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal the needed resources;

the fundamental skill of building a solid business plan; and finally the vision to recognise opportunity where others see chaos, contradiction and confusion (Kuratko and Hodgetts, 2007).

Some scholars look at entrepreneurship and at leadership as separate constructs, and then identify areas of ‘conceptual overlap’. Cogliser and Brigham (2004) elaborate this overlap in schematic detail and point to four specific areas that are most relevant to both: vision, influence (on both followers and a larger constituency), leadership of innovative/creative people, and planning. This might suggest a basic working definition of entrepreneurial leadership, but in fact the main concern of the article is to steer entrepreneurship research away from some of the pitfalls experienced by leadership research, so it makes little effort to define the actual idea of ‘entrepreneurial leadership’ as it might be constituted by these four elements.

Fernald *et al.* (2005) take a similar approach, examining the separate literatures of entrepreneurship and leadership, from which they derive a set of similar ‘characteristics’ common to both leaders and entrepreneurs: vision, problem-solving, decision-making, risk-taking, and strategic initiatives. However, the study offers little explanation for the significance of these characteristics. The limitation of such an ‘intersection’ approach is that it is largely descriptive, not analytical or explanatory. It demonstrates only that there are aspects in common between entrepreneurs and leaders, but not why. In addition, it does not suggest how to build on those common characteristics, other than to suggest that observing their commonality might lead to further research and eventually to the development of a model with potentially predictive value. Similarly, two categories of entrepreneurial leadership can be delineated: entrepreneurs who are leaders; and leaders

who possess an entrepreneurial leadership style without being entrepreneurs themselves. Any individual with an entrepreneurial leadership style in any organisation can be deemed an entrepreneurial leader. To that end, several theorists maintain that entrepreneurs are leaders by virtue of their positions (Colbert, 2003; Jensen and Luthans, 2006; Vecchio, 2003).

### *3.7.2 The psychological approach*

Defining entrepreneurial leadership in the ‘elemental’ or ‘characteristic’ terms described above is a simple version of what is attempted by much of the literature that takes a psychological approach. Brockhaus (1982) and Nicholson (1998) look at the personality traits found in samples of entrepreneurs with leadership roles: ‘single-minded, thick-skinned, dominating individuals ... unlike managers’ (Nicholson, 1998, p.530). Entrepreneurial leaders are thus defined in opposition to ‘managerial’ leaders, and not in terms of a set of skills that can be learnt or taught.

Gupta *et al.* (2004) look at entrepreneurial leadership not as a collection of traits (i.e. who one is), but as a set of behaviours (i.e. what one does). They suggest that entrepreneurial leaders are those who enact the challenges of communicating a vision and influencing others to help them realise it. They tested this working definition against an empirical dataset of leadership effectiveness, deriving reliable and generalisable results, but they did not apply their analysis to the question of how entrepreneurial leadership is learnt or taught.

Antonakis and Autio (2007, p. 189) specifically identified entrepreneurial leadership as a ‘neglected area of entrepreneurial research’ and stated that ‘entrepreneurship could stand to

gain from a closer integration with leadership research' (p. 203). They set out to provide a 'process model' that explicitly considers context as a moderator of entrepreneurial leadership behaviours. Though they pushed beyond the descriptive or diagnostic analyses of many others pursuing a psychological approach, and move towards a basis for understanding the process by which entrepreneurial leadership develops, the model they offer is only 'speculative' and has not been tested empirically.

### *3.7.3 The contextual approach*

The contextual approach looks less at inherent aspects of entrepreneurial leadership and more at factors in an environment that condition or favour a specific mode of leadership that can be called entrepreneurial; this approach is developed in various ways throughout the literature. Eyal and Kark (2004) advance a rich contextual approach, and come closer to recommending specific tactics for developing entrepreneurial leadership effectiveness, but are concerned with the leadership of schools and not companies. Swiercz and Lydon (2002) situate the notion of entrepreneurial leadership in high-tech firms; their field study identifies a two-phase model in which the leader is an integral part of the organisational transition from start-up to steady-state. The competencies necessary for a founding entrepreneur to lead such growth include being able to evolve his or her leadership style to the changing requirements and complexities of the organisation (rather than, as is commonly recommended, relinquishing a leadership role to a professional manager).

This fruitful suggestion concludes with the observation that 'future coursework can be developed to meet the changing needs of entrepreneurs', but that work is left to others. Chen (2007) looked at a high-tech context, and concluded that a leader's effectiveness is

very strongly determined by the ability to interact with a team's creativity (as measured by patents): 'when lead entrepreneurs have higher risk-taking, proactiveness and innovativeness, they can stimulate their entrepreneurial teams to be more creative during the patent creation process' (p. 246). These authors suggested that improving these behaviours in the leader tends to be accompanied by elevated creativity in teams, but they did not discuss how to increase these behaviours.

The role of teams in creating a context for improved entrepreneurial leadership occurs in other sources. Harrison and Leitch (1994) specifically addressed entrepreneurship and leadership together, and did touch on the design of teaching materials in proposing a team-based approach to learning; they made some general recommendations to the effect that learning in teams helps to develop the skills necessary for leading teams. Henry *et al.* (2003) also support the notion of team-based learning in the context of entrepreneurship training.

Along with context, another word used in the literature is 'climate'. Cohen (2004, p. 20) defined entrepreneurial leadership as any leadership that creates a climate of entrepreneurial behaviours: 'create the right climate, and you'll unleash the behaviour that your organisation needs to succeed today'. In other words, behaviour can be determinant of climate, as much as determined by context. Moreover, entrepreneurial leaders can exist at the top of an organisation, or at any other level; the ways in which they influence climate will depend upon their position.

### 3.7.4 *The holistic approach*

The notions of climate and context connect to a related idea of leadership style. Yang (2008) derived an understanding of this from Nahavandi (2002), although without examining it in any detail, and connected it to the widely used measure of entrepreneurial orientation (Kreiser *et al.*, 2002; Morris *et al.*, 2008; Wicklund and Shepherd, 2005). Within this thesis, entrepreneurial orientation is the presence of organisational-level entrepreneurship, which can be explained by innovation, proactiveness, and risk-taking behaviour (Wicklund and Shepherd 2005). The assumed relevance of leadership styles to entrepreneurial orientation is not developed critically, although there are strong statistical controls in the analysis. The conclusion that transformational leadership styles are significantly more correlated to business performance than other styles is important if one accepts that these leadership styles can be regarded as stable constructs; however, the related idea that transformational leadership with higher entrepreneurial orientation can contribute to higher business performance is less rigorously tested and forms a less credible part of the analysis. There is, at any rate, no discussion of whether or how to develop transformational leadership styles or entrepreneurial orientation. The construct of ‘entrepreneurial leadership’ is here based on relatively shaky foundations.

However, the notion of transformational leadership does have some currency in the literature, particularly in opposition to other styles. Transactional leadership, for example, is based on the legitimate power given to the leader within the bureaucratic structure of the organisation (Mullins, 2002). It heavily emphasises the end result (e.g. work tasks and outcomes, rewards and punishments). It is also concerned with managing workers under strict rules and regulations to avoid change as far as possible and to avoid making decisions

that could alter the status quo of the organisation. Transformational leadership, on the other hand, is considered a more appropriate model for an entrepreneurial context.

Burns (2004) portrays transformational leaders as charismatic or visionary, who are able to inspire and energise workers into following them. Such leaders thereby transcend self-interest in order to alter an organisation. Transformational leaders are always looking for ways to overturn the status quo of their organisation through major change. By using their ability to empower and to encourage others to achieve a shared vision and by leading through example they are able to influence and motivate their followers to do more than is expected. In constantly changing markets, an entrepreneurial leader's ability to implement and support change in an organisation, rather than following or waiting for it to happen, is often the chief source of competitive advantage. The implication of this persistent theme in leadership literature is that in entrepreneurial contexts, transformational rather than transactional leadership is a more appropriate style.

Surie and Ashley (2007) define entrepreneurial leadership as 'leadership capable of sustaining innovation and adaptation in high velocity and uncertain environments' (p. 235). They focus on three perspectives that are consistent with those reviewed above: transformational, team-oriented, and values-based. Also consistent is their conclusion that entrepreneurial leadership is defined in part by the ability to evoke extraordinary effort in others, which is in turn founded in the context of the firm's need to adapt to emerging environmental contingencies.

A more critical view of entrepreneurial leadership, which seeks both to question received definitions of the construct and to understand its wider significance, is presented by

Vecchio (2003). His model of entrepreneurial leadership concludes that entrepreneurship is simply a type of leadership that occurs in a specific setting. This turns from a unified notion of entrepreneurial leadership and replaces it with a hierarchical typology in which leadership includes entrepreneurship. Vecchio's own analysis leads toward an attempt at 'tying entrepreneurship to leadership' (2003, p.322), in which he posits other ways of thinking about entrepreneurs' relations to others and how these tend toward a leadership role. Vecchio (2003) concludes that many of the constructs used in the area of entrepreneurship are also found within the mainstream of leadership theory, leading to the conclusion that:

[. . .] it is more cogent and parsimonious to view entrepreneurship as simply a type of leadership that occurs in a specific context... a type of leadership that is not beyond the reach or understanding of available theory in the areas of leadership and interpersonal influence (Vecchio, 2003, p. 322).

Similarly, Robinson *et al.* (2006) look at entrepreneurship as one type of leadership orientation, but are more concerned to develop an entrepreneurial paradigm than an entrepreneurial leadership paradigm.

Almost the opposite view can be found in Kuratko (2007), who seems to suggest that leadership is a type of entrepreneurship, or at least that today's leaders need to be entrepreneurial in order to be effective. He introduces a full special issue in a leadership journal on entrepreneurship in the twenty-first century, ranging widely over its global impact and the nature of people who have led this transformation. In an uncertain, risky, resource-constrained world, leadership that can respond to and thrive in that environment is the most appropriate. Thus the emphasis is on understanding and assessing leadership as an

essentially entrepreneurial activity. But again, there is no specific attention to developing or teaching this conceptualisation of entrepreneurial leadership.

The variety of perspectives offered by Surie and Ashley (2007), Vecchio (2003) and Kuratko (2007) is certainly useful. Although they do not help to define entrepreneurial leadership conclusively, and in fact offer essentially conflicting models of it, these authors suggest the parameters of a critical debate to entrepreneurial leadership.

For the purposes of our review, we consider entrepreneurship to be about being innovative and creative, being a calculated risk-taker and having the leadership skills of evaluating and exploiting opportunities for creating goods and services and making an organisation competitive. What is complex about the entrepreneurial process is that it involves simultaneous opportunity-seeking and advantage-seeking behaviours to result in superior firm performance. However, success in developing the competitive advantage to appropriate value from opportunities is more elusive in small, entrepreneurial ventures as compared with large, established organisations (Ireland *et al.*, 2003).

This definition sees entrepreneurship as a behavioural characteristic of employees and managers/leaders in a firm, not as a characteristic of the firm itself. As noted earlier, the entrepreneur's demonstrated leadership ability is an important criterion in venture capitalists' funding decisions. It is necessary for these entrepreneurs to work with, understand, and motivate other people to behave in a synergistic manner congruent with the goals of the organisation, both individually and in groups. This therefore means that entrepreneurs are also leaders, and followers emulate their actions. We therefore consider the definition of an entrepreneur to have some overlap with that of a leader (but one who

leads in an extraordinary situation). However, the overlap between leadership and entrepreneurship is not well established, nor are the characteristics and behaviours of entrepreneurial leaders well-understood, which is something this thesis endeavours to investigate (Cogliser and Brigham, 2004).

### *3.7.5 Entrepreneur's personal characteristics*

The entrepreneurial traits approach examines personality dimensions and psychological drive states as potential explanations of entrepreneurial activity (Vecchio, 2003). Trait studies focus mainly on identifying specific personality variables that would distinguish entrepreneurs from other groups and that were presumed to lead to the founding of new organisations.

While a trait-oriented approach alone may not provide a comprehensive explanation for entrepreneurial activity, certain traits have been identified with individuals who are entrepreneurial. These include attributes that invariably are at the forefront of discussions of entrepreneurial profiles: preference for moderate risk-taking, need for achievement, and need for autonomy, self-efficacy, and locus of control (Begley, 1995; Stewart *et al.*, 1998). However, Gartner (1988) criticised this approach to viewing entrepreneurs, as it was very generic. He further commented that some aspects of these descriptions would fit almost anyone.

People who are high in self-efficacy are more likely to engage in activities associated with start-ups (Barbosa *et al.*, 2007), to perceive opportunity where others perceive risk, and to feel competent to cope with obstacles. Where leadership is required to seize opportunity,

achieve start-up, or confront risk, highly self-efficacious entrepreneurs will be more effective in meeting these challenges.

Internal locus of control is the belief and confidence that individuals exercise in order to have full control and influence on all their outcomes (Brooks, 2003; Lee and Tsang, 2001). Effective entrepreneurs hold within their own behaviour and characteristics the notion that success or failure depends on themselves alone as opposed to fate or luck (Carter and Jones-Evans, 2000). This internal locus of control becomes a source of authority and influence, an ability to motivate others (Kuratko and Hodgetts, 2001), which is an ability to lead. Here, an entrepreneurial trait is being identified as a potential source of leadership effectiveness.

According to Schumpeter (1934), a typical entrepreneur was more self-centred, due to relying less on tradition and connections. This does not necessarily mean that their motivation is hedonistic, but rather, in Schumpeter's view, the things that aroused the entrepreneur were:

1. The dream and the will to found a private kingdom, and usually (though not necessarily) also a dynasty;
2. The will to conquer - the impulse to fight, to prove oneself superior to others, to succeed for the sake of success itself, not for its fruits; and
3. The joy of creating - of getting things done, or simply of exercising one's energy and ingenuity (Baum and Locke, 2004).

From a leadership perspective, the tenacity to succeed in achieving one's vision or mission has come to be seen as a critical component of leadership effectiveness (Bass, 1985, 2000). Similarly, in the entrepreneurship literature, tenacity is well documented as being a hallmark of the entrepreneur (Baum and Locke, 2004)

Stogdill (1948) observed that one of the paramount traits of leaders was the desire to accept responsibility, occupy a position of dominance, and control (Yukl, 2002). Equally, entrepreneurs also tend to exhibit a need for power and control (Dalglish, 2000), but perhaps with slightly different motives. These entrepreneurs want to retain control as they think more about the work of the business than running the business as the owner/entrepreneur.

Krueger (1993) argues that entrepreneurial intentions are central to understanding entrepreneurship, as they are the first step in starting a venture. This view is supported by Grant (1996), who postulates that people who have a proclivity to take action to change their current circumstances may be more likely to become entrepreneurs than others. This was referred to as a proactive personality by Bateman and Grant (1993).

The notion of proactive personality refers to the extent to which people are willing to take action to influence their environments (Grant, 1995). Proactive behaviour involves stepping forward, either to improve current situations and circumstances or to create new ones. More proactive people are relatively unconstrained by situational forces and are willing to affect environmental change (Bateman and Grant, 1993). They show initiative, identify opportunities, act on them, and persevere until they meet their objectives. They confront and solve problems, and take individual responsibility to make an impact on the world

around them (Grant, 2000). They anticipate environmental changes and take advantage of opportunities to improve their situation. Thus, a proactive personality helps people deal with expected or unexpected events and changes as well as enables them to influence and transform their environment.

It is noted that entrepreneurs are not born with these characteristics. They can be acquired through life experiences and even through the entrepreneurial process itself. One can work in a fast-growing company, ideally in the same industry in which one wants to start one's business, and develop some of these characteristics. However, what emerges from the literature review is that both entrepreneurship and leadership share some aspects and differ in others and although certain traits are associated with the entrepreneurial profile, however traits alone do not directly link to behaviour (Becherer *et al.*, 2008).

The main point of criticism is that the trait approach in entrepreneurship did not take into account either the context in which the entrepreneur operates (Rauch and Frese, 2007) or the interaction between individuals and environments (Robinson *et al.*, 1991). Furthermore, because the literature was not conclusive and the empirical research failed to agree on which characteristics distinguished entrepreneurs from others (Sexton and Bowman, 1986), researchers were led to consider the behavioural aspects of entrepreneurs. Theoretical models seeking to explain the broad phenomenon of entrepreneurship and entrepreneurial leadership in particular would benefit by including variables beyond traits alone.

### 3.7.6 Behavioural approaches

Similar to Stogdill's (1948) work on leadership, entrepreneurship also has a clear demarcation point from the trait to the behavioural approach. Gartner (1985) called for a fundamental shift away from individual trait perspectives and towards a behavioural approach for the study of entrepreneurship and proposed that future exploration of the entrepreneur should move away from what s/he is, toward what s/he does. In this regard, the personality characteristics of the entrepreneur are ancillary to the entrepreneur's behaviour. Behavioural theories of leadership focus on the actions of leaders and the responses of followers.

In order to gain an expanded view of entrepreneurship, there is therefore a need to review entrepreneurial behaviours, whether or not to engage in entrepreneurial behaviour and then move beyond the issue of just firm start-up and deal with the process that motivates an entrepreneur to stay with the entrepreneurship as a career choice (Naffziger *et al.*, 1994). This view places the entrepreneur within the process of new venture creation, performing a series of actions that result in the creation and the running of an organisation.

In its broadest conception, entrepreneurial behaviour is a comprehensive term that captures all actions taken by a firm's members that relate to the discovery, evaluation, and exploitation of entrepreneurial opportunities (Shane and Venkataraman, 2000). Miller (1983) views it as any newly fashioned set of actions through which companies seek to exploit entrepreneurial opportunities rivals have not noticed or exploited, with novelty (new resources, new customers, new markets, or a new combination of resources, customers, and markets) as its defining characteristic. It is both a firm and an individual-level phenomenon

that is framed around three key components: innovativeness, risk-taking and proactiveness (Miller, 1983).

Entrepreneurs engage in a series of behaviours, not only getting the new venture started, but also being involved in the management of the said venture thereafter. This is a position supported by Anderson (1992, p. 57), who points out that ‘an entrepreneurial business has an infancy, an adolescence, and a maturity. Entrepreneurs go through a similar kind of evolution, though the business and the person seldom develop at the same pace and in harmony from newly hatched all the way to adult’.

Following Porter and Lawler’s (1968) theory, entrepreneurs will be motivated to continue to behave entrepreneurially as long as they view that behaviour as instrumental in leading to goal accomplishment (i.e. as long as they view that behaviour as being effective, or as long as they see entrepreneurship as the alternative with the highest expected outcome). Entrepreneurial behaviour is seen as an important path to competitive advantage and improved performance in firms of all types and sizes (Covin *et al.*, 2000).

Research conducted to identify specific organisational antecedents of managers' entrepreneurial behaviour found top management support, organisational structure, rewards, autonomy, and resources as important determinants of entrepreneurial behaviour on the part of managers (Hornsby *et al.*, 1999; Kuratko *et al.*, 1990). There ought to be willingness on the part of organisational leaders to facilitate and promote entrepreneurial behaviour, including providing the necessary resources people require when taking entrepreneurial actions.

Although the behavioural view of entrepreneurship is not new, it seems that it has always been a difficult view to maintain. Similar to the progression in leadership, research on entrepreneurship also considered contextual complexity and the interaction effects of demographic, psychological, organisational and environmental variables on new venture creation (Gartner, 1985).

### *3.7.7 Situational views*

Arguably, entrepreneurship needs to be defined with reference to a setting or context (e.g., start-up firms) and in terms of actions (i.e. attempts at influencing others and exploiting opportunities) by an individual within such a specific setting (Vecchio, 2003).

Vecchio (2003) argues that entrepreneurship is merely leadership in a special context that is defined as the discovery, evaluation, and exploitation of an opportunity to create future goods and services (Venkataraman, 1997). Similarly, Becherer *et al.* (2008) argue that entrepreneurship and leadership flow from the same genealogical source and the appearance of separation of the two constructs may be due to differences in the contexts through which the root phenomenon flows. They are of the view that factors that trigger a drive to create or take initiative within the individual in the context of a particular circumstance should be identified, and the situational factors that move the individual toward more traditional leader or classic entrepreneurial-type behaviours need to be understood.

The decision to behave entrepreneurially is not just based on personal characteristics, but other important perceptions of situational factors need to be better understood. For

example, non-trait types of personal characteristics such as family status, sex, and growing up in an entrepreneurial family influence one's decision to act entrepreneurially. Research shows that children born from entrepreneurial families have more likelihood of becoming entrepreneurs themselves in later years (Zimmerer and Scarborough, 2008). Other factors in an individual's personal environment that are important in the decision-making process are the social and entrepreneurial networks that provide access to support and expertise (Reynolds, 1992). Social networks are particularly important in a small society such as Kuwait where people tend to know each other. Indeed, this is one of the pillars of the system of nepotism explained previously (*Wasta*).

A number of factors operate in the business environment that may influence one to undertake a new venture. Shapero (1984) cited factors such as societal attitudes toward starting a business, societal attitudes toward business in general, the economic climate of the market, and the availability of accessible funds as important environmental influences in the decision to start a firm. However, Timmons and Spinelli (2004) stress that entrepreneurs pursue opportunity regardless of the resources they control, and that they do not feel constrained by situational forces. There is therefore a need to explore the process of entrepreneurial leadership occurring in dynamic contexts, which will only enhance the relevance and sophistication of the field.

Successful leaders can determine the best leadership style to embrace based on the context of the situation because 'it is their reading of context and matching that with their inclinations and aspirations that determines which element of leadership to pursue' (Kakabadse, 2000, p. 7). As Buss (1987) puts it, people are not 'passive recipients of environmental pressures' but rather they influence their own environments. This approach

to proactiveness is one that fits with corporate entrepreneurship very well - namely, that people can intentionally and directly change their current circumstances, including aspects of their work environment. Therefore, the context within which these people operate is an important consideration. Entrepreneurship can take place in different contexts including corporatism, which is further explored below.

### *3.7.8 Corporate entrepreneurship*

Corporate entrepreneurship represents a set of internal behaviours 'requiring organisational sanctions and resource commitments for developing different types of value-creating innovations' (Kuratko *et al.*, 2005, p. 700). Regardless of the specific behaviours, corporate entrepreneurship involves enabling and promoting the abilities of employees/team members to innovatively create value within the organisation (Ireland *et al.*, 2003; Kuratko *et al.*, 2001). The specific behaviours that represent corporate entrepreneurship include innovativeness, proactiveness, and risk-taking among the members within a larger organisational context.

Key factors that influence corporate entrepreneurship were identified by Hornsby *et al.* (2002) as management support, work discretion and autonomy, rewards and reinforcement, time availability, and organisational boundaries. Although it inherently includes the individual, corporate entrepreneurship is focused on directing individuals' actions toward enhancing firm performance (Holt *et al.*, 2007). As noted by Ireland *et al.* (2006, p. 10), 'corporate entrepreneurship is a process through which individuals in an established firm pursue entrepreneurial opportunities to innovate without regard to the level and nature of currently available resources'.

According to Kuratko *et al.* (2005), management support includes ‘the willingness of top level managers to facilitate and promote entrepreneurial behaviour, including the championing of innovative ideas and providing the resources people require to take entrepreneurial actions’ (Kuratko *et al.*, 2005, p. 703). Work discretion involves the commitment of top-level managers and the delegation of ‘authority and responsibility to middle-level managers’; rewards and reinforcement comprise managers developing and using ‘systems that reward based on performance, highlight significant achievements, and encourage pursuit of challenging work’ (ibid, p. 703). Time availability is about ‘evaluating workloads to ensure that individuals and groups have the time needed to pursue innovation and that their jobs are structured in ways that support efforts to achieve short- and long-term organisational goals’ (ibid, p. 703). Finally, organisational boundaries are ‘precise explanations of outcomes expected from organisational work and development of mechanisms for evaluating, selecting, and using innovations’ (ibid, p. 704).

Corporate entrepreneurship and the behaviour through which it is practiced has been initiated in established organisations for various reasons, including inter alia profitability, innovativeness, gaining knowledge to develop future revenue streams, international success, and the effective configuration of resources as the pathway to developing competitive advantages (Ireland *et al.*, 2003). Regardless of the reasons the firm decides to engage incorporate entrepreneurship, managerial behaviour affects the degree of success achieved from these efforts and the strategies adopted.

### 3.7.9 Entrepreneurial strategy making

Corporate entrepreneurship strategy has been defined as a vision-directed, organisation wide reliance on entrepreneurial behaviour and processes that purposefully and continuously rejuvenates the organisation and develops current and future competitive advantages in areas where there are opportunities through innovation and entrepreneurial behaviour on a sustained basis (Ireland *et al.*, 2007). Entrepreneurial strategy-making is a way of thinking about business that captures the benefits of uncertainty (McGrath and MacMillan, 2000).

In response to the presence of environmental forces such as intense competition, rapid technological change, short product life cycles, and evolving (fragmenting and/or emerging) product-market domains, entrepreneurial organisations manifest corporate entrepreneurial strategies through three elements: an entrepreneurial strategic vision, a pro-entrepreneurship organisational architecture, and entrepreneurial behaviour and processes at the top, middle, and first levels of management (Ireland *et al.*, 2003). Therefore, the honours for entrepreneurial initiatives and execution are not just left for top management, but are the responsibility of all levels across the entire organisation. Entrepreneurship is therefore a multi-level phenomenon and requires models at multiple levels of analysis. Top-level managers in such organisations create entrepreneurial strategic visions that represents a commitment to innovation and entrepreneurial behaviour in which entrepreneurial initiatives flourish without their direct involvement.

When the actions taken in a large firm to form competitive advantages and to exploit them through a strategy are grounded in entrepreneurial actions, the firm is employing an

entrepreneurial strategy (Morris *et al.*, 2008). Strategic entrepreneurship approaches have as their commonality the exhibition of large-scale or otherwise highly consequential innovations that are adopted in the firm's pursuit of competitive advantage. Innovation can be in several areas such as the firm's strategy, product offerings, served markets, internal organisational structure, processes, and capabilities, or business model (Ireland and Webb, 2007).

Although research on entrepreneurship has developed considerably in recent years (Hannon, 2006; Kuratko, 2007; Wilson *et al.*, 2007), very little of it considers or investigates entrepreneurial leadership directly.

In the light of the above discussion, the question arises of whether there is a difference between entrepreneurs and leaders. Whilst entrepreneurial leadership is inspired by entrepreneurship, it is generally accepted that it is separate from entrepreneurship (McKone-Sweet *et al.*, 2011). Generally, researchers in leadership and entrepreneurship fields often argue that the two are not the same. However, there is significant overlap between the two concepts and there are specific characteristics that entrepreneurial leaders should develop in order to be proactive, innovatively create and lead effectively within the organisation.

#### *3.7.10 Contextualisation of entrepreneurship in Kuwait*

Kuwait's economy is dominated by the disbursement of oil revenues by the Government via state employment and state contracts with family businesses. The prospect of international action to combat climate change and the finite nature of oil reserves mean that the

fundamental challenge facing GCC states is economic diversification, which entails fostering a vibrant private sector. Although many Kuwaiti families own businesses, these are typically run by expatriates, who constitute about 90% of the labour force (Al-Wuguyan and Al-Shimmri, 2010). The younger generations prefer the trouble-free alternative of employment in the state sector, with ample pay and social welfare in exchange for minimal effort.

School debt is virtually non-existent in Kuwait as university schooling is tuition-free at the main Kuwait University. There are few intrinsic barriers (personal, economic or regulatory) to recently qualified graduates in Kuwait starting businesses rather than seeking employment in the state sector; indeed, such private activities are basically subsidised by the Government as part of its efforts to promote diversification, with generous loans and attractive grace periods, along with venture capital financing. The Kuwaiti Government provides financial assistance to entrepreneurs through such institutions as Kuwait Industrial Bank, Kuwait Small Projects Development Company, National Technological Projects Company, and Industrial Public Authority. The promotion of small business start-ups has been identified by the Government as an alternative to direct employment of Kuwaitis in the state sector (Al-Wuguyan and Al-Shimmri, 2010). Despite the funding obtained from these agencies, the willingness of Kuwaitis to establish original and potentially successful SMEs is relatively very low. The reasons for poor up-take include social stigma attached to establishing small business projects, given the attractive government employment with handsome pay, unnecessary complex bureaucratic requirements and frustrating rules imposed by the government sector in order to acquire a license for a small business (Al-Wuguyan and Al-Shimmri, 2010). This stigma is not about private business, but about

perceived social status. Establishing a small business indicates a lack of social influence and importance (*Wasta*) of self and family, whereas large and lucrative government contracts for large firms indicate the opposite.

Employment in the government sector has been the preferred route for many nationals, given the attractive pay, relaxed work conditions, and high job security. In an affluent society, such as Kuwait, and in a free-of-charge educational system like that at Kuwait University, engagement in entrepreneurship activity may be viewed as unnecessary. Nevertheless, research has shown that entrepreneurship may lead to employment creation, productivity growth and producing important spill-overs that affect local employment growth rates of all companies in the long run, which is essential for diversification (Van Praag and Versloot, 2007).

The next section discusses the characteristics of entrepreneurial leaders that are needed to add a sense of entrepreneurial culture to their organisations and move toward being creative and innovative in managing the organisations and reducing the traditional leadership style.

### **3.8 Leadership/Entrepreneurship Conceptual Overlap**

The view that entrepreneurship is ‘a special case of the social phenomenon of leadership’ (Schumpeter, 1928, p. 379) is a constant theme in Schumpeter’s writings, but he acknowledges that ‘this relation between entrepreneurship and general leadership is a very complex one and lends itself to a number of misunderstandings’ (Clemence, 1951, p. 254). This is largely because the concept of leadership is itself complex. In some cases, it involves doing a new thing and influencing people by example but, in other cases, it is not

so much example as direct action on others that is important (Clemence, 1951, p. 254–255). Schumpeter's concept of leadership has its emphasis on the entrepreneur as the bearer of the mechanism of change and it is an economic perspective of entrepreneurship (Shionoya, 1997). A recurring concept is that entrepreneurship is interdisciplinary, thus it contains various approaches that can increase one's understanding of the field (Sarasvathy, 2004).

Although some common trends and threads have been analysed between entrepreneurship and leadership, limited attention has been devoted to entrepreneurial leadership itself (McCarthy *et al.*, 2010). The question to be asked is whether entrepreneurship offers theory and findings that are so distinctly different from that of leadership. Traditionally, the two fields of entrepreneurship and leadership have generally been treated as separate fields of study (Cogliser and Brigham, 2004; Jensen and Luthans, 2006; Vecchio, 2003), with entrepreneurship attempting to distinguish itself as a separate theory base, ignoring any interchange of ideas across fields (Blackburn and Kovalainen, 2009). There is however a need to study the linkages between the two literatures, which is what this study endeavours to do and it is a notion supported by Becherer *et al.* (2008). For example, Cogliser and Brigham (2004) examined the intersection between the two domains of leadership and entrepreneurship with an emphasis on how the path taken by leadership research can inform the field of entrepreneurship. In the same vein Jensen and Luthans (2006) argued that entrepreneurship and leadership are deeply interconnected, and entrepreneurs must possess leadership skills to be successful (Colbert, 2003).

Vecchio (2003) considered the prospect of subsuming entrepreneurship within the field of leadership and the mutually beneficial effects of integrating the two fields. Lastly, other researchers (c.f. Gupta *et al.*, 2004) have considered merging the two fields to develop a

new, universal construct, 'entrepreneurial leadership'. The same authors organise their analysis of entrepreneurial leadership around the implications for cross-cultural contexts, but not for developing entrepreneurial leadership generally.

Vecchio (2003) looked at leadership behaviours in entrepreneurial contexts, and at management trends common to both perspectives, but from a strongly psychological perspective. He integrated entrepreneurship research and theory into the more established traditions of leadership and management, concluding that many of the constructs used in the area of entrepreneurship are also found within the mainstream of leadership theory, thus:

It is more cogent and parsimonious to view entrepreneurship as simply a type of leadership that occurs in a specific context... a type of leadership that is not beyond the reach or understanding of available theory in the areas of leadership and interpersonal influence (Vecchio, 2003, p. 322).

His model of entrepreneurial leadership is designed to integrate process and level influences by identifying how a conception of leadership changes as an entrepreneurial organisation develops and it does not examine the characteristics of such leaders, which this thesis focuses on. Vecchio (2003) derives five elements common to those effective in entrepreneurship and leadership: an internal locus of control, a need for achievement, a risk-taking propensity, a need for autonomy, and self-efficacy.

Entrepreneurial leaders are very high achieving individuals who are always looking for new ways to seek out and act upon new opportunities. High need for achievement is a key entrepreneurial trait (Osborne, 2003) and is identified as a leadership attribute of entrepreneurs (Lupkin and Dess, 1996); entrepreneurial leadership is also allied with high need for achievement (Gupta *et al.*, 2004).

Following the review of the extant literature, it seems reasonable to conclude that many of the constructs used in the area of entrepreneurship are also found within the mainstream of leadership theory. It must however be pointed out that entrepreneurship literature is not as vast as the leadership literature and reflects few attempts to distil variables that influence entrepreneurs in meaningful ways (Becherer *et al.*, 2008). There is significant overlap between the two constructs and several conclusions can be drawn from the above review of leadership and entrepreneurship literature.

As noted by Vecchio (2003), entrepreneurship may simply reflect leadership processes within a specific context (entrepreneurial ventures) and thus should be seen not as a separate field but rather as part of the domain of leadership. From this perspective entrepreneurial behaviour is viewed as leadership behaviour enacted in a unique context, a view supported by Schumpeter (1928, 1934). Although entrepreneurial leadership may be viewed as the intertwined process of entrepreneurship and leadership, Hosking and Morley (1991) argue that entrepreneurial leadership cannot be reduced to the independent contributions of people or contexts.

Another conclusion that can be drawn from the review of the existing literature is that while entrepreneurial behaviour reflects conceptual similarity with leaders' behaviour, perhaps enough of a difference of degree is manifested (possibly due to context and other factors) that treating entrepreneurs as a separate category from leaders is warranted. In fact, Baron (2002) sees the entrepreneur and his/her context as more complex, viewing entrepreneurs with traits, skills, and behaviours related to but not the same as leaders. This is in sharp contrast to Schumpeter; however, each of these two conclusions naturally generates

implications for both fields in terms of research direction (Baron, 2002; Cogliser and Brigham, 2004; Vecchio, 2003).

There may be mutually beneficial effects of an integration of the two literatures (Cogliser and Brigham, 2004) and the merging of concepts from both fields in the development of a new, universal construct referred to as 'entrepreneurial leadership'. Entrepreneurial leadership is an integrated definition that acknowledges the critical factors needed for this phenomenon and evolving from an analysis of the two fields is also a style of contemporary leadership termed 'entrepreneurial leadership' (Fernald *et al.*, 2005; Gupta *et al.*, 2004; Kuratko and Hodgetts, 2007), which is the main subject of this thesis. Entrepreneurial leadership thus consists of leadership with an entrepreneurial mindset and skill-set to identify, develop and take advantage of innovative ideas for the sustainable future of the organisation (Thornberry, 2006).

### **3.9 Entrepreneurial Leadership**

The construct of entrepreneurial leadership overlooks the unique aspects of both entrepreneurship and leadership in an attempt to explain higher than expected leader performance in modern organisations through entrepreneurial thinking. Entrepreneurial leaders are therefore individuals who engage in entrepreneurial and leadership practices (Patterson *et al.*, 2012). Entrepreneurial leadership seeks to demonstrate a new style of evolving leadership that offers a break from the past and movement into the future. Entrepreneurial leadership involves managing an organisation through relationships and culture, rather than through command and control; this requires knowing how to handle and

deal with the risk, uncertainty and ambiguity that face all entrepreneurial organisations (Burns, 2007).

Entrepreneurial leadership now permeates the strategies of many companies and as these companies have found themselves continually redefining their markets, restructuring their operations, and modifying their business models, learning the skills to think and act entrepreneurially has become the source of competitive advantage (Ireland and Webb, 2007). Gupta *et al.*'s (2004, p. 241) definition of entrepreneurial leadership is adopted for the purposes of this thesis: 'leadership that creates visionary scenarios that are used to assemble and mobilize a "supporting cast" of participants who become committed by the vision to the discovery and exploitation of strategic value creation'. The definition emphasises the need to mobilise resources, the need to gain organisational commitment by subordinates and the need to have subordinates who have the capabilities to enact the vision. This is very similar to the views of McCarthy *et al.* (2010, p. 48), who considered entrepreneurial leadership to be 'the ability to influence others to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviors'. The definition incorporates the leadership aspect of influencing others and at the same time incorporates entrepreneurial aspects of opportunity-seeking.

This is in-line with more recent definitions that concentrate on the interpersonal and influential processes through which entrepreneurial leaders mobilise a group of people to achieve the entrepreneurial vision (Kempster and Cope, 2010). In this sense, entrepreneurial leadership is a process of social influence, transformation and empowering in rapidly changing and uncertain contexts (Gupta *et al.*, 2004; Kempster and Cope, 2010). However, it ought to be noted that Gupta *et al.*'s (2004) definition of entrepreneurial

leadership does not explore or even acknowledge that leadership capabilities may be learned or acquired over time. Hence, they ignore more recent acknowledgements in both the leadership and entrepreneurship literature that skills, abilities and attributes are emergent and evolving.

Kansikas *et al.* (2012) distinguished two categories of entrepreneurial leadership: (a) entrepreneurs who are leaders; and (b) leaders who possess an entrepreneurial leadership style without being entrepreneurs themselves. They further stated that any individual with an entrepreneurial leadership style in any organization can be deemed an entrepreneurial leader (Kansikas *et al.*, 2012).

Organisations can be expected to vary in terms of their entrepreneurial orientation, which has been conceptualised as having three main underlying dimensions: innovativeness, risk-taking, and proactiveness (Covin and Slevin, 1991; Kreiser *et al.*, 2002; Wiklund and Shepherd, 2005) and these dimensions will be discussed later. Different combinations of these three dimensions are possible. For instance, a particular entrepreneurial event (e.g. a new product, service or process) might be highly or only nominally innovative, entail significant or limited risk, and require considerable or relatively little proactiveness. Accordingly, the ‘degree of entrepreneurship’ refers to the extent to which events are innovative, risky, and proactive (Kuratko, 2007).

Equally important is the number of entrepreneurial events that take place within a company over a given period of time, which is referred to as the ‘frequency of entrepreneurship’ (Morris *et al.*, 2008). Some companies produce a steady stream of new products, services and processes over time, while others very rarely introduce something new or different. In

order to measure the entrepreneurial activity of an organisation or individual at any point in time, taking into consideration the degree and frequency of entrepreneurship, 'entrepreneurial intensity' was developed. It is this level of entrepreneurial activity that forms the basis for assessing entrepreneurial leadership (Kuratko, 2007; Morris *et al.*, 2008), and accordingly entrepreneurship can be said to occur in varying degrees and amounts (Kreiser *et al.*, 2002).

Entrepreneurial leadership now permeates the strategies of many companies. As companies have found themselves continually redefining their markets, restructuring their operations, and modifying their business models, learning the skills to think and act entrepreneurially has become the source of competitive advantage (Ireland and Webb, 2007). Continuous innovation (in terms of products, processes, technologies, administrative routines, and structures) and an ability to compete proactively in global markets are the key skills that will determine corporate performance in today's world.

Entrepreneurial leadership deals with concepts and ideas, which are often related to problems that are not of an organisational nature (El-Namaki, 1992) but rather tend to be individual characteristics or behaviours. These include vision, creativity and innovation, risk-taking, proactiveness and strategic initiatives and competitiveness (Miller, 1983; Miller and Friesen, 1984). Research is marked by diverse and disparate results, perhaps due to problems in testing instruments and sample sizes (Sexton and Bowman, 1983). Consequently, more research is required before the salient features of the entrepreneurial leadership can be persuasively proclaimed.

### *3.9.1 Principles of entrepreneurial leadership*

Based on the research by Greenberg *et al.* (2011), entrepreneurial leadership embraces three principles that add up to a fundamentally new worldview of business and a new logic of decision making. According to these authors the principles include cognitive ambidexterity, social, environmental, economic responsibility, and sustainability (SEERS) and lastly self and social awareness (SSA). To be cognitively ambidextrous is to be able to shift between traditional ‘prediction logic’ (choosing actions based on analysis) and ‘creation logic’ (taking action despite considerable unknowns). SEERS is a different world view of business and society whereby leaders must be able to engage social, environmental, and economic value creation simultaneously rather than sequentially. SSA is an authentic and insightful understanding on the part of entrepreneurial leaders of their own sense of purpose and identity, and how they are affected by the context around them, which enables them to take action and make decisions more effectively. Greenberg *et al.* (2011) contend that these three principles that comprise entrepreneurial leadership are the foundation for a different way of leading and a different way of educating leaders.

### *3.9.2 Beliefs and values*

From the literature review, it was noted that societal culture reflects the complex interaction of values, attitudes and behaviours displayed by its members. Within a firm, organisational members tend to share a collective set of values and beliefs, which affect their attitudes about the form of behaviour considered most appropriate and effective. It is therefore posited that leaders’ beliefs and values shape their characteristics and behaviours and in particular influence their leadership style. For an opportunity to be exploited, the leaders

must believe that the value of resources, used according to a particular means-ends framework, would be higher than if exploited in their current form (Shane and Venkataraman, 2000).

### 3.9.3 *Vision*

A vision is a description of top management's aspirations for the business providing a panoramic view of 'where we are going', and a convincing rationale for why this makes good business sense for the organisation (Baetz and Bart, 1996). Vision is the cornerstone of the entrepreneurial architecture (Burns, 2005, p. 85). Entrepreneurial leaders need an ability to define and communicate a shared vision for an organisation (Burns, 2005). This shared vision in turn creates enthusiasm and motivation, builds confidence, and strengthens connections within a team and throughout an organisation, by working on people's emotions (Burns, 2005).

Thus, a vision provides foresight and points an organisation in a particular direction, charts a strategic path and moulds organisation identity. It must portray where the organisation wants to be in subsequent times, and must tap into the personal goals and values of organisational employees if it is to be internalised by them, which is imperative if employees are to be innovative and creative. As noted by Gupta *et al.* (2004), entrepreneurial leadership is about the leaders who are creating the vision's scenario in a way to encourage the individuals in their organisations to be committed by this vision as a purpose to discover and apply strategic value creation. When establishing direction and priorities for the product, service and process innovation efforts of the firm, the company is formulating its strategy for entrepreneurship.

Both leaders and entrepreneurs have been studied relative to their traits, skills, and behavioural characteristics and numerous studies have been conducted in an attempt to define a successful leader or entrepreneur. The general agreement is that a leader influences others toward the attainment of a vision and goals (Bass, 2000). Entrepreneurial leaders who start new ventures or change the existing organisation through the development of a new product or innovation are catalysts for change and engaged in the process of creating a new reality (MacGrath and Macmillan, 2000). Consequently, they are likely to communicate their vision in language that makes these new values more salient to followers.

As argued by Bass (2000), vision is a critical dimension to leadership effectiveness because it creates a passion among the followers of the leader as well as heightened commitment and internal identification of the task in employees (Bass, 2000). Similarly, vision has been found in the entrepreneurship literature to be a core dimension of effective entrepreneurs (Cogliser and Brigham, 2004). The sense of vision in entrepreneurs is necessary to create the passion that is critical in creating a new product, service, or company (Goodman, 1994). Without a sense of vision, entrepreneurs find it difficult to envision alternative scenarios, and to have the imagination necessary to solve complex and perplexing problems (Goodman, 1994) especially in this dynamic environment.

Other authors explored the role of vision in entrepreneurial venture growth, and found that the attributes of the vision (its brevity, clarity, abstractness, challenge, future orientation, and ability to inspire) as well as its content relative to growth of the venture was related to the venture's success (e.g. Baum *et al.*, 1998). Vision was found in the entrepreneurship literature to be a core dimension of effective entrepreneurs (Baum and Locke, 2004;

Bryant, 2004; Cogliser and Brigham, 2004) as it was found to create the passion that is critical in creating a new product, service, or company. Visions may be killed by fear of mistakes, inability to tolerate ambiguity, and lack of challenge; however, being able to communicate at an emotional level and to engender a sense of common concern through appropriately deployed influencing strategies are essential traits of entrepreneurial leaders.

#### *3.9.4 Creativity and innovation*

Creativity/innovation is a common manifestation of entrepreneurship and is well established in the empirical literature of that field (Dalglish, 2000) and cited as a characteristic of leadership, particularly among transformational leaders (Bass, 1985). The relationship between leadership and innovation has gained increasing attention in the literature with some proposing that leadership is one of the most influential predictors of innovation (Mumford *et al.*, 2002). Creativity is also cited as a characteristic of leadership, particularly among transformational leaders (Bass, 1985). Leaders tend to be more creative, to have novel and innovative ideas, and to be less inhibited as they search for ideational solutions. Not surprisingly, creativity/innovation is also a common manifestation of entrepreneurial behaviour (Dalglish, 2000; Schumpeter, 1934; Timmons, 2007). Though the term 'innovation' has different meanings to different people, 'innovation' in the form of entrepreneurship is not seen as just incremental change but quantum change in the new business start-ups and the goods/services that they provide.

Creativity is defined as the generation of original and useful ideas (Amabile, 1996; West, 2002). Innovativeness is the extensiveness and frequency of product innovation and technological leadership in order to obtain a competitive advantage for the firm (Kuratko,

2007; Lumpkin and Dess, 1996). Innovation is distinguished from creativity by the implementation, as opposed to mere generation, of ideas. Implementation requires selling ideas within the organisation to other persons and/or groups (Axtell *et al.*, 2000) and to propose the innovation for the market place; therefore, innovation includes social processes. Both exploration and exploitation are of crucial importance for innovation.

There are different pathways leading to the same result of innovation (Bledow *et al.*, 2009). Mumford *et al.* (2002) suggest that technical expertise and creativity on the part of the entrepreneurial leader is important to venture success and they suggest that entrepreneurial leadership should involve three main foci: (1) idea generation; (2) idea structuring; and (3) idea promotion. This is however not as comprehensive as the Schumpeterian (1934) definition of innovative postures that include introduction of new goods/services, introduction of new methods of production, opening of new markets, opening of new sources of supply and industrial re-organisation. Continuous innovation in terms of products, processes, technologies, administrative routines, and structures determines organisational performance (Kurakto, 2007).

### *3.9.5 Risk-taking propensity*

Risk-taking propensity (i.e. a decision-making orientation toward accepting greater likelihood of loss in exchange for greater potential reward) can reasonably be expected to be included in any profile of what might make entrepreneurial leaders distinctly different (Vecchio, 2003). The entrepreneurially inclined individual tends to view some situations as opportunities, when others perceive similar circumstances as having low potential.

Risk preferences consist of a general tendency to pursue or avoid risks. Because leadership involves leading people toward the achievement of a new state of affairs that is embodied in the mission or vision, leaders are by nature involved in risky ventures (Kotter, 1996). Risk-taking propensity plays a role in entrepreneurial decision-making, but its influence can only become evident within entrepreneurial situations. Entrepreneurs are not necessarily characterized by high levels of risk-taking propensity, but this trait can affect their actual behaviour (Rauch and Frese, 2007).

Entrepreneurial leaders, compared to others, possess an innate ability to compartmentalise their fears and doubts as they go forward in ventures that are associated with high risks (Oneal, 1993). This means that when faced with different situations, an individual will likely show differing risk propensities, even if his/her risk preferences does not change a great deal. At the same time, different individuals faced with the same situation may present different risk propensities/preferences.

Risk-propensity is also important to leadership in certain contexts, and in such contexts entrepreneurial leadership may be more appropriate mode than alternatives such as managerial leadership. Individuals' risk preferences correspond to their 'risk dispositions', which combined with contextual factors are good predictors of their attitudes toward risk in specific contexts.

### *3.9.6 Pro-activity*

Proactiveness is the propensity to compete aggressively and proactively with other firms. Two main attributes of proactiveness are posited: 1) aggressive competitive behaviour

directed at rival firms (being ahead of competitors); and 2) the organisational pursuit of favourable business opportunities (Lumpkin and Dess, 1996). Bass (1985) noted that leaders who are proactive in their thinking, are less willing to accept the status quo, and are more likely to seek new ways of doing things. One of the paramount differentiating variables between leaders and other people is that they desire to and are willing to launch change initiatives based on their sense of vision and mission for the organisation (Kotter, 1996).

Bateman and Grant (1993) introduced the proactive personality as an individual-level, dispositional measure of people's proclivity to take initiative to influence their situation and environment. Bateman and Grant (1993) define a proactive individual as one who in relative terms is not constrained by the situation and who causes environmental change. Entrepreneurially oriented firms enable corporate change by transforming emergent options into platforms for continuous value creation (Ghoshal and Bartlett, 1996). A potential result of this transformation is firms that can move new products rapidly into the marketplace, and thus gain first mover advantage in emerging product and market domains (Kuratko and Hodgetts, 1989).

Proactivity has been identified in the entrepreneurship literature as a key trait at the interface between the entrepreneur's individual orientation and his/her view of the environment (Becherer and Maurer, 1999). Proactiveness means acting in anticipation of future problems, needs or changes. Becherer and Maurer (1999) found that more proactive individuals tend to start more businesses. In this context, entrepreneurialism is an action-oriented behaviour that reflects the way entrepreneurs approach the opportunities that they identify. The main attributes of proactiveness are the aggressive behaviour directed at rival

firms and organisational pursuit of favourable business opportunities (Lumpkin and Dess, 2001) and this can lead to first-mover advantage and superior performance.

Proactiveness is also concerned with implementation, with taking responsibility and doing whatever is necessary to bring an entrepreneurial concept to fruition. It usually involves considerable perseverance, adaptability, and a willingness to assume responsibility for failure. In his study of the strategic orientation of business enterprises, Venkatraman and Van de Ven (1989) use the term to refer to a continuous search for market opportunities and experimentation with potential responses to changing environmental trends. They suggest that pro-activity refers to the process aimed at anticipating and acting on future needs by seeking new opportunities that may or may not be related to the present line of operations; introducing new products and brands ahead of competition; and strategically eliminating operations that are in the mature or declining stages of the life cycle.

### *3.9.7 Opportunity-seeking*

A key plank of entrepreneurship has been the ability to identify an opportunity and the willing to assume the necessary risks and invest the necessary time and resources to pursue the envisioned opportunity. Entrepreneurial opportunities have been considered as those situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships Shane and Venkataraman (2000). It requires alertness to the changes in the environment, monitoring and responding to changes in the environment. The opportunity has to be one that can generate excitement and interest. It is thus believed that opportunity-seeking is one trait or characteristic that entrepreneurial leaders ought to possess.

### *3.9.8 Leadership effectiveness*

The majority of the research on leadership has focused almost exclusively on the leader's personality and behaviour and there is general agreement on the centrality of leadership in meeting goals and moving an organisation forward. However, the literature offers a wide range of perspectives, often contradictory, on what constitute effective leadership (Abbas, 2009). Based on Hofstede's work (1980; 1999), societies differ in their perception of leadership and the effectiveness of the leader and Hofstede (1980, 1999) attributed such differences to cultural values. Modern organisations need effective leaders who understand the complexities of the rapidly changing global environment (Yang, 2008). Research by Yang (2008) revealed that entrepreneurial orientation was positively related to performance. A relatively simple measurement of leadership effectiveness is achieving goals, particularly in view of the different meanings that leadership effectiveness can take.

### **3.10 Entrepreneurial Leadership in Kuwait**

The traditional organisation in Kuwait tends to be hierarchical in nature, with established procedures, reporting systems, lines of authority and responsibility, instructions and control mechanisms. These support the present organisational culture but may not encourage new venture creation and entrepreneurial leadership. Instead, they support a paternalistic management culture and style. Paternalistic management is characterised by hierarchical relationships, top-management control of power and authority, close supervision, and distrust of outsiders. Whilst the position of the leader legitimizes entrepreneurial leadership, this kind of leadership cannot be based solely on power and hierarchy. Instead of a hierarchical chain of command and control, entrepreneurial leadership is based on

individual skills such as achieving goals innovatively and collecting the requisite resources (Skodvin and Andresen, 2006).

As noted by Hickson and Pugh (1995), the major cultural influences on Arab management and leadership are the inherited Bedouin and Islamic traditions. The importance of the family is inherent in tribal history and religion. The Bedouin tradition connotes a romantic image of the camel-mounted tribesman and is most visible today by the traditional costumes still worn by many politicians and businessmen. This importance of family extends to businesses, where approximately 98% of commercial activities in the GCC are family run (Fadhel, 2004). The models and theories of entrepreneurial leadership have not yet been established in this context.

### **3.11 Organisational Performance**

Organisational performance is difficult to measure; within this thesis, consideration was given to the number of product innovation and improvement as well as the annual sales growth of the company. These were considered to be tangible and effective measurements where data could readily be accessed. However, organisational performance is not only attributed to leadership; many factors come into play such as the role of employees, motivation, incentive schemes, etc.

### **3.12 Literature Synthesis and Entrepreneurial Leadership Conceptual Framework**

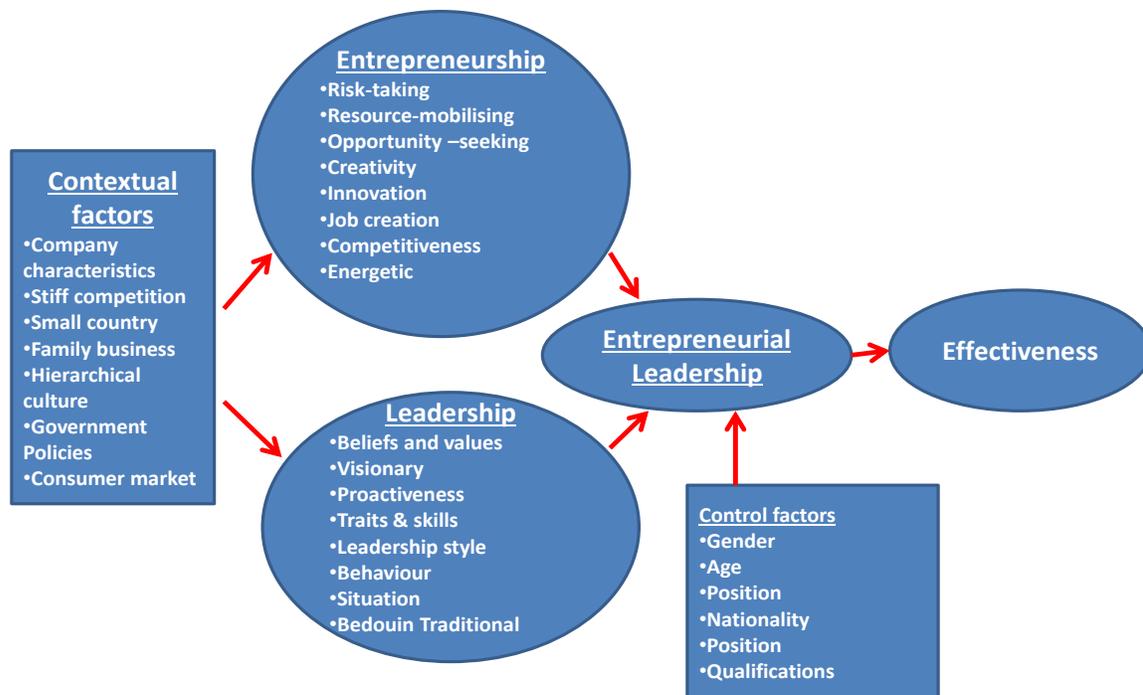
Entrepreneurial leadership is becoming a global necessity and the more we can understand the characteristics of leaders the more we can advance the concept itself and also enhance leadership effectiveness and organisational performance (Kuratko, 2007). Entrepreneurial

leadership exhibits both entrepreneurial and leadership characteristics and behaviours (Kuratko, 2007; McGrath and MacMillan, 2000). The literature noted that some researchers have tried to combine the two concepts in their explorations of both leadership and entrepreneurship (Gupta *et al.*, 2004; Tarabishy *et al.*, 2005), while others have explored linkages between the concepts of leadership and entrepreneurship (Cogliser and Brigham, 2004; Vecchio, 2003). More specifically, Gupta *et al.* (2004) emphasised the need for a balanced approach of entrepreneurship and management for effective leadership. It is argued that to achieve optimum results, the two skill sets (leadership and entrepreneurship) should overlap or complement each other. The characteristics of this new phenomenon and whether it is the sum of both leadership and entrepreneurship characteristics and behaviours is of central concern.

The literature noted that entrepreneurship is interdisciplinary and thus there is a need to recognise the diversity of theories as the foundation of entrepreneurial leadership (Saravathy, 2004). The above synthesis of the literature leads to a conceptualisation of the research framework that encapsulates the traits and characteristics of the entrepreneurial leaders and their view of the environment. The literature noted that risk-taking, pro-activeness, and innovativeness characterise entrepreneurial leadership when it is defined as entrepreneurs' way of leading in new ventures Chen (2007). The literature also noted that different combinations of these dimensions are possible, but these dimensions do not always vary positively and in close unison (Kuratko, 2007).

Entrepreneurial leadership is needed in coping with uncertainty. The review of both leadership and entrepreneurial literatures revealed that while individual traits may not wholly explain the phenomenon, they play an important role in the triggering and

maintenance of individual entrepreneur and leader behaviours. In view of the challenges and inadequacies already mentioned, the conceptual framework of this study tries to open up possibilities for developing and employing a different framework of leadership. Such an approach may enable a more comprehensive and inclusive approach that is suited for investigating and enacting the complex interrelated processes of leadership in organisations in these turbulent and highly competitive environments. The conceptual framework underpinning this study is shown below (figure 3.3).



**Figure 3.3: Conceptual Framework**

This framework of entrepreneurial leadership fuses contextual factors and entrepreneurial characteristics arising from the integration of the concepts of entrepreneurship, entrepreneurial orientation, and entrepreneurial management with leadership. This new leadership framework encompasses both entrepreneurship and leadership behaviour. It emphasises taking a strategic approach to entrepreneurship, so that the entrepreneurial

initiatives can support development of enhanced capabilities leading to organisational performance. Furthermore, in a dynamic, complex, and uncertain competitive environment, a type of entrepreneurial leader who is distinct from the behavioural form of leaders is needed (Cohen, 2004). The utility of this model was then demonstrated by means of a study of Kuwait's leaders who were largely drawn from the banking and financial sectors.

### **3.13 Conclusion**

From the review of the literature, it was noted that leadership discourse and its literature is characterized by several clusters of competing mappings, theories and approaches that emphasize different aspects of leadership and have various deficiencies and shortcomings (Grint, 2005; Yukl, 2006). Many organisations still apply traditional and bureaucratic approaches to management, which appear to be barriers to innovativeness and creativity. In a dynamic, complex and uncertain competitive environment, a type of entrepreneurial leader who is distinct from the usual behavioural form of leaders is needed (Cohen, 2004; Yang, 2008; Peltier *et al.*, 2009). From the literature review, entrepreneurial leadership seems to be important and required for organisational success, based on the current rapid worldwide changes.

The literature review examined the connection between two fields that are well-established in themselves, but not often studied together: entrepreneurship and leadership. The fusion of these concepts is what is referred to herein as 'entrepreneurial leadership'.

In summary, based on the review of the extant literature of the separate but related disciplines of leadership and entrepreneurship, it was noted that entrepreneurial leaders are

successful largely due to the fact that they provide strategic leadership (vision and long-term goals), are creative and innovative, have a willingness to accept risks, and are proactive and achievement oriented. These characteristics are intended to provide sufficient information to support a basis for the argument that the behavioural characteristics of leaders and entrepreneurs are more similar than different. There may therefore be mutually beneficial effects of an integration of the two literatures (Cogliser and Brigham, 2004) and the development of a new, universal construct herein referred to as 'entrepreneurial leadership'.

Changes in the workplace are demanding a new style of leadership that calls for less bureaucracy, a push for greater speed, better customer responsiveness, and on-going innovation and where every employee is required to think and to act like an owner/entrepreneur (Turknett, 1995). It is a perspective that has reinvigorated individuals to once again reach into their inner self to find the innovative spirit that resides in all of us. It is, in effect, the essence of entrepreneurial leadership (Kurakto, 2007).

However, there is a need to empirically investigate characteristics of entrepreneurial leaders and the context in which entrepreneurial leadership occurs. This is because the characteristics of the entrepreneurial leaders not only help determine their decisions, but also influence the types of organisations they found and how they are run. The emphasis is on a discovery-driven approach to specifying problematic limits, and mandating strategic commitment to new business development so that team members feel that they have not only the right but the obligation to seek out new opportunities and to make them happen. By setting the climate through personal modelling of these behaviours consistently, predictably, and relentlessly entrepreneurial leaders ensure that others will emulate their

behaviour and 'they will not change what they do on the basis of words alone' (McGrath and MacMillan, 2000, p. 303). Thus, this study brings together the leadership and entrepreneurial fields of study to explore the main research questions.

## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 Introduction**

The previous chapter reviewed the extant literature pertaining to leadership and entrepreneurship. The purpose of this chapter is to justify the predominantly quantitative methodology used to collect and analyse the data. This chapter presents the methodology used to gather and analyse data relating to the traits and characteristics of entrepreneurial leadership. The epistemological and ontological underpinnings, the research design including tools for data collection, and the process of data collection and analysis, are discussed. Different statistical tests were done to test hypotheses and our conceptual framework. Furthermore, a qualitative approach was used to complement the results from the detailed quantitative analysis. This was done in order to address the limitations of a purely quantitative approach.

### **4.2 Aim and Objectives**

The study extends current research on entrepreneurial leadership by investigating the conceptions of entrepreneurial leadership and their relationship to leadership effectiveness and organisational performance within the financial banking and investment sectors in Kuwait.

The research aims at contributing to the existing scholarly debate on the emerging field of entrepreneurial leadership. The purpose of this study is therefore to gain a deep understanding of entrepreneurial leadership and the role it can play in transforming

companies and making them more proactive and competitive. The main objective of this study is to examine leadership traits and characteristics from both the leadership and entrepreneurship literature in order to define entrepreneurial leaders, and how these characteristics can enhance an organisation's performance, its capacity for adaptation and its chances of long-term survival. More specifically, the objectives of the study are:

1. To identify the gaps in the literature and contribute to knowledge in the emerging field of entrepreneurial leadership that is not well researched.
2. To develop a theoretical framework of entrepreneurial leadership and explore the application of entrepreneurial leadership amongst the Kuwait's financial banking and investment sector
3. To investigate the most common characteristics of the sampled leaders and determine whether they relate to entrepreneurial leadership.
4. To investigate the relationship between entrepreneurial characteristics and leadership effectiveness and organisational performance.
5. To make managerial recommendations in order to improve leadership effectiveness and organisational performance

### **4.3 Research Questions**

The research seeks to address the following major research questions:

- 1) What are the unique personal traits and characteristics of entrepreneurial leaders and are there discernible relationships between their characteristics with leadership effectiveness and organisational outcomes?
- 2) Do these attributes distinguish entrepreneurial leaders from others and in particular does the presence of these 'entrepreneurial' characteristics relate to the organisational performance of the firm, its capacity for adaptation and its chances of long-term survival?
- 3) Do differences in demographic variables (gender, age, nationality, years of experience and position) significantly explain leaders' views of entrepreneurial leadership characteristics?
- 4) Do differences in company characteristics (company's years of existence, nature of business and size of establishment) significantly explain entrepreneurial leadership characteristics?

To answer these research questions, the present study explores the relationship between the attributes of entrepreneurial leaders with leadership effectiveness and the performance of their firms.

#### **4.4 Research Hypotheses**

Arising from the literature review, several hypotheses were conceptualised as a basis of testing the conceptual model and these are summarised below:

H1: Differences in demographic variables (gender, age, nationality, years of experience and position) significantly explain leaders' views of entrepreneurial leadership variables.

H2: Differences in company characteristics (company's years of existence, nature of business and size of establishment) significantly explain leaders' views of entrepreneurial leadership variables.

H3: Entrepreneurial leadership characteristics:

- H3a: leadership beliefs and values significantly predict entrepreneurial leadership effectiveness.
- H3b: leadership vision significantly predicts entrepreneurial leadership effectiveness.
- H3c: creativity and innovativeness will be positively correlated to entrepreneurial leadership effectiveness.
- H3d: risk-taking significantly predicts entrepreneurial leadership effectiveness.
- H3e: proactiveness significantly predicts entrepreneurial leadership effectiveness.
- H3f: opportunity-seeking significantly predicts entrepreneurial leadership effectiveness.

H4: Contextual factors significantly predict leadership effectiveness

#### H5: Leadership effectiveness significantly predicts organisational performance

In order to collect appropriate data to test the above hypotheses and answer the research questions, the philosophical underpinnings of the research need to be discussed as that determine how the research was conducted. Undertaking credible social research requires that the questions asked and the designs employed are shaped by the researcher's underlying ontological and epistemological assumptions (i.e. philosophical assumptions).

#### **4.5 Social Science Research Paradigm**

The methodology chosen is justified from a philosophical perspective. Philosophical differences matter when conducting any research because they affect judgments about how data are collected, analysed and interpreted and the researcher is not a detached observer, but is part of the social world being studied (Piekkari *et al.*, 2009).

It has been conventional since Kuhn (1970) to call particular combinations of assumptions paradigms, which Mingers (1997) defines as a construct that specifies a general set of philosophical assumptions covering ontology (what is assumed to exist), epistemology (the nature of valid knowledge), ethics or axiology (what is valued or considered right), and methodology. These paradigms provide a convenient way of locating one's personal frame of reference with regard to social theory, and thus a means of understanding why certain theories and perspectives may have more personal appeal than others (Burrell and Morgan, 2000).

A central issue in this context is the question of whether the social world can and should be studied according to the same principles, procedures, and ethos as the natural sciences

(Bryman, 2008). Ontology influences what we think can be known about the world (epistemology); how we think it can be investigated (methodology and research techniques); and the kinds of theories we think can be constructed about it (Fleetwood, 2005).

#### *4.5.1 Ontological assumptions*

Ontological assumptions concern the very essence of the phenomena under investigation and raise questions about the existence and nature of those aspects that exist and the form of reality (Burrell and Morgan, 2000). Ontological assumptions are a set of beliefs about what the world we are studying actually is: whether reality is objective and independent of our perception of it, or whether those who experience it construct it (Lee and Lings, 2008). For example, social constructionist ontology necessitates gaining data on how individuals construct reality, and it is a construction of language and meaning, the nuances of which are lost if they are quantified. This implies that social properties are outcomes of the interaction between individuals, rather than a phenomenon 'out there' and separate from those involved in its construction. The contrasting view, by realists, conceptualises as a concrete reality of its own, independent of people and is frequently referred to as objectivism (Bryman, 2008). From a critical realist perspective, an entity (or a state of affairs) can exist independently of our knowledge of it; meaning that it can exist without someone observing, knowing and constructing it (Fleetwood, 2005). Furthermore, from a critical realist perspective, an entity is said to be real if it has causal efficacy; has an effect on behaviour; and makes a difference.

#### *4.5.2 Epistemological assumptions*

The second assumption is of an epistemological nature and this concerns the question of what is (or should) be regarded as acceptable knowledge in a discipline (Bryman, 2008; Lee and Lings, 2008). Epistemology is about how one might begin to understand the world and communicate this as knowledge to fellow human beings. Epistemology is that branch of philosophy that deals with how knowledge is obtained or created (Hughes, 1993). The epistemological assumptions determine extreme positions on whether knowledge is something that may be acquired or is something that has to be personally experienced (Burrell and Morgan, 2000).

Greater epistemological appreciation is an essential prerequisite to developing an appropriate method whereby researchers explicitly select a methodology to fit the nature of the phenomenon under study (Burrell and Morgan, 2000), in this case leaders' characteristics. An appreciation of the epistemological issues also has implications for the evaluation of the findings of the research. It leads to a belief that the quality of a piece of research is more critically reflected by the appropriateness of the paradigm selected, than by the mere technical correctness of the methods used. For these reasons, this study adopts an objectivist epistemological perspective.

#### *4.5.3 Axiology*

Axiology is in essence about the aims of research and again follows from ontology (Lee and Lings, 2008). It is about whether one tries to explain and predict the world or one seeks to understand it. In the present case the study is interested in understanding leaders'

characteristics and whether or not they relate to an organisation that is entrepreneurial (visionary, innovative and creative, opportunity-seeking, risk-taking and proactive). It is important to understand their worlds and their organisations and themselves, and to do that there is a need to obtain as much data as possible from different leaders. The researcher's axiology that is his/her set of values and goals, however, is the basis for the researcher deciding what is good, what matters and what the researcher is going to pursue. This co-evolution is driven by each researcher's value system (their axiology). Our axiological notions are congruent with those of positivism schemes (sets of values and beliefs).

#### **4.6 Methodology**

Methodological decisions are based on the best way of generating data and analysing it for the issue in question. Once we are clear about the philosophical standpoint, methodological decisions become technical.

There is no one viewpoint or methodology that has a monopoly on discovering the 'truth'. The research methodology refers to the procedural framework within which the research is conducted (Leitch *et al.*, 2010; Saunders *et al.*, 2009). The terms 'methodology', 'method' and 'technique' can have several overlapping meanings and a 'method' or 'technique' (used synonymously) is a specific activity that has a clear and well-defined purpose. 'Methodology' is more complex and the general study of methods of intervention or research (Mingers, 2003), as detailed later.

Research may be categorised into distinct types according to the above schools of thought. Depending on the defined research problem, and the nature of the information gathered, the

choice of methodology can be qualitative, quantitative or a combination of both (Yin, 2004). In this case a predominantly quantitative methodology was adopted because of the nature of the study and the need to reach out to as many people as possible.

#### *4.6.1 Quantitative research approach*

Quantitative research approach, according to McDaniel and Gates (2006), is both structured and formal and involves the use of structured questions where the response options have been predetermined and a large number of respondents are involved. Quantitative is used as a synonym for any data collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data (Saunders *et al.*, 2009). The measurement must be objective, gathering small amounts of data from each subject on a large scale. The information is then transformed into numbers and amounts, and later gets analysed statistically in order to draw conclusions. The objective of using this research approach is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. One of the key distinguishing characteristics is the scientific method which allows researchers to test their hypotheses and rely on objective measures (data) to support their findings. Quantitative research entails employing a deductive approach to the relationship between theory and research with the emphasis placed on testing the theory and is the preferred methodology in this study.

Whilst a quantitative approach has several advantages, especially when conducting large-scale surveys, its limitations centre on its lack of depth and specificity; it limits research to 'isolated and de-contextualized variables' (Auxier, 2001, p. 24). Statistical or experimental methods may distort rather than disclose a given behaviour through an imposition of

restricted theoretical constructs on the full meaning and richness of human behaviour. Furthermore, and as Crotty (1998, p. 28) clearly stated, ‘the scientific world is not, of course, the everyday world that people experience’, therefore, it was imperative that this study understands how individuals subjectively make sense of their experiences of complex interpersonal phenomena.

#### *4.6.2 Qualitative research approach*

Qualitative research approach relies on collecting, analysing and interpreting data by observation. Qualitative is used as a synonym for any data collection technique (such as an interview) that generates or uses non-numerical data (Saunders *et al.*, 2009). To be able to capture the richness and fullness associated with qualitative data, they cannot be collected in a standardized manner like quantitative data.

As discussed previously, qualitative research concentrates on words and observations to express reality and attempts to describe people in their natural situations. It included the detailed accounts from the entrepreneurial leaders themselves, incorporating the actual motives and behaviour of the ‘owner-managers’. The methodology is based on a philosophy that the ‘objects’ studied are in fact ‘subjects’, producing accounts of their world (Ekanem, 2007).

In contrast, the quantitative approach grows out of a strong academic tradition that places considerable trust in numbers that represent opinions or concepts. The major limitation of qualitative research is the perception that it lacks rigour and that the results cannot easily be generalised (Ling and Jaw, 2011). A qualitative methodology offers greater flexibility and

richness in investigating the complexities of meaning. Qualitative phenomenological analysis served to extend knowledge creation about entrepreneurial leadership beyond answering what, how much, or to what degree to uncovering essential natures of phenomena under exploration (Miles and Huberman, 1994) and it complemented data obtained from the predominantly quantitative methodology.

#### **4.7 Research Design**

Research design is concerned with finding answers to the major research questions, i.e. ensuring that we collect the appropriate data in order to explore or test our theory and answer the major research questions (Lee and Lings, 2008). The major components of the research design include the unit of analysis, research question, and data gathering instruments, classification, presentation and analysis of data. The design ought to be linked to the paradigm or perspective being used. It is therefore a structure of the research that links the empirical data to be collected to the study's initial research questions and ultimately to its conclusions (Yin, 2004). The research design relates to the criteria (reliability, replication and validity) that are employed when evaluating social research. In this case, it involves an empirical investigation of phenomena within their real life context using multiple sources of evidence (Saunders *et al.*, 2009). Whilst survey questionnaire was the main instrument used, quantitative data was complemented with data from interviewing 12 leaders. Such information helped to explain the findings and also improved the validity of our data.

## **4.8 Research Approach**

Choosing the most appropriate research approach is vital, as it indicates how the research questions can best be answered or at the very least explored. In any study, the selection choices of deductive, inductive or a mixture of both approaches is available as already discussed under the methodology section above.

### *4.8.1 Deductive approach*

The deductive approach begins by accepting the idea of a theory about the topic of interest and narrowing it down into more specific hypotheses that are testable. Further narrowing down could be done after collecting observations to address the hypotheses. This will ultimately lead the researcher to be able to test the data to confirm the researcher's original theories. Saunders *et al.* (2009) indicated that when starting research from a deductive position, one should use an existing theory to shape the adopted approach.

### *4.8.2 Inductive approach*

The inductive approach starts by moving from specific observations to broader generalisation and theories. With an inductive approach, research is concerned with the context (i.e. where and when the event is taking place). It begins with specific observations and measures which begin to detect patterns and regularities, and then formulates some of the tentative hypothesis that could be explored, and finally ends up developing some general conclusions or theories. The inductive approach is more open-ended and explanatory (Saunders *et al.*, 2009).

## **4.9 Research Purpose**

As stated by Trochim (2006), research can be classified in terms of its purpose into three forms: exploratory, explanatory and descriptive.

### *4.9.1 Exploratory research*

Exploratory research is conducted because a problem has not been clearly defined. Trochim (2006) explained that exploratory research is conducted with the purpose of defining and clarifying the nature of the problem and when it is unclear what characteristics and relations are important. Since conclusions are often difficult to draw, the objective is to identify problems and the information needed from future research. Saunders *et al.* (2009) identified the three principle ways for conducting exploratory research as:

- Searching existing literature.
- Talking to experts in the subject.
- Conducting focus group interviews.

### *4.9.2 Explanatory research*

Explanatory research attempts to explain the cause-effect relationships of a certain phenomenon, in order to test and build theories (Trochim, 2006). It is useful to test whether one event causes another (Hair *et al.*, 2006). As it is designed to be used when the research field has matured, it tries to explain the course of events and relate how things happened. In doing so it seeks to indicate the relation between variables by adopting methodologies such

as identifying the relation between variables in terms of the quantification of data (e.g. direct or indirect proportionality). The data collection of such researches takes the form of:

- Experimental and quasi-experimental.
- Experimental control.
- Structured direct and indirect observation.
- Surveys are representative, longitudinal (over a period of time), cross-sectional and independent of a specific context.

#### *4.9.3 Descriptive research*

The descriptive research design is more extensive and tries to describe different characteristics of a phenomenon or a population which are based on some previous understanding of the nature of the research problem. It is usually structured and specifically designed to measure characteristics in the research questions and describes the ‘who, what, when, where and how’ of a situation (Trochim, 2006). The objective in this approach is to describe an accurate profile of persons and events of situations. It is quite necessary to have a clear picture of the phenomena in which the researcher wishes to collect data prior to the data collection process (Saunders *et al.*, 2009).

In this study, it is fundamentally important to establish whether leaders in the financial banking and investment sectors of Kuwait have entrepreneurial characteristics and the linkage between these with leadership effectiveness and organisational performance. It is therefore prudent to adopt an explanatory approach where we can establish the cause-effect relationships to a certain phenomenon, in order to test and build theories (Trochim, 2006).

#### **4.10 Data Collection Tool and Design**

The quantitative data was collected using a questionnaire structured in 11 parts (appendix 1):

- Part A seeks information on the company characteristics such as its existence, the nature of business, and size of establishment.
- Parts B to G seek information on the leaders' characteristics such as their beliefs and values, vision, creativity and innovativeness, risk-taking, proactiveness and opportunity-seeking. The questions were largely derived from the literature or had been used in previous studies (e.g. Covin and Slevin, 1989; El-Tarabishy, 2006).
- Part H seeks information about contextual factors.
- Parts I and J seek information on leadership effectiveness and organisational performance.
- Part K is the final section and collects the demographics information.

#### **4.11 Pilot Study**

A pilot study was carried out prior to finalising and distributing the questionnaire for data collection. The objective of the pilot study was to understand the efficacy of the questionnaire.

The pilot questionnaire was completed by 50 leaders who had been randomly selected from Kuwait's private companies. The data was entered into the statistical software SPSS

version 17 to generate factor analysis. Factor analysis is an essential tool that enables us to check if there were sufficient items to predict the studied factors. Factor analysis can also help in the process of detecting data redundancy by examining the Kaiser-Meyer-Olkin (KMO) value of each variable. According to Leech *et al.* (2005), KMO should be higher than 0.5 to confirm that the sample is adequate and can predict the influence of each investigated factor. Furthermore, the factor loading values of each statement in the questionnaire must be higher than 0.3 to confirm that the data is redundant free. The results of factor analysis revealed that:

- (a) There were some questions in the questionnaire that were not well understood by the participants and therefore needed simplification;
- (b) There were many items in the questionnaire and therefore needed to be reduced;
- (c) There were some redundancies in the questionnaire and these needed to be eliminated; and
- (d) Some of the items appeared in more than one component – such items were consequently either deleted or reformulated.

Pilot testing enhanced the study's reliability in that the questions were simplified as much as possible using language that the participants would easily comprehend. The final copy of the questionnaire is attached in appendix 1.

#### **4.12 Sampling and Data Collection**

With the assistance of Kuwait University's Statistical Department, which helps to conduct surveys, 500 copies of the questionnaire were distributed to various leaders in the financial, banking, investment, insurance, retail, real estate and services industries. It must be noted that outside the oil sector, which is largely state-owned, Kuwait's private sector is relatively small and is dominated by the sectors targeted.

Given the nature of this study, a purposive sampling process was adopted. Purposive sampling is recommended for exploratory research where researchers can select samples to meet specific criteria (Gergory *et al.*, 1995). We targeted companies headquartered mainly in Kuwait city. A broad group of organisations was included to ensure the representation of organisations that adopted formalized entrepreneurial leadership style. Sample organizations were identified from the following sources:

1. The top 250 Kuwaiti companies list published on the Kuwait Stock Exchange.
2. Individually identified leaders who have had important influences in their respective business fields.

The majority of these companies were largely from the financial, banking and investment sectors, which are of primary interest to our study because they comprise the most viable private sectors outside of the oil sector. The underlying rationale was that the performance of the companies in question was partly due to the leadership style of the aforesaid leaders. Furthermore, they were the sectors where it was believed that we would find entrepreneurial leaders. In total, 250 companies were sampled, which represents about 40%

of the sectors in question. On average, two leaders were sampled from each company so as to ensure consistency in the responses that we were obtaining. Through a contact person within each of these institutions, survey questionnaires were left for distribution to various leaders and they were given time to complete and respond to the questionnaire. It was insisted that the participants had to be at least a team leader or occupied a higher leadership position in the organisation and preferably middle-management and above, since the study was focusing on characteristics and behaviours of leaders. However, it was not easy to tell beforehand whether all the participants exhibited the behaviours and characteristics of entrepreneurial leaders.

After two weeks, verbal reminders were sent through these contact persons to remind the participants to complete their questionnaires. Further reminders were sent after another one week. Data was collected over a period of eight weeks, partly because of the difficulty of gaining access to some of the companies. Eventually, 345 completed questionnaires were collected although 340 were duly completed, and the other 5 were discarded because of incompleteness.

#### **4.13 Quantitative Data Analysis**

The data was analysed using SPSS version 17 commencing with descriptive analyses so that we had a feel of the data and be able to describe the characteristics of the sample. One of the initial tests that were carried out was data reliability. Reliability analysis helps to determine whether all the items in the questionnaire were consistently measuring the variables (DeVellis, 2003; Nunnally, 1978). This gave an opportunity to delete certain

items that were not consistently measuring the variables and in the process, it increased the reliability of the instrument.

Reliability demonstrates that the operations of a study, such as the data collection procedures, can be repeated with the same results. Furthermore, it was important to ensure that the scales were consistently measuring the constructs. Reliability means low measurements errors and indicates the extent to which measurements are repeatable and stable (Nunnally, 1978). When error variance is low, alpha approaches 1.0, which is the maximum value attainable. A question arises concerning the acceptable lower limit for alpha and there is no general answer to this question as the answer is partly influenced by the purpose of the test or measure in question. The commonly accepted lower limit for Cronbach's Alpha is 0.7 (DeVellis, 1991). This is on the grounds that, below 0.7, the standard error of measurement is over half (0.55) a standard deviation of the test score (Nunnally, 1967).

Before conducting statistical tests, it is important to determine whether the data is normally distributed or not and check any violations of the assumptions underlying the statistical techniques (Tabachnick and Fidell, 2007). Whilst normality tests can be established by obtaining skewness and Kurtosis values, we used the Kolmogorov-Smirnov feature in SPSS. On establishing that the data was not normally distributed a decision was made to use non-parametric tests and in particular Mann-Whitney tests and Kruskal-Wallis tests where there were more than two variables. Mann-Whitney and Kruskal-Wallis tests were undertaken in the descriptive tests when cross-tabulating control variables with our independent dimensions.

The data was further explored for association between the variables themselves as well as between the variables with leadership effectiveness and organisational performance using Spearman Rho co-efficient. This enabled us to establish the strength and direction of the linear relationships between two variables (Tabachnick and Fidell, 2007). A correlation of 0 indicates that there is no relationship between the variables whilst the maximum correlation coefficient is +/-1. Logistic regression was conducted to enable the testing of the model.

#### **4.14 Interviews and Analysis**

As mentioned previously, interviews were held with purposively selected company leaders with the view to complement data from quantitative surveys and in the process acknowledging the limitations of a purely quantitative methodology. Bryman (2004) argues for the greater development of qualitative explorations of leadership, suggesting that their significance is underplayed. He advocates that such findings should be integrated with those of other studies so as to better inform leadership research and practice.

##### *4.14.1 Selection of companies and participants*

Twenty firms were contacted initially by phone, asking them if they would assist with the study. A few of these companies indicated their willingness to participate and to assist in the study after this initial contact, but in the majority of cases no response was received at all, prompting follow-up telephone calls. Again, whilst many firms declined to assist, a few were willing to assist and appointments were made for the exploratory interviews. A snowballing exercise was then used to identify more potential leaders who could

meaningfully participate in the interviews and make a contribution to the study. Several interviews were held with 12 purposively selected leaders in order to seek greater understanding and explanation of the results and the profile of the selected leaders are as shown in appendix 3. Although a snowballing approach was used to identify potential participants, it was essential that these leaders had to be in the sectors of study interest, namely banking, investment and services. Furthermore, these leaders were amongst the leaders who had started up their businesses and were successful and therefore were considered to be entrepreneurial in orientation and the phenomenon of interest was most likely to be investigated.

The interview guideline used is shown in appendix 2. This facilitated in data corroboration as well as enriching the analysis.

#### *4.14.2 Analysis of evidence collected*

Content analysis was employed to analyse the qualitative data. All the participants were audio-recorded (with their permission) to ensure that we had a correct record of what transpired and to enable the researcher to focus on the interview and probe for further clarifications on points of interest rather than writing detailed notes during interviews. The interviews provided an opportunity for the leaders to elaborate on their views on entrepreneurial leadership in Kuwait and some of the underlying factors that might be influencing leadership within the private sector in Kuwait. It took approximately one hour to conduct interviews.

The data was transcribed and the analysis essentially began as the data was being collected. Detailed descriptions of the participants were provided in order to understand the meanings and processes behind these perceptions. These thick and rich descriptions of actual events in real-life contexts uncover and preserve the meanings that those involved ascribe to them (Gephart, 2004).

Data analysis involved close reading and re-reading of the interview transcripts with the view to identify a number of broad categories or themes through a process of open coding (Strauss and Corbin, 1998). This involved an iterative and comparative process of tacking back and forth between existing theory and the data (Yanow, 2004), whilst remaining sensitive to the unique situated experiences of the participants. Thus the analysis took into consideration some of the underlying contextual issues that influence the leadership style of these leaders.

No links to the literature were identified at this stage to enable fresh readings of the data and enable new categories and theoretical dimensions of entrepreneurial leadership to emerge. A table format was used to create a formal record of data analysis with each interview analysed individually. Each table included column outlining the interview question with an adjacent column used to transfer the emerging codes from each participant's full responses to each question (Patterson *et al.*, 2012).

The most important aspect of this process was the systematic coding and analysis of the evidence obtained from the participants themselves. Data was analysed and categorised into groups, such as alignment of personal with organisational goals, style of leadership, visionary, creativity and innovativeness, risk-taking, proactivity, opportunity-seeking, and

achievement orientation. In interpreting the outcomes of the analysis and building theory, the key themes in the raw data was captured, judged to be the most important in terms of the research objectives (Thomas, 2003). The primary concern was to find evidence of the characteristics and behaviours of these leaders. Therefore, it was assumed that the interviews conducted would holistically reveal the most essential and significant patterns that describe the behaviours and characteristics of these leaders.

A similar procedure to data analysis was used by Auerbach and Silverstein (2003) for constructing a theoretical narrative from texts when analysing transcripts; common (most frequent) themes were sought in answers to each question and/or to focal theme areas. Particular attention was also paid to answers that were notably different from common or most frequent themes, or ‘negative instances’ (Marshall and Rossman, 1994). Further, close attention was given to contradictions and ‘mixed responses’.

During the analytical discussion of the data the theory-building process of ‘enfolding literature’ was conducted, which is required to produce a theoretical explanation at a higher level of abstraction (Eisenhardt, 1989). Hence, building analyses from interviewing leaders required intuition (Osborne, 1994) and inductive inference, a bottom-up, open-ended logic to derive domain-specific generalisations through pattern detection and careful exploration, versus top-down confirmatory hypotheses and deduction only (Rayens, 2000).

Particular attention was also paid to answers that were notably different from common or most frequent themes, or ‘negative instances’ (Glaser and Strauss, 1967; Marshall and Rossman, 1994). Further, close attention was given to contradictions and ‘mixed responses’. During the analytical discussion of the data the theory-building process of

‘enfolding literature’ was conducted, which is required to produce a theoretical explanation at a higher level of abstraction (Eisenhardt, 1989).

#### **4.15 Triangulation**

Triangulation means that the results of an investigation employing a method associated with one research strategy are cross-checked against the results using a method associated with other research strategy (Bryman, 2008). Triangulation involves the use of multiple methods and measures of an empirical phenomenon in order 'to overcome problems of bias and validity' (Blakkie, 2000, pp. 262-9; Scandura and Williams, 2000). In a widely cited work, Denzin (1978) distinguished between:

- Data triangulation, where data are collected at different times or from different sources;
- Investigator triangulation, where different researchers or evaluators independently collect data on the same phenomenon and compare results;
- Methodological triangulation, where multiple methods of data collection are used;
- Theory triangulation, where different theories are used to interpret a set of data; and
- Interdisciplinary triangulation, where the research process is informed not only by a single academic discipline (e.g. psychology) but by one or more other disciplines (e.g. sociology) (Janesick, 1994).

In this study methodological triangulation was used, whereby data was collected using different methods (surveys and interviews). This helped to verify our findings and assisted in the detailed explanation of our findings.

#### **4.16 Validity**

Validity is synonymous with accuracy or correctness and the validity of a measuring instrument is defined as ‘the extent to which differences in scores on it reflect true differences among individuals on the characteristic we seek to measure, rather than constant or random errors’ (Selltitz *et al.*, 1976, p. 169). A valid measure is one that yields ‘correct’ estimates of what is being assessed. Validity was ensured through use of other methods (interviews) to collect complementary data. From a theoretical perspective, valid measures are critical for advancing models that explain entrepreneurial leadership and effectiveness. One way to improve on data validity was to have a large sample size and in this regard, 340 completed questionnaires were used in the final analysis. Furthermore, data was corroborated with data from interviews. Furthermore, validity was enhanced by using some questions that had been used in previous studies before and therefore had been validated.

#### **4.17 Chapter Conclusion**

The chapter started by justifying the methodology used to collect and analyse the data and this was done from a philosophical perspective. It was noted that philosophical issues influenced the choice of the methodology and was a necessary reflection of the nature of the objects of study, the types of questions asked and the research design employed (Easterby-Smith *et al.*, 2008). The study adopted a predominantly positivist ontology and objective epistemology in order to better understand the phenomenon under investigation i.e. entrepreneurial leadership.

Qualitative interviews were carried out with selected leaders and this helped to corroborate our findings and assisted in the explanation and interpretation of our results. The chapter also provides information on research design including the various statistical techniques used to analyse the data in order to test the research hypotheses.

The next chapter presents the data that was analysed using SPSS and the findings that ensued.

## **CHAPTER 5: FINDINGS AND QUANTITATIVE ANALYSIS**

### **5.1 Introduction**

In this chapter the data collected through quantitative survey is discussed. The discussion of data is based on different statistical analysis that was carried out using SPSS. The different statistical analyses included descriptive analysis, reliability tests, normality test (Kolmogorov-Smirnov), cross-tabulation tests (Mann-Whitney, Kruskal-Wallis), correlation, factor analysis and logistics regression.

The data was collected from Kuwait's leaders working in the private sector, and in particular the financial and investment sectors. Quantitative survey helped to collect data from a large number of participants in a relatively short period of time (eight weeks). Statistical data analysis helps generalising the findings to the population of Kuwait's leaders, in terms of whether they have entrepreneurial characteristics or not.

### **5.2 Descriptive Analysis**

Out of a total of 500 questionnaires distributed, 345 responded to the questionnaire. The sample population was based on random sampling. The discussion of analyses in the following sections will be based on the 340 responses that were dully completed thereby giving a response rate of 68.7% (i.e. usable sample/ (sample-unusable questionnaires)\*100).

### 5.2.1 Demographics

The descriptive analysis for demographics included variables such as gender, age, work experience, nationality, educational level and job position. In addition to this, length of existence of company, nature of the business, and size of establishment are also discussed as some of the control variables.

- Gender

The participants were mainly leaders from the private sector of Kuwait. There were 230 men and 110 women, giving a total of 340 respondents (see table 5.1, below). This is a fairly large female response, constituting a third of the sample. Although there are not as many women in executive positions in Kuwait because of traditional practices and culture that have tended to exclude women from professional careers (i.e. the legacy system of industry, business and work), there is an increasing number of women entering the job market as a result of more women graduating from the institutions of higher learning in Kuwait.

**Table 5.1: Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
Male	230	67.6	67.6
Female	110	32.4	100.0
Total	340	100.0	

However, women were fairly well represented in the analysis to be able to draw meaningful conclusions about the differences between men and women with regard to their

entrepreneurial traits and characteristics; this is considered a particular strength of this study in the context of Kuwait.

- Age profile of respondents

The age profile of the respondents shows that slightly more than half (53.2%) are below the age of 35 years. Less than 5% were more than 50 years old (see table 5.2).

**Table 5.2: Age Profile**

<b>Age Group</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
Less than 30	80	23.5	23.5
30 – 35	101	29.7	53.2
36 – 40	94	27.6	80.9
41 – 45	28	8.2	89.1
46 – 50	21	6.2	95.3
More than 50	16	4.7	100.0
Total	340	100.0	

Currently, retirement age is 60 years for men and 55 years for women. However, until recently, a woman could retire after she had served for 15 years continuously, which meant that it was not surprising to see women retiring when they were in their mid-forties. Men could retire after 25 years of continuous service, which again meant a relatively early retirement age. The attractive pension schemes led people to retire early and it is therefore not surprising in the sample that there are not many leaders in the age group of 50 and above. Furthermore, the above age profile shows the youthfulness of Kuwait's population in general, which is reflected by about 81% of the respondents being under the age of 40.

- Work experience

A similar pattern is also reflected in the number of years of work experience, whereby the majority of the respondents (56.2%) had less than 10 years of working experience. This is partly a heritage from the past, when most top positions were occupied by foreigners, and it is only in the past few years that the Government policy of Kuwaitisation and the Manpower Government Restructuring Program (MGRP) has forced organisations to replace foreigners with locals through quota systems (as discussed in chapter 2).

Until recently, locals used to shun working in the banking and financial sectors because of religious beliefs associated with the strict proscription of usury in Islamic religion. However, this problem has gradually been overcome, partly through Government awareness and campaign programs and policies of giving financial incentives to work in the private sector. Furthermore, with the country being predominantly Muslim, Shari'a-compliant products have been introduced by banks, financial institutions and other companies in Kuwait and this has seen more Kuwaitis enter the banking profession. Nevertheless, the picture is still that of 56.2% of respondents having less than 10 years of work experience, in-line with the previous findings of a young population.

- Nationality

As a result of Kuwaitisation, and the fact that representatives of the families who own the majority stake in companies often appoint one of their own members to the apex of the hierarchy (even if only ceremonially), many private companies in Kuwait are now headed by Kuwaitis, and the sample reflected that 218 (64%) respondents were Kuwaitis, and 122

(36%) were foreigners. Subsequent analysis investigated whether there were differences between Kuwaitis and non-Kuwaitis regarding the variables of interest.

- Educational qualifications

A notable feature of the Kuwait society is that a large proportion of the population attain degree-level or even postgraduate education. This is largely due to the free educational system in Kuwait which supports qualifying students with the right to free education to postgraduate level. In addition, many families can afford to send their children to private schools or universities outside Kuwait. As can be seen in table 5.3 below, almost 80% of the sample were holders of degrees or postgraduate qualifications.

**Table 5.3: Educational Profile**

	Frequency	Percentage	Cumulative Percentage
Secondary education and below	3	.9	.9
Diploma	55	16.2	17.1
Degree	213	62.6	79.7
Postgraduate degree	69	20.3	100.0
Total	340	100.0	

The few people without degrees are in many cases a legacy of the past whereby people were appointed to leadership positions by virtue of being Kuwaiti and not because of their qualifications. In some cases, the leaders occupy leadership positions because of *Wasta* nepotism, which means that someone could be in a position of authority because of strong connections and not necessarily because of merit.

- Position in the organisation

Table 5.4 indicates the current job position of the respondents. The questionnaire was distributed mainly to people in managerial and senior positions. It is expected that this category of people in an organisation are responsible for providing leadership vision, being proactive and taking risks that other members of the organisation might not be willing to take.

**Table 5.4: Position in Organisation**

	Frequency	Percentage	Cumulative Percentage
Executive level	65	19.1	19.1
Senior manager	87	25.6	44.7
Middle manager	109	32.1	76.8
Team leader	79	23.2	100.0
Total	340	100.0	

Based on the findings here, a higher response of 32.1% was observed from middle managers, followed by 25.6% from senior managers. The remaining 23.2% and 19.1% was received from team leaders and executive level people, respectively.

- Company's existence

It is important to describe the company characteristics from the point of view of its existence, the business activities that they are involved in and the size of the company in terms of number of employees, with the aim of gaining a bigger picture of the organisation environment in which leaders were operating. Furthermore, small companies tend to be less

bureaucratic than large companies. Therefore, we would expect to see more entrepreneurial activities in such small companies than large ones.

Table 5.5 below shows that the majority of the leaders (67.4%) were profiled from companies that had been in existence for more than 20 years, which shows that there were fairly established companies. However, there were as many as 23.2% of the leaders from companies that had recently been established and therefore were in their infancy stages (less than 10 years in existence).

**Table 5.5: Company's Age**

	Frequency	Percentage	Cumulative Percentage
Less than 5 years	36	10.6	10.6
Between 6 and 10 years	43	12.6	23.2
Between 10 and 15 years	20	5.9	29.1
Between 16 & 20 years	12	3.5	32.6
More than 20 years	229	67.4	100.0
Total	340	100.0	

- The nature of the business

From table 5.6, it is clear that the main targets were leaders from the banking and financial sector (72.1%). However, leaders from other closely related sectors such as insurance and investment were also included in the study. This gave us the opportunity to investigate whether contextual factors such as the nature of the business (i.e. banking, investment, services, etc.) was an explanatory variable to entrepreneurial leadership.

**Table 5.6: Nature of Business**

	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
Financial	<i>34</i>	<i>10.0</i>	<i>10.0</i>
Banking	<i>211</i>	<i>62.1</i>	<i>72.1</i>
Retail	<i>35</i>	<i>10.3</i>	<i>82.4</i>
Real Estate	<i>4</i>	<i>1.2</i>	<i>83.5</i>
Services	<i>17</i>	<i>5.0</i>	<i>88.5</i>
Investment	<i>15</i>	<i>4.4</i>	<i>92.9</i>
Insurance	<i>24</i>	<i>7.1</i>	<i>100.0</i>
Total	<i>340</i>	<i>100.0</i>	

From the findings in table 5.6, it can be observed that higher responses were from the banking fraternity (62.1%). Retail and financial sectors responded almost equally (10.3% and 10.0% respectively). These results provide an idea of the experience of respondents. The financial sector is one that is highly influenced by a wide range of factors, such as economic changes, political changes, and changes in local and international markets; in short, the financial industry is subject to market high volatility. From the responses, 72.1% (banking=62.1% + financial=10.0%) were from the world of finance. These managers are highly exposed to various matters regarding private firms, and therefore their participation can be considered to be of high importance based on the knowledge that they provide.

- Size of establishment

Although the unit of analysis was leaders, it is acknowledged that the leadership performance partly depends on how they relate with the employees. Size of establishment in particular may have something to do with the way the leadership manages people since

large establishments tend to be associated with bureaucracy, whereas in smaller establishments tend to be less bureaucratic and perhaps more entrepreneurial.

While bureaucracy has several advantages, especially when operating in a relatively stable and predictable environment, it fails to provide the flexibility, adaptability, speed, or incentives for creativity and innovation that are critical for effectively carrying out the mission of an organisation. Furthermore, there is the suggestion that smaller, more organic structures may be more proactive and appropriate when faced with high levels of environmental change (Miller, 1983). This is because entrepreneurial leadership represents an effective leadership response to environmental turbulence (Covin and Slevin, 1989). Table 5.7 above shows that 47.1% of the leaders were from very small companies with less than 20 people. Therefore, it is expected to see less bureaucracy in small sized companies, which encourages entrepreneurial thinking.

**Table 5.7: Company Size (No. of Employees)**

	Frequency	Percentage	Cumulative Percentage
Between 0-10	93	27.4	27.4
Between 11-20	67	19.7	47.1
More than 20	180	52.9	100.0
Total	340	100.0	

### *5.2.2 Descriptive statistics for studied variables*

As mentioned in the methodology chapter, the questionnaire consisted of 11 parts that sought information about the company's characteristics, the seven entrepreneurial

variables, leadership effectiveness, organisational performance and demographics. Table 5.8 shows the summary statistics of each of the main questions pertaining to the main variables that were answered, i.e. the various leadership measures. For each statement, respondents were asked the extent to which they agreed or disagreed with the items in the questionnaire.

A Likert-type scale of 1 to 5 was used (1=strongly disagree, 5=strongly agree). The characteristics most associated with entrepreneurial leadership are summarised in table 5.8 below. It would appear that entrepreneurial leadership was most associated with vision and setting challenging goals (see question P\_C\_5). The least associated with entrepreneurial leadership were contextual factors and in particular the economic climate, which was perceived as not conducive to business start-up and running of businesses (see question P\_H\_6). In addition, the table shows the average means were generally above 3, which means that the respondents were generally in agreement with the statements being asked.

**Table 5.8: Descriptive Statistics for Beliefs and Values**

Variable		N	Minimum	Maximum	Mean	Std. Deviation
Beliefs & values	P_B_1	340	1	5	4.12	.774
	P_B_2	340	1	5	4.08	.809
	P_B_3	340	1	5	3.94	.956
	P_B_4	340	1	5	3.99	.889
	P_B_5	340	1	5	3.46	1.119
Vision	P_C_1	340	1	5	3.98	.702
	P_C_2	340	2	5	4.28	.656
	P_C_3	340	1	5	4.11	.776
	P_C_4	340	2	5	4.22	.634
	P_C_5	340	1	5	4.36	.706
	P_C_6	340	1	5	3.94	.841
	P_C_7	340	1	5	3.51	1.052
	P_C_8	340	1	5	3.80	.793

Variable		N	Minimum	Maximum	Mean	Std. Deviation
Creativity & innovativeness	P_D_1	340	1	5	4.11	.692
	P_D_2	340	1	5	3.51	.952
	P_D_3	340	2	5	4.16	.680
	P_D_4	340	2	5	3.87	.842
	P_D_5	340	1	5	3.63	.934
	P_D_6	340	1	5	3.99	.902
	P_D_7	340	1	5	3.56	.908
Risk-taking	P_E_1	340	1	5	2.58	1.082
	P_E_2	340	1	5	3.61	.917
	P_E_3	340	2	5	3.89	.731
	P_E_4	340	1	5	3.86	.848
	P_E_5	340	1	5	3.34	.987
	P_E_6	340	1	5	3.91	.773
	P_E_7	340	1	5	4.03	.843
	P_E_8	340	1	5	3.66	.997
	P_E_9	340	1	5	3.66	.796
	P_E_10	340	1	5	4.21	.704
Proactiveness	P_F_1	340	1	5	3.61	.952
	P_F_2	340	1	5	3.06	1.003
	P_F_3	340	2	5	3.77	.799
	P_F_4	340	2	5	3.94	.771
	P_F_5	340	1	5	3.88	.874
	P_F_6	340	1	5	3.53	.836
	P_F_7	340	1	5	3.97	.746
	P_F_8	340	1	5	3.81	.901
Opportunity-seeking	P_G_1	340	1	5	3.84	.778
	P_G_2	340	1	5	4.00	.704
	P_G_3	340	2	5	3.76	.694
	P_G_4	340	2	5	3.98	.766
	P_G_5	340	1	5	3.61	.949
	P_G_6	340	2	5	4.07	.685
	P_G_7	340	2	5	3.74	.737
	P_G_8	340	1	5	3.97	.710
	P_G_9	340	1	5	3.45	.909
Contextual factors	P_H_1	340	2	5	4.26	.722
	P_H_2	340	1	5	4.10	.855
	P_H_3	340	1	5	3.91	.793
	P_H_4	340	1	5	3.93	.866
	P_H_5	340	1	5	3.55	1.081
	P_H_6	340	1	5	2.90	1.056

Variable		N	Minimum	Maximum	Mean	Std. Deviation
	P_H_7	340	1	5	3.21	1.138
Effectiveness	P_I_1	340	1	5	3.76	.782
	P_I_2	340	1	5	3.93	.743
	P_I_3	340	2	5	3.91	.759
	P_I_4	340	1	5	3.94	.742
	P_I_5	340	1	5	3.29	.972
	P_I_6	340	1	5	3.86	.726
	P_I_7	340	1	5	3.77	.883
	P_I_8	340	1	5	3.81	.856
		Valid N (listwise)	340			

### 5.3 Reliability Tests

The questionnaire was checked for the consistency in the items measuring each construct in the questionnaire. Whilst there are several approaches that can be employed to test for reliability, Cronbach's Alpha was used in this study to measure the data reliability. This refers to the degrees to which items that make up the scale 'hang together'. The findings are as shown in Table 5.9 below.

**Table 5.9: Reliability**

Construct	Number of Items	Cronbach's Alpha Coefficient
Beliefs and values	4	0.645
Vision	8	0.674
Creativity and innovativeness	7	0.630
Risk-taking	10	0.608
Proactiveness	8	0.684
Opportunity-seeking	9	0.743
Contextual factors	6	0.621

As can be seen from the table above, all constructs had Cronbach's Alpha coefficients marginally above the minimum acceptable value of 0.6 suggested by DeVellis (2003). Values above 0.7 are ideal but in some cases, especially in exploratory studies, Cronbach's

Alpha coefficient of 0.6 is acceptable. This means that all the items or questions will be sufficiently loaded and consistently measuring the construct which ensures reliability.

It must be noted that for beliefs and values, item PB-5 (The leadership is very relaxed) had to be deleted to increase the reliability level to acceptable levels. Similarly, item PH\_6 (The current economic climate is not conducive to business start-up and running of business) had to be omitted to improve the reliability level (see questionnaire in Appendix I), i.e. using the Item Delete feature of SPSS.

#### **5.4 Normality Test**

Before embarking on the statistical techniques, it was important to assess the normality of the data to check for data symmetry because parametric tests assume normality of data. This was done using a Kolmogorov-Smirnov test that assessed the normality of the distribution of scores for all the dependent variables including the independent variable- leadership effectiveness (see table 5.9, below). Kolmogorov–Smirnov test is a commonly used non-parametric method for comparing two samples. It is also used as a goodness of fit and testing normality of distribution.

The results in table 5.10 show that there was a violation of the assumption of normality as the Sig values were all below 0.05. The box-plot for each variable showed the outliers (cases with values well above or well below the majority of other cases). The data was investigated to see if the outliers' scores were genuine or and not just errors following which a decision was made to transform the data and use non-parametric tests. This is because our data do not meet the stringent conditions of parametric techniques and non-

parametric tests were employed because they are more robust and do not make assumptions about the underlying population distribution. The first non-parametric test conducted was Mann-Whitney test, which examines whether there are differences between two variables with regard to the variables being examined, followed by Kruskal-Wallis for experience, education, and position, nature of business, company existence and number of employees.

**Table 5.10: Kolmogorov–Smirnov Test**

	Kolmogorov-Smirnova		
	Statistic	df	Sig.
Beliefs and values	.184	340	.000
Vision (leadership)	.088	340	.000
Creativity and innovativeness	.100	340	.000
Risk-taking	.102	340	.000
Proactiveness	.102	340	.000
Opportunity-seeking	.105	340	.000
Contextual factors	.084	340	.000
Effectiveness	.103	340	.000

#### *5.4.1 Mann-Whitney test*

The different Mann-Whitney and Kruskal Wallis tests were meant to test the following hypotheses:

H1: Differences in demographic variables (gender, age, nationality, years of experience and position) significantly explain leaders' views of entrepreneurial leadership variables.

H2: Differences in company characteristics (company's years of existence, nature of business and size of establishment) significantly explain leaders' views of entrepreneurial leadership variables.

**Table 5.11: Mean Ranks by Gender**

	Age	N	Mean Rank	Sum of Ranks
Performance	Male	230	169.65	39019.50
	Female	110	172.28	18950.50
	Total	340		
Beliefs and values	Male	230	162.33	37335.00
	Female	110	187.59	20635.00
	Total	340		
Vision (leadership)	Male	230	173.05	39801.00
	Female	110	165.17	18169.00
	Total	340		
Creativity and innovativeness	Male	230	169.84	39064.00
	Female	110	171.87	18906.00
	Total	340		
Risk-taking	Male	230	166.01	38182.00
	Female	110	179.89	19788.00
	Total	340		
Proactiveness	Male	230	170.11	39124.50
	Female	110	171.32	18845.50
	Total	340		
Opportunity-seeking	Male	230	176.37	40565.00
	Female	110	158.23	17405.00
	Total	340		
Contextual factors	Male	230	165.62	38092.00
	Female	110	180.71	19878.00

**Table 5.12: Z-Scores**

	Performance	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors	Leadership effectiveness
Mann-Whitney U	12454.500	10770.000	12064.000	12499.000	11617.000	12559.500	11300.000	11527.000	12546.000
Wilcoxon W	39019.500	37335.000	18169.000	39064.000	38182.000	39124.500	17405.000	38092.000	18651.000
Z	-.240-	-2.246-	-.695-	-.179-	-1.223-	-.107-	-1.599-	-1.331-	-.123-
Asymp. Sig. (2-tailed)	.810	.025	.487	.858	.221	.915	.110	.183	.902

Grouping Variable: Gender

Table 5.11 shows the mean rank scores (i.e. medians) between the variables and gender in order to ascertain whether there were differences between men and women and whether these differences are statistically significant.

The analysis converts the scores into ranks, across the two groups and therefore the distribution of the scores was immaterial. The results as shown in table 5.12 show that all the Z-values were not statistically significant save for beliefs and values where there were differences between these two independent groups. Women had higher mean ranks compared to men (187.59:162.33). However, there were no statistically significant differences between men and women with regard to the rest of the entrepreneurial characteristics.

Similar Mann-Whitney tests were done for nationality and the results showed that there was no statistical difference between Kuwaitis and non-Kuwaitis across all the entrepreneurial leadership variables.

#### *5.4.2 Kruskal-Wallis Test*

The Kruskal-Wallis test allows comparison of the scores on a continuous variable for three or more groups and again scores are converted to ranks and the mean rank for each group is then compared. Table 5.13 provides the Kruskal-Wallis for years of experience. The test was carried out to understand the significance of years of experience on all studied variables. Based on the result, significance is observed only with Vision (0.019) and Contextual Factors (0.001). In other words, experience of the leader influences leaders'

ability to envision and in turn their entrepreneurial leadership. Similarly contextual factors had such positive impact as well.

**Table 5.13: Kruskal-Wallis for Years of Experience**

	Performance	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors	Leadership effectiveness
Chi-Square	5.168	.754	9.926	.714	3.465	3.481	.722	16.433	2.018
Df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.160	.860	.019	.870	.325	.323	.868	.001	.569

a. Kruskal Wallis Test

b. Grouping Variable: Years of work experience

Table 5.14 shows the Kruskal-Wallis test for education. Based on the results, education has strong significance with performance (0.005), creativity and innovativeness (0.006) and contextual factors (0.007). Furthermore, significance is observed with risk-taking (0.029).

**Table 5.14: Kruskal-Wallis for Education**

	Performance	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors	Leadership effectiveness
Chi-Square	13.062	.413	.494	12.310	9.046	5.865	2.366	12.254	2.072
Df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.005	.938	.920	.006	.029	.118	.500	.007	.558

a. Kruskal Wallis Test

b. Grouping Variable: Education

Table 5.15 shows the Kruskal-Wallis test for position. Job position has significance only to one variable. The significance to opportunity-seeking is strong with a value of 0.009.

**Table 5.15: Kruskal-Wallis for Position**

	Performance	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors	Leadership effectiveness
Chi-Square	1.045	.238	7.678	7.132	6.720	4.145	11.630	1.593	4.248
Df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.790	.971	.053	.068	.081	.246	.009	.661	.236

a. Kruskal Wallis Test

b. Grouping Variable: Position

Given that most of the respondents were in fairly senior positions (e.g. team leader, middle management, senior management and executive levels), it would appear that the greatest opportunity for entrepreneurial leadership exist at the top management level. This suggests a tendency to look up the organisation for entrepreneurial leadership. Table 5.16 shows the Kruskal-Wallis test results for nature of business. The results indicate significance with creativity and innovativeness (0.001), risk-taking (0.041) and contextual factors (0.000). In other words, the type of business has significance on different leadership variables. One would have expected the banks to be more rigid and not necessarily entrepreneurial in orientation, but the results suggested that the banks were more entrepreneurial than investment companies, which at first was a surprising finding. Later, it became clearer that the impact of the financial crisis had led the investment companies to be much more prudent and averse to risk-taking.

**Table 5.16: Kruskal-Wallis for Nature of Business**

	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors	Effectiveness
Chi-Square	.983	2.278	13.985	6.369	5.238	1.551	25.731	2.571
Df	2	2	2	2	2	2	2	2
Asymp. Sig.	.612	.320	.001	.041	.073	.461	.000	.276

a. Kruskal Wallis Test

b. Grouping Variable: Nature of business

The next analysis investigated whether there were differences between the company's lengths of existence with regards to the variables that were being investigated. Some companies had been in existence for considerable length of time whereas others had recently been established (less than 5 years).

Based on the results in table 5.17 significance was observed only with leadership vision (0.024), company existence (number of years that the company has been in operation) has significance only with leadership vision (0.024). In other words, the vision of the leader is expected to be influenced by the length of time the company has been in operation.

**Table 5.17: Kruskal-Wallis for Company Operation**

	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors
Chi-Square	2.179	11.231	3.871	1.777	1.221	5.440	2.589
Df	4	4	4	4	4	4	4
Asymp. Sig.	.703	.024	.424	.777	.875	.245	.629

a. Kruskal Wallis Test

b. Grouping Variable: Company Operation

Table 5.18 shows the results for the impact of size of the company as reflected in the number of employees on the variables under investigation. Based on the Kruskal-Wallis tests, number of employees is significant with creativity and innovativeness (0.000), risk-taking (0.002), proactiveness (0.030) and contextual factors (0.000). These are factors that are influenced by the firm size (number of employees). In some cases, the size of the firm can also be established by the number of employees. In other words, creativeness, innovativeness, risk-taking, proactiveness, and contextual factors are expected to be influenced based on the number of employees. Most of the data came from organisations that had more than 25 employees and therefore, it can be understood that large number of employees constitute to these factors being significant.

**Table 5.18: Kruskal-Wallis for Number of Employees**

	Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors
Chi-Square	3.068	1.378	22.962	18.389	12.341	3.277	35.208
Df	5	5	5	5	5	5	5
Asymp. Sig.	.689	.927	.000	.002	.030	.657	.000

a. Kruskal Wallis Test

b. Grouping Variable: Number of employees

## 5.5 Non-Parametric Correlation Tests

Correlation helps us to understand how one variable is significantly correlated to the others. From table 5.19 it can be observed that beliefs and values have weak positive correlation with vision and leadership (0.262), creativity and innovativeness (0.255), risk-taking (0.218), proactiveness (0.262), opportunity-seeking (0.315), contextual factors (0.182) and leadership effectiveness (0.324).

Vision has weak positive correlation with beliefs and values (0.262), creativity and innovativeness (0.363), risk-taking (0.420), proactiveness (0.320), opportunity-seeking (0.473), contextual factors (0.224) and leadership effectiveness (0.388).

Creativity and innovativeness has strong positive correlation with risk-taking (0.576). There is weak positive correlation with beliefs and values (0.255), vision (0.362), proactiveness (0.492), opportunity-seeking (0.454), contextual factors (0.333) and leadership effectiveness (0.450).

**Table 5.19: Correlations**

			Beliefs and values	Vision (leadership)	Creativity and innovativeness	Risk-taking	Proactiveness	Opportunity-seeking	Contextual factors	Leadership effectiveness
Spearman's rho	Beliefs and values	Correlation Coefficient	1.000							
		Sig. (1-tailed)	.							
	Vision (leadership)	Correlation Coefficient	.262**	1.000						
		Sig. (1-tailed)	.000	.						
	Creativity and innovativeness	Correlation Coefficient	.255**	.362**	1.000					
		Sig. (1-tailed)	.000	.000	.					
	Risk-taking	Correlation Coefficient	.218**	.420**	.576**	1.000				
		Sig. (1-tailed)	.000	.000	.000	.				
	Proactiveness	Correlation Coefficient	.262**	.320**	.492**	.583**	1.000			
		Sig. (1-tailed)	.000	.000	.000	.000	.			
	Opportunity-seeking	Correlation Coefficient	.315**	.473**	.454**	.484**	.551**	1.000		

	Contextual factors	Sig. (1-tailed)	.000	.000	.000	.000	.000	.			
		Correlation Coefficient	.182**	.224**	.333**	.381**	.339**	.348**	1.000		
	Leadership effectiveness	Sig. (1-tailed)	.000	.000	.000	.000	.000	.000	.		
		Correlation Coefficient	.324**	.388**	.450**	.452**	.513**	.526**	.364**	1.000	
		Sig. (1-tailed)	.000	.000	.000	.000	.000	.000	.000	.	
		N	340	340	340	340	340	340	340	340	340

\*\* . Correlation is significant at the 0.01 level (1-tailed).

Risk-taking has strong positive correlation with creativity and innovativeness (0.576) and proactiveness (0.583). There is weak positive correlation with beliefs and values (0.218), vision (0.420), opportunity-seeking (0.484), contextual factors (0.381), leadership effectiveness (0.454).

Proactiveness has strong positive correlation with risk-taking (0.583), opportunity-seeking (0.551) and leadership effectiveness (0.513). There is weak positive correlation with beliefs and values (0.262), vision (0.320), creativity and innovativeness (0.492), risk-taking (0.484) and contextual factors (0.339).

Opportunity-seeking has strong positive correlation with proactiveness (0.551) and leadership effectiveness (0.526). There is weak positive correlation with beliefs and values (0.315), vision (0.473), creativity and innovativeness (0.454), risk-taking (0.484) and contextual factors (0.339).

Contextual factor has weak positive correlation with beliefs and values (0.182), vision (0.224), creativity and innovativeness (0.333), risk-taking (0.381), proactiveness (0.319) and leadership effectiveness (0.364).

The final variable in the correlation is leadership effectiveness. There is strong positive correlation with proactiveness (0.513) and opportunity-seeking (0.526). There is weak positive correlation with beliefs and values (0.324), vision (0.388), creativity and innovativeness (0.450), risk-taking (0.452) and contextual factors (0.364).

The findings indicate that all variables are positively correlated with each other with significant values below 0.01. In other words a change in any one variable can influence the other variable positively. Leadership factors that are studied here are significantly correlated with each other and impact organisation performance.

With the exception of beliefs and values and contextual factors, all the variables had loadings above 0.6, which is generally considered to be high. Loadings below 0.4 are considered to be low (Kachigan, 1991). In sum, entrepreneurial leadership is multi-dimensional.

The correlation between contextual factors and other variables was low to moderate, and there was no strong correlation.

**Table 5.20: Factor Analysis**

**Component Matrix<sup>a</sup>**

	<b>Component</b>
	<b>1</b>
Beliefs and values	.464
Vision (leadership)	.651
Creativity and innovativeness	.752
Risk-taking	.814
Proactiveness	.782
Opportunity-seeking	.801
Contextual factors	.565
Effectiveness	.764

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

All variables positively correlated moderately to high with leadership effectiveness and the relationship was statistically significant. The Spearman Rho coefficient between the variables and leadership effectiveness ranged 0.324 to 0.526, and all were statistically significant at the 0.01 level (1-tailed), indicating that the entrepreneurial characteristics were associated with leadership effectiveness. The results suggest that a strong relationship exists between leadership effectiveness and proactiveness (Rho=0.513 and opportunity-seeking (Rho=0.526).

### **5.6 Logistic Regression**

Following on the basis that the data was not normally distributed, it was decided to use logistic instead of multiple regressions, using the forced method whereby all predictor variables are tested in one block to assess their predictor ability. The dependent variable data was transformed into dichotomous values with a value of 0 assigned for low

performance and 1 for high performance. A cut off value of 30 and below was considered to be low and above which, it was considered to be high. In this case logistic regression allowed us to predict which variables predicted leadership effectiveness. Logistic regression therefore enabled us to test the following hypotheses:

H3: Entrepreneurial leadership characteristics:

- H3a: leadership beliefs and values significantly predict entrepreneurial leadership effectiveness.
- H3b: leadership vision significantly predicts entrepreneurial leadership effectiveness.
- H3c: creativity and innovativeness will be positively correlated to entrepreneurial leadership effectiveness.
- H3d: risk-taking significantly predicts entrepreneurial leadership effectiveness.
- H3e: proactiveness significantly predicts entrepreneurial leadership effectiveness.
- H3f: opportunity-seeking significantly predicts entrepreneurial leadership effectiveness.

H4: Contextual factors significantly predict leadership effectiveness.

The Omnibus Tests of model coefficients gives us an overall indication of how well the model performs over and above the results obtained for Block 0 with none of the predictors

entered into the model. The results were highly significant ( $p < 0.0005$ ). This means that the model was better at distinguishing between high and low leadership effectiveness. The  $\chi^2 (7, n=340) = 105.429$ . The Hosmer and Lemeshow goodness of fit test had a value of 0.375, which was greater than 0.05 and  $\chi^2 (8, n=340) = 8.627$ , thereby supporting our model.

From the model summary table, the Cox and Snell R<sup>2</sup> (0.267) and Nagelkerke R<sup>2</sup> values (0.355) suggests that between 26.7% and 35.5% of the variability was explained by this set of variables.

The classification table indicates that the model correctly classified 70.3% of cases i.e. (percentage accuracy in classification PAC).

The logistic regression predicting leadership effectiveness is as shown in the variables in the equation. Table 5.21 shows the contribution of each of our predictor variables according to the Wald test.

The independent variables that made a unique statistically significant contribution to leadership effectiveness were (a) beliefs and values (b) vision and (c) proactiveness. As the term implies, proactiveness entails an action oriented and an emphasis on anticipating and preventing problems before they occur. It would appear that the leaders had considerable perseverance and were willing to assume responsibility for what had happened during the financial crisis. They still had hope and vision for the future and believed that the situation would improve. However, it would appear that they were much more cautious of taking high risks or willing to indulge in new and innovative products and services, which might also be very risky.

All the B coefficients were positive, meaning that a positive increase in the independent variable score resulted in an increased probability of the case recording a score of 1 in the dependent variable (see table 5.21, below).

**Table 5.21: Variables in the Equation**

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	factor_B	.157	.060	6.766	1	.009	1.170
	factor_C	.109	.048	5.157	1	.023	1.115
	factor_D	.040	.053	.577	1	.447	1.041
	factor_E	.096	.050	3.736	1	.053	1.101
	factor_F	.117	.049	5.807	1	.016	1.125
	factor_G	.070	.046	2.304	1	.129	1.072
	factor_H	.041	.044	.854	1	.355	1.042
	Constant	-17.484	2.267	59.482	1	.000	.000

a. Variable(s) entered on step 1: factor\_B, factor\_C, factor\_D, factor\_E, factor\_F, factor\_G, factor\_H.

Exp (B) values are the odds ratios (OR) for each of the independent variable i.e. it represents the change in odds of being in one of the categories of outcome when the value of a predictor increases by one unit.

The case wise list gives us information about cases in the sample for which the model does not fit well and are most likely to be outliers. Cases 24, 277 and 317 have ZResid values above 2.5 or less than -2.5.

From the above logistic analysis it can be concluded that hypothesis 4 was not supported, whilst there was support for hypothesis H3a, H3b and H3e (i.e. with respect to beliefs and values, vision and proactiveness, respectively).

Finally, it must be noted that hypothesis H5 (i.e. leadership effectiveness significantly predicts organisational performance) could not be statistically tested as SPSS would not converge.

### **5.7 Summary Linking Findings to Hypotheses**

The findings indicate that whilst female respondents might have had strong values and beliefs in entrepreneurial leadership compared to their male counterparts, no statistically significant differences could be established with regards to the rest of the entrepreneurial characteristics such as visionary, proactiveness, creativity and innovation, risk-taking and opportunity seeking.

Differences were observed between the more and less experienced leaders in that the former exhibited more visionary skills.

Education was another important demographic factor, with more educated respondents exhibiting greater more creativity, innovation and risk-taking characteristics compared to less academically qualified leaders.

The respondents in senior leadership positions exhibited greater opportunity-seeking characteristics than their other counterparts.

Leaders from banks exhibited more creativity and innovation and also had more propensities for risk-taking compared to respondents from other sectors.

Leaders from companies with a relatively large number of employees (greater than 25) exhibited more entrepreneurial leadership characteristics than those from very small companies.

The summary of the correlation tests revealed that there was a positive correlation between all the entrepreneurial characteristics and leadership effectiveness and the results were statistically significant.

### 5.8 Summary of Hypotheses Testing Based on Logistic Tests

Table 5.22 summarises the hypotheses findings based on the logistic tests and indicates which ones were supported and which ones were not.

**Table 5.22: Summary of Logistic Testing of Hypotheses**

<b>Hypothesis</b>	<b>Description</b>	<b>Supported</b>
H1	Differences in demographic variables (gender, age, nationality, years of experience and position) significantly explain leaders' views of entrepreneurial leadership variables	Yes
H2	Differences in company characteristics (company's years of existence, nature of business and size of establishment) significantly explain leaders' views of entrepreneurial leadership variables	Yes
H3a	Leadership beliefs and values significantly predict entrepreneurial leadership effectiveness.	Yes
H3b	Leadership vision significantly predicts entrepreneurial leadership effectiveness.	Yes
H3c	Creativity and innovativeness is positively correlated to entrepreneurial leadership effectiveness.	No
H3d	Risk-taking significantly predicts entrepreneurial leadership effectiveness.	No
H3e	Proactiveness significantly predicts entrepreneurial leadership effectiveness.	Yes
H3f	Opportunity-seeking significantly predicts entrepreneurial leadership	No
H4	Contextual factors significantly predict leadership effectiveness.	No
H5	Leadership effectiveness significantly predicts organisational performance	No

## **5.9 Chapter Conclusion**

This chapter presented the statistical analysis conducted in order to investigate entrepreneurial characteristics of leaders in Kuwait. The analysis commenced with descriptive analysis and this gave an overview of how the respondents answered the questionnaire, whether there were differences between leaders from: different nationalities, age groups, gender, positions, experience and qualifications. The analysis also investigated whether the nature of the business determined entrepreneurial leadership. Generally, there were no differences between men and women (gender) regarding their scores of entrepreneurial leadership characteristics and neither were there differences between Kuwaitis and non-Kuwaitis (nationality).

Differences were also observed between leaders with different educational qualifications in the areas of creativity and innovativeness and risk-taking and those with higher educational qualifications had higher scores. Based on the findings, leaders from the banking and insurance sectors were more risk-taking than their counterparts in the investment sectors. This could be partly because the investment sector had been the worst hit sector during the financial crisis and therefore the leaders were much more cautious of their activities when this study was conducted.

The correlation analysis revealed that there was a strong and positive correlation between the entrepreneurial leadership characteristics and leadership effectiveness and the relationship was statistically significant. Further logistic regression showed that the main predictors of leadership effectiveness were their beliefs and values, vision and proactiveness. The leaders did not exhibit the other characteristics of entrepreneurial

leadership, namely: risk-taking, opportunity-seeking, creativity and innovativeness. These underlying traits and behaviours are key dimensions of entrepreneurial leadership. The contextual factors were also not necessarily predictors of leadership effectiveness in this case.

Since organisations can be characterised in terms of their entrepreneurial orientation or intensity, which is a reflection of creative and innovative, risk-taking, and how proactive they are, it might be difficult to characterise these leaders as entrepreneurial leaders and neither can the organisations be possessing entrepreneurial culture. However, to be able to understand and interpret the results better, quantitative data was complemented with qualitative data from interviewing 12 leaders from the same Kuwait private sectors.

## **CHAPTER 6: FRAMING AND ANALYSIS OF QUALITATIVE DATA**

### **6.1 Introduction**

This chapter presents the qualitative findings and analysis done to complement and aid understanding and interpretation of the quantitative analysis. The study examines the characteristics and traits of leaders and how these enable leaders to become innovative and creative, risk-taking and proactive in their organisations, which may ultimately lead to enhanced organisational performance. To achieve that, responses from 12 leaders from Kuwait's various companies within the banking and finance sectors (service industries) were interviewed with the view to understand their leadership styles and the key characteristics that they exhibited. To this end, a framework was conceptualised in chapter 3 that acknowledged that entrepreneurial leadership in Kuwait companies was underpinned by certain characteristics as well as unique contextual factors and that entrepreneurial leadership was important because of its effect on organisational performances (see figure 3.3). The purpose of this chapter is to present the rich descriptive evidence collected and allow it to 'speak for itself'. The findings were analysed with respect to the conceptual model and this analysis complemented statistical analysis that statistically validated the findings.

The chapter provides qualitative evidence to enhance the research findings by complementing quantitative data and assists in the interpretation of the data. The evidence obtained helped in exploring issues that could not easily be unravelled by quantitative data, taking advantage of the approach's ability to probe in respondents and getting them to explain issues in more detail. For example, the link between leadership effectiveness and

organisational performance was not easily established statistically, but through further probing of these participants, it was possible to explore this relationship. To that end a qualitative interview guide was formulated based on the literature review (see appendix 2). However, it must be noted that the main paradigm was quantitative, and it was difficult to collect qualitative data from a large sample through interviews. Instead, respondents preferred to submit their responses by completing a quantitative questionnaire. These are some of the challenges of conducting research in such strong cultural environments wherein some male leaders may be uncomfortable being interviewed by a female researcher, and the converse is equally true.

The outcomes of this analytical process are developed in a series of emergent themes presented in the following data sections. To enable the reader to develop a detailed appreciation of the participants' experiences and to allow their voices to be heard (Kempster and Cope, 2009), the following sections include detailed engagement with, and direct quotations from, the empirical material generated from the interviews.

## **6.2 Beliefs, Values and Preferred Styles of Leadership**

An examination of the data reveals several dominant themes that highlight the distinctive characteristics of entrepreneurial leadership and the contextual factors in which the interviewees were operating in. In so doing, this study augments extant research, which Vecchio (2003) argues has failed to identify the unique characteristics of entrepreneurial leadership.

### *6.2.1 Alignment of personal to organisational goals*

Whilst it was important to have an overview of the company and its operations, the focus of the research is the leaders themselves, and in particular the characteristics that they possess, in order to determine whether such characteristics and traits attribute to entrepreneurial leadership. It was therefore important to gather some background knowledge about the interviewees, particularly the values and beliefs which shape the way leaders behave and act in organisations.

Interviewee 8 believed that:

The first objective is to maximize the shareholders' wealth. I always believed that if a person works in a company that his goal is to maximize wealth of the owners or shareholders either by maximizing the income or controlling the spending. So it works both ways. This is my goal.

However, he believed that personal goals are not always attuned to company goals when he stated that:

Sometimes there are people seeking personal goals and personal achievements... sometimes it causes a lot of problems. It's a hurdle for the company to go forward but this is life, you won't find... that everybody is seeking the same goal as that of the company.

This is more so now in Kuwait, where most of the leaders in financial institutions such as the National Investment Company are required by law to have Kuwaiti nationals occupying such senior leadership positions as part of the Kuwaitisation policy. Most of these Kuwaitis run their private businesses in parallel, and therefore they sometimes have divided attention, and in some cases people may be interested in pursuing personal goals as opposed to trying to advance the company and make it more proactive and competitive.

Interviewee 6 tried to abide by the goals and objectives as given by the Board and the Treasury Director. However, the credit crunch and financial crisis meant that the whole economy was performing much slower than before and the company was not achieving targets because they were hard to achieve under the prevailing environment.

He believed that most Kuwaitis do not value the importance of work and are just interested in their salary at the end of the month. He substantiated the evidence earlier provided by Interviewee 8 that some Kuwaitis may not be particularly interested in the actual work itself and as a result may be lacking work values and ethics and instead may just be interested in getting money but without necessarily working hard for it.

The Government's job-for-life policy and the awarding of lucrative wages for Kuwaiti civil servants has meant that the private sector often cannot compete with the public sector for ordinary positions in the hierarchy. It is widely believed that most Kuwaitis find it less attractive to work in the private sector where they are expected to work hard and be productive when they could be earning similar or even higher wages in the public sector for doing much less work with better (single shift) working hours. As part of its efforts to wean Kuwaitis off dependence on state employment, the Government has even gone so far as to supplement the salaries of Kuwaitis working in the private sector as an extra incentive (and to offset the excessive over-staffing in the public sector). The government has a daunting task of employing freshly graduated Kuwaitis from universities seeking Government sector jobs.

Interviewee 9 felt that his personal goals were not always aligned with company goals.

My goal is to be a regional player and not a domestic player. After the crisis my perspective of this matter has changed dramatically; from my point of view I

think that my personal goals are not parallel to the goals of the organization and I have to keep in mind that with time people change, they get older and it is not a very good idea to let the organisation grow on your account financially and time-wise and socially. So I am thinking of early retirement.

He believed that one of the main policies to remedy this question is to apply bonus and stock share schemes, so that if the company is doing well then the employee benefits directly. This way, it is believed that there would be more organisational commitment on the part of employees. However, such schemes can only be meaningfully applied to national leaders, because most expatriates tend to have short-term contracts and might instead be interested with performance bonuses rather than employee stock ownership schemes.

The situation was obviously different when the leaders were the owners of the companies at the same time, because here it was expected that the individual and company goals were likely to be the same because the boundary between the two was blurred. This was confirmed by Interviewee 12, who was of the view that:

Individual objectives are always part of the overall vision, usually we place a lot of emphasis on those individual goals if it is clear to us that they will help us achieve our grand vision, what we want to be, where do we want to reach. So yes we place big emphasis if it will lead to our goals for the company...It is usually the same, if I look at it from a qualitative point of view, I aspire to be a regional authority when it comes to the job I do and I aspire that the company becomes the leading corporation within the region.

A contrasting view came from Interviewee 1, who believed that personal goals should be aligned with company goals, because the realisation of company goals effectively meant the realisation of personal goals as well:

When I succeed in what I am doing for the company that means I as a person am succeeding...when you pursue your own personal goals and your company's objectives then you succeed as a person. But sometimes when you follow your own goals and don't give enough attention to the company's goals you might not

succeed and that will back fire on you. So, personal objectives must go with the company's objectives to succeed.

This was the ideal situation to have individual goals and objectives aligned with those of the company so that the employees can make meaningful contribution to success of the organisation and they reap the benefits in the same process.

- Key findings

In summary, what emerged was that most of the leaders' goals and objectives were not necessarily aligned with those of the companies that they were working for unless they owned the companies or had substantial shareholdings in them, in which case their individual aspirations were the same as those of the companies. A key issue in Kuwait's private sector is job security, and this is why most Kuwaitis would rather work for the Government, where they have jobs for life according to the Constitution. As a result of job insecurity in the private sector, some Kuwaitis are pursuing private businesses in parallel to their fulltime work, and in some cases there were conflicts of interests and their goals and objectives may not necessarily be aligned with those of the companies that they work for. In the majority of cases, the company suffers as these employees tend to pay particular attention to their own goals and objectives as opposed to company's goals. This finding was supported by 9 out of the 12 respondents interviewed.

#### *6.2.2 Style of leadership most commonly adopted*

It was also important to try and establish the style of leadership most commonly adopted in these companies and whether they were effective or not. This was particularly important to investigate in view of the topic of entrepreneurial leadership. Interviewee 8 felt that leaders

ought to be close to the employees and develop a close working relationship so that there is no 'them and us' atmosphere as it leads to unnecessary tension and anxiety in the company:

I think leadership for me is the way I deal with employees and that you should lead by example. You should have a friendly relationship with your employees instead of giving orders and showing them that you are more powerful than them. My employees have a friendly relationship with me...we are friends more than manager-employee relationship.

He believed that such a style of leadership is more effective and is successful as opposed to adopting a rigid and tough relationship with the employees. The approach was successful in that it made him get closer to the employees and allowed free flow of information both horizontally and vertically and it enabled him to receive essential feedback related to their work. However, it ought to be mentioned that such a style of leadership was probably more effective because the company in question was a relatively small one with three employees, and mainly domestic operations with few transactions within the broader GCC region. This respondent also believed that entrepreneurial leadership requires a facilitative style of leadership and that gives subordinate the opportunity to 'think outside the box' and be creative as opposed to one that stifles creativity.

Similarly, Interviewee 4 thought that a centralised management style was not very effective in a money market dealing with treasury work, but rather preferred a more permissive leadership approach:

I don't use orders, I always discuss and use examples, and I never give up. I must know the people I am dealing with to know how to deal with them. I don't like dealing with people that are used to obeying orders. Therefore I always discuss and let them do their job in their own way and if they mistakes...I let them learn from their mistakes.

Interviewee 6 also shared the same sentiments that a close relationship with employees was very beneficial for him as well as the employees in that they got motivated to perform better:

Taking opinions of people working with me in some decisions...helps me and helps them in finding out more solutions...Even with the top managers, we do sit and talk...We always set weekly meeting to discuss achievements and targets and share opinions. It is very effective and I think our employees are more motivated this way. We don't try to hide things; there is transparency between the departments.

Interviewee 9 felt that an effective management style in a service sector is one where the top leaders or managers closely mingle and associate with employees to share ideas and exploit the hidden talents that most employees have:

I became a good friend with everybody which makes it very difficult to discipline people, but this had more advantages like the advantage of making everybody respect the authority instead of feeling that they just have to do what they are told to do. So this style helps them lose fear that might prevent them from thinking because they will adopt the theory...To be honest with you I don't think that this style of management will work if the organization was bigger than this. It also goes with the type of business, we are service providers and it is very important that the representative is happy when he meets clients. It is effective because it makes everybody happy and we are a services company so it is important to meet the clients while you are comfortable but this management style is effective only in small companies, the larger it gets the more professional the organization has to be.

However, he also acknowledged that this style of management was only feasible in a small to medium sized company and might not work in a large company. These views were shared by many of the leaders interviewed (6 out of 9), although there was some contrasting views from Interviewee 1 who thought otherwise, and was of the view that a leader does not have to be democratic to be effective:

My style of leadership is not necessarily democratic. I listen to others, I analyse but finally I make the decision and it has been very effective. For example if we are taking a new project like improving the IT, and internet services in our

company we take feedback from different people but at the end I make the final decision.

However, Interviewee 1 felt that in most family-owned businesses the style of leadership is very much influenced by what the owner wants or thinks is right, and the rest of the employees are then expected to follow his lead. This would imply an autocratic style of leadership as being practiced by these family-owned businesses. It was rather difficult to judge whether this leadership style was effective or not because the credit crunch and the financial crisis had adversely affected the Al-Bahr group's performance.

- Key findings

In summary, a more democratic style of leadership was favoured by most of the leaders as it was thought to surface out important knowledge based competencies that resided within employees and at the same time was more motivating for the employees themselves, as they were free to express themselves and share their knowledge with top management, thereby making the organisations much more effective than otherwise would have been the case. This way, ideas could easily be shared amongst the employees and management which was key aspect in knowledge based organisations interested in developing themselves and becoming more innovative and creative. With a few exceptions (n=3), many of the leaders felt that it was important for the leaders themselves to be close to their subordinates and interact with them more closely in order to get to know them better and get them to express some of their ideas freely as opposed to just telling them what to do. Good leadership required having a good relation with subordinates in order to get the maximum output from them. The exceptions were noted in family-owned businesses where there was a tendency by the family owners to just give instructions of what needed to be

done and expected the rest of the employees to comply. Such an environment was not considered to be conducive to an entrepreneurial culture.

### 6.3 Company Characteristics

It was equally important to obtain as much information as possible concerning the companies' characteristics to determine whether the companies were being innovative and at the same time gain an appreciation of the kind of products and services that constituted the scope of their work. Such information would assist in determining whether the leaders of these companies were entrepreneurial leaders or not. In addition, such data would assist in determining whether there were unique company characteristics that were associated with entrepreneurial leadership.

The company profiles shown in Table 6.1 indicate that many of the companies sell financial services with a license for asset management and corporate finance, which are the two main businesses in investment companies. The financial sector is one of the most important sectors in Kuwait outside the oil sector. Kuwait has not got a strong industrial sector as such but the service sector mainly consists of finance and banking, real estate and retail business. It was therefore important to gain an understanding of how the service sector was performing, in particular the financial sector in order to ascertain whether there was effective entrepreneurial leadership in some of these companies.

**Table 6.1: Companies' Profiles**

	<b>Name of company</b>	<b>Est.</b>	<b>Market</b>	<b>Nature of Business</b>
1	National Investment Co.	Mid-1980s	Kuwait	Microcredit
2	Kuwait and Middle East Financial Investment Co. (KMEFIC)	1974	Kuwait, GCC, Egypt, Jordan, Lebanon.	International financial advisors, investment banking activities

3	Kuwait and Middle East Financial Investment Co. (KMEFIC)	1974	Kuwait	Treasury and investment
5	Massaleh Investment	1982	Kuwait, GCC	Real estate
6	Arab Investment Company	2007	Kuwait	Mergers and acquisitions, corporate finance deals
7	Kuwait Insurance Company (KIC)	1960	Kuwait	Financial services, Insurance
8	Al-Wazzan	1978	GCC, international	Holding company, Investment
9	Soor Engineering Bureau	1990	Kuwait	Engineering, consulting services

Most of the operations of this sector have largely been confined to the indigenous market, although in a few cases the companies have been offering services in the GCC region as a whole. Only one company, Al-Wazzan, had expanded internationally. This means that these Kuwaiti companies still have a long way to go if they are to take centre stage in the international community and be able to compete internationally based on offering new products and services on the international market. This is partly a reflection of the insulated nature of Kuwait until fairly recently, when it has started to liberalise its economy and open its doors to foreign direct investment (FDI).

What is also clear from the characteristics of these companies is that they are generally small- to medium-sized companies, despite the fact that some of them have been in business for relatively long time periods confirming the view that most small businesses remain small and do not grow to become large international companies. This is characteristic of family-owned businesses and with strong ethnic tendency.

However, some business units that constituted part of a holding company, such as Al-Wazzan and the Kuwait and Middle East Financial Investment Co. (KMEFIC), started as family owned companies and grew to become publicly listed companies.

Apart from the financial sector, the real estate business presents many opportunities in Kuwait chiefly because the cost of land is considered high, making it difficult for many young people to own their own houses, therefore they end up living with their families. Although living close together as a family is partly traditional, it is also explained by the fact that most people cannot afford to build their own homes despite the fact that some generations would ideally want to own their homes and to live independently from their parents.

Most of the land in Kuwait is owned by the Government because of its rich potential of oil exploitation and also because the country is very small, therefore the land is very scarce and carefully managed. Therefore those companies that have been able to buy land and develop it have a potential for high returns, either through speculative buying or through developing it. However, what is important from these companies' characteristics are whether the companies are innovative and actively improving their products and service or they were relatively static and bureaucratic. This point will be addressed in detail later in the subsequent sections. What is however more important at this stage is to analyse the data carefully to see if certain categories or themes emerged in relation to our conceptual framework.

#### **6.4 Entrepreneurial Leadership and Visionary**

The questions under this heading explored how leaders viewed their companies in the future and how such visions could be realised. This is important because some companies pay particular attention to realisation of short-term goals, whereas other companies are

involved in both short- and long-term goals. In this regard, it is taken that a vision guides the entrepreneurial leaders' behaviours in the long term.

Kuwaiti leaders and companies may not be particularly skilled at strategic thinking, as many leaders lack such skills to get the plans formulated. As noted earlier, this may be because of the societal culture, which according to Hofstede (1980), further substantiated by the Globe study of 62 nations (House *et al.*, 2004), Kuwait has a short-term orientation and places emphasis on the past and present and not so much in the future. Whilst it is important for entrepreneurial leaders to have some abstract image in their minds about what they intend to accomplish, they must be able to create a similar image in the minds of others. Therefore, of particular importance is to know whether and how these leaders involved their employees in the whole strategic planning process to unleash the potential of individuals in an organisation.

When asked how he saw the future of the company and whether the company's vision will be realised or not, Interviewee 8 was pessimistic about the future although he still saw the future business still in brokerage in asset management except that expanding abroad was being considered in the future in order to get more business. He thought the company (Local Arab National Investment Company) was not yet out of the woods, and therefore the company's vision was not going to be realised soon. He felt that the traditional era of five-year long-term plans is over, and instead companies ought to renew their plans much more frequently now. He felt that an incremental and cautious approach to strategy was now much a preferred option and this was an approach shared by many of the leaders interviewed. Such an approach is probably prudent in a dynamic and fast changing environment if one is to cope with the changes and pace of changes.

Furthermore, he alluded to some of the problems the company was facing due to lack of vision and strategic thinking, as the leaders were engrossed in day to day operations and ‘fire fighting’ instead of mapping the future:

The problem is that ... the leaders and the executive management in the company are a lot involved in day to day management of the company. I think their role should mostly be strategic; setting a strategic plan and the people around them should implement that. But the thing is that they’re very centralized and are very involved in the day to day activities of the company, and they forget to work on the strategic part of their job, which is the main thing they should do, and at the end they underperform.

Interviewee 1 expressed the same pessimistic view of the economy although he felt that ultimately the situation would improve. Although he acknowledged the company having a vision of being one of the leading investment banking companies in Kuwait that makes services and products available by increasing assets under management, he expressed disappointment that such a vision is hardly shared and communicated with the rest of organisational members. This is a typical problem with many company visions that tend to reside in the minds of chief executives and founders of organisations, unlike a mission statement that is written down and widely available to organisational members. It is therefore a challenge for leaders to find ways and means of ensuring that their visions are widely shared by organisational members especially if their strategic plans were to be executed and realised.

One way to unleash employees’ potential was to have a reward system that allows the best people in the organisation to bloom. He stated that such a reward system ought to be designed:

In a way that won’t disappoint the team and achieve the goals of the organization at the same time...So of course our reward system has to be good, practical and incentivise people to work harder.

Interviewee 1 therefore felt the need to engage with employees in several ways (e.g. through the sharing of the vision statement, devising a performance linked reward system etc.) so that employees will be inspired to work harder and fulfil the company's aspirations.

Interviewee 4 of the same company (KMEFIC) was even more pessimistic:

No-one has a vision these days. To be honest, everyone is suffering because of the international crisis. So everyone is trying to recover from this crisis.

He thought such pessimism has led people to just care about money and not so much about the work anymore. He also concurred with earlier observations that the vision of the company was not well known and shared by many organisational members but rather was only known to board members and people at the top. Similar pessimistic views about the future were shared by Interviewee 6 when he said:

We try to come up with different sort of investments, but right now things do not seem to be going perfect. We are not optimistic about this situation in the world and in Kuwait. So right now we are keeping everything on hold till things get better.

Interviewee 6 commented that the only thing companies should learn from the financial crisis is to be incremental in their approach to planning and avoid taking very risky decisions. Interviewee 7 went even so far as to say that it was more important for companies to just stay alive and survive. However, he thought that a different approach to management was actually necessary under such financial crisis:

Being stiff doesn't help much in these times; markets change, the environment changes, regulations do change and accordingly we have to change our mindset and we have to be agile enough to accommodate the changes in the market. Right now we have put a new business plan that stipulates us to be a leaner, smaller company managing a smaller number of investments and companies, instead of having 20 we will end up with 6 or 7 and instead of having 50 people working here, we will probably keep 25.

He, like many other leaders, felt that it will take time to realise companies' visions but nevertheless there was still a need for planning. However, the difference with him was that he was very resilient and felt that even under the difficult situations; they still had to 'soldier on':

We think we are heading there, we are on the right direction, we have the right people in place, the right asset mix, and we are doing whatever it takes to achieve the milestones and the sub milestones on the way to realize that potential.

According to him, the approach to strategy depended purely on the risk profile of the company:

The cost of equity is the required rate of return your shareholders are requiring for holding your stock and bearing the risk profile for your company. That in itself gives us clear guidance as what kind of investment we should be in and what risk profile we should assume. Our current cost of equity is around 13 to 14% which means that we should at least be shooting for investments that have that kind of return or higher. There was a time when we were not even considering looking at anything that promises less than 25 or 30% and the time horizon was 3 years... In a sense yes, we do take higher risks than others, simply because we are a private equity house, so we come in earlier in the investment cycle... The incremental part of this isn't very clear because it changes over time because in a sense the risk profile and the cost of an equity changes every single day, however the quantity of that risk changes over time given our risk and our capital structure.

According to Interviewee 7, many of the leaders in the financial sector in Kuwait were not visionary as such as evidenced by the fact most of the companies in the financial sector were adversely affected by the credit crunch:

I don't know any company in Kuwait that had a vision to be able to be in a good position right now...So I mean that none of them had a good vision of the future. Otherwise one of them at least should be in a good position right now.

- Key findings

In summary, most companies in Kuwait are still reeling from the devastating effects of the financial crisis so that the prevailing ethos of many companies is survival. Many leaders

were still pessimistic about the future and therefore were very hesitant to commit organisational resources to any project until the situation was clearer and improved. This meant that many leaders (8 out of 12) were adopting a very cautious and incremental approach to strategic management and avoiding taking calculated risks. What also emerged was that most leaders' visions of the future were not known as a result. In situations where such visions existed in the minds of top management or board members, they were not shared widely with other organisational members, which compounded the problem.

This raises questions about whether the leaders were really visionary or not and whether they were really entrepreneurially oriented. If at all these leaders had visions, then what emerged was that these visions were not formal or stated explicitly. Taking a cautionary approach in a turbulent environment is probably the sensible thing; although it would have been important to know what their plans were should the situation become clearer and improved. This is considered important if these leaders are to motivate employees through the initiation phase of new products and services through to the subsequent periods of transformation in order to remain successful and competitive. It was also noted that in some cases the leaders were engaged in operational activities at the expense of their strategic responsibilities which was detrimental to the long term survival of the companies.

### **6.5 Entrepreneurial Leadership and Creativity and Innovativeness**

As noted in chapter 3, some of the most successful organisations such as 3M have used innovation and creativity through entrepreneurship as an effective turnaround strategy. To that end respondents were asked several questions centred on issues pertaining to creativity and innovativeness to ascertain whether they possessed such attributes which were

considered important to entrepreneurial leadership and the success of an organisation. If there were any new products and services launched within the company, it was important to understand the role played by these leaders in that process. When asked to what extent his organisation or department was innovative, Interviewee 8 gave a categorical answer that there was none and gave a number of reasons why this was the case:

I think the innovation in Kuwait is close to being zero, and I think this is due to the culture and due to the laws here in Kuwait. It's not easy to be innovative here in Kuwait.

He further justified himself for not being innovative by citing the nature of the work (i.e. credit work) as not requiring innovativeness but rather sticking to the already established rules of the game:

The history showed us that being very innovative in the credit side of business will cause a lot of harm to the economy. The closest example was what happened to the United States, people exaggerated in lending and they were very innovative and finding new products to go around the rules and regulations and look what happened. We're in crisis right now... *You can't be innovative right now because of all the uncertainties in the economy* [emphasis added].

According to Interviewee 8 and other interviewees, another contextual factor affecting leaders and financial investment companies in Kuwait at present was that the banks were holding on to funds and not willing to lend out money:

The banks are not funding, the companies are underperforming, and investing in the stock market and the real estate is not feasible right now. So, it's a chain reaction. It's like a domino effect.

Most of the products that the company was offering were tried and tested products such as online trading and it was not new as such. However, he alluded to the company having a research department although there were no new products or services that they were coming up with:

We have a big research department here in the company and I think research is an important factor in any company. You have to do good research to get a final product or to serve your clients. So we focus a lot on research here.

Whilst Interviewee 1 conceded to the importance of being innovative and creative, he agreed with Interviewee 8 that very little innovation and creativity is taking place in Kuwait companies:

As a community and as a society, Kuwait is not creative. I don't see Kuwait organizations consequently being creative. You do find some creativity now and then in some private sector companies but generally KMEFIC was not at the present time being creative or offering new services and products. We have other objectives, other than being creative.

Interviewee 4 of the same company KMEFIC attributed lack of creativity and innovativeness within the financial sector as due to the rigid rules and regulations by the Central Bank of Kuwait which he said restricts almost everything:

If we do invent anything we will face a lot of obstacles and it will be rejected. It's not an open market, to allow new inventions.

He however conceded that he himself was not an innovator:

I see myself as a leader, but not as an inventor. Inventing is more like a gift, and I don't have this gift.

Interviewee 6 reiterated the same sentiments that very little, if any, innovation is taking place in these companies:

There are no innovations. People in Kuwait copy each other. They come up with the same ideas. If I come up with an idea, everyone else would do the same thing. So in Kuwait, no, it doesn't apply.

He partly alluded to the problem to not having a research and development department.

Similarly, Interviewee 6 confirmed that very little innovation takes in Kuwait:

In Kuwait everyone focuses on making money. I visited this exhibition "Kuwaiti and be proud of it"... unfortunately all what we saw there is a bunch of kids 15 to 20 years old, mostly ladies. All the ideas revolve around cup cakes, food

which does not require much innovation, accessories or clothes; it's not applied technology.

Interviewee 6 attributed lack of innovation to the low level of education the young people are getting and the inability of the organization to align the forces within it such that the innovative ideas could be implemented. There was only one exception, from Interviewee 9, who thought that they were innovative in various small ways such as the way they prepared and gave their token gifts of appreciation, which had a personal touch.

- Key findings

The overwhelming findings (11 out of 12) were that there was little innovation taking place in many of the companies and amongst the leaders that were interviewed. Several reasons were cited such as lack of innovative culture but rather mimicking other people's ideas. Many respondents reported that the companies were not spending enough or devoting much effort on research and development. Since some of the participants were in the financial sector, they blamed the Central Bank of Kuwait for being restrictive in its rules and regulations that it uses to supervise the operations of this sector. However, some leaders actually believed that the Central Bank of Kuwait really cared about customers' investments and this was its reason for playing a more regulatory role.

Finally, the educational system in Kuwait was blamed for producing people who memorise and regurgitate things as opposed to understanding concepts and applying them to real-life situations. From these perceptions, it would appear that several issues would need to be addressed if the leaders of these companies were to be more creative and innovative, which is a key aspect if they were to become entrepreneurial and more effective in their work.

## 6.6 Entrepreneurial Leadership and Risk-Taking

Whilst the previous section explored aspects of innovation and noted that innovation requires a willingness to think in unconventional ways, and the ability of the organization to align the forces within itself such that the innovative ideas can be implemented. It was therefore prudent to follow up innovation and creativity with the leaders' willingness to take and manage calculated risks. This section therefore explores risk-taking amongst the companies and leaders that were interviewed because it is believed that risk-taking is an important dimension of entrepreneurial leadership. Risk-taking and management was explored from the point of view of new products and services introduced, new markets opened, and the level of risk-taking allowed and management thereof. It was of particular importance to understand how they allowed their subordinates to indulge in high-risk projects.

When asked whether he allowed employees to engage in high-risk projects, especially if there are good prospects of high return, Interviewee 8 was very sceptical and indicated that decisions were left to clients themselves, and not to the company or its employees:

No, and it depends, the thing is we manage clients' portfolios and funds. It's up to the client. You have to screen all your clients and get a feedback on the level of risk they're interested in and their risk appetite... If we have high return investments then they should know that they are taking high risks...We are aiming to maximize their returns but, at the same time we don't want to risk into business, especially in the Gulf area.

However, he believed that failure in one project should not prevent him from launching new products or services but instead he considered failure as a learning process;

It's a matter of timing and not a matter of failure because if I think that failing will prevent me from producing new products and being innovative, then I should go home and stay home.

Similarly, Interviewee 1 of KMEFIC confirmed that there was not much risk-taking permitted in his department. If anything, the decision for taking risks was escalated to higher level management and not left with subordinates. He went to state that it was not the subordinates' responsibility to take such risks:

I hire my team based on a specific criterion, which is their capability of selling and marketing products and services, not placing much weight on their ability to come up with new initiatives. They are not supposed to. They are in a lower level than that of being asked for such things, although I do ask them and encourage them to come up with new initiatives every now and then because they have to look around and see how the market is doing and how the competitors are launching the market.

Interviewee 4 of the same company (KMEFIC) echoed the same sentiments when he stated that employees are not allowed to engage in high risk projects and also confirmed that to a large extent the decision to invest in high risk projects lay with the customers:

No, that's impossible. We are seeking and doing what the company's asking us and following their rules and reaching their goals. It is a conservative company because we are dealing with customers' money and therefore we need to be conservative in our work.

Interviewee 6 also confirmed that risk-taking was low in his company, and he went on to say that employees who take such risks and make mistakes are likely to be held accountable and because of that they tend to be risk averse:

Risk-taking is very low in this company...and if any of our employees make such mistakes, they will be held responsible for it... and there will be consequences... and it depends on the mistake.

Risk-taking was not particularly a hierarchical issue, however even very senior leaders such as Interviewee 7 was not willing to take risks but would rather pass that responsibility to the client themselves:

I will advise them and tell them that these are the risks involved and these are the returns. Then I would tell them that it is up to you, it is your money. This is what I do to my clients.

Interviewee 9 was one of the very few leaders who were sometimes willing to take and manage calculated risk as observed in his remarks;

In our business there are high risks, there are projects that we take for non-tangible or financial reasons. For example we have never worked for Kuwait university before, so when we had a project with them, I bid very low and I took a big risk with that because I wanted to put a foot in and sometimes when I am going head to head with KO, the leading consulting firm in Kuwait, I would rather lose money and beat them. This would be better than not winning at all. These are the kind of calculated risks; not risks that would sink the boat. The decision would be to lose money but we get publicity in return.

The company is a small to medium sized company that took risks, such as the hiring of Kuwaitis (in view of the fact that Kuwaitis are generally known for demanding high salaries for moderate work):

This being middle to small sized company has a lot of Kuwaitis working for us. That was a risk I took. Kuwaitis are more expensive than other nationalities; not only salary-wise, but you also have to pay them the social security fees, holidays, even the way you treat them because... they have the alternative of going to the Government, sitting there not doing anything, and still get highly paid. They are protected by the law that prohibits firing Kuwaitis from government jobs so they hesitate a lot to work in the private sector. Why would they work for a person who can fire them at any time. But as far as their ability to do their jobs, wow it's amazing and I was blessed with the few young and very creative employees that you would not believe that they are Kuwaitis.

- Key findings

Whilst we were expecting to find leaders who had a greater willingness to accept risks, the main findings seem to point to a situation of risk aversion amongst many of the participants interviewed (9 out of 12). It could be that as the fieldwork was conducted in the aftermath of the credit crunch, thus many of the financial companies were adversely affected and as a result were much more cautionary in their approach to risk-taking and risk management. Many of these leaders were trading very carefully to the extent that they would rather let either the customers themselves take risks, in the case of financial investments or escalated

the decision-making to a higher level and would not allow their subordinates to take such bold decisions and be held accountable. The situation was further compounded by the fact that customers were not particularly keen to invest their money at this particular point in time because of the perceived risks and uncertainties in the market place. Instead, they were putting their money in fixed deposit bank accounts that offered lower but more secure interest rates.

It could be that the situation and findings might have been different if the study had been taken at some other time. There were still a lot of uncertainties in the market and the situation was still very volatile for many business leaders to take very bold decisions to move their companies forward and instead many of the leaders were assessing the situation to see how it would unfold. Although not many companies had collapsed in Kuwait compared to other countries that were severely affected by the financial crisis, nevertheless many companies had to curtail their activities and operate very cautiously. For example, the construction industry suffered to a relatively large extent as properties lost their market values and debtors were faced with huge debts that they could not service in many cases. As a result of the financial crisis, many companies were not willing to take risks and were not willing to take long term decisions, thus they were not exhibiting entrepreneurial leadership characteristics.

Another finding is that the size of the company and nature of business also determined the level of risk-taking with small to medium sized companies re a little more willing to try things differently and taking calculated risks as in the case of Interviewee 9.

## **6.7 Entrepreneurial Leadership and Proactivity**

Another important attribute to investigate was the proactiveness of these leaders, given that they have the challenge to find ways to differentiate their organisations from their competitors. It is expected that entrepreneurial organisations and their leaders must continuously be aware of their competitors, and their strengths and weaknesses, technological advances, and new opportunities, and refine their initial strategies as operations develop and in response to changes in the competitive marketplace. It is expected that these leaders must remain alert to the responses of their competitors, and must not underestimate their strength, nor should they accept common assumptions about the marketplace at face value but instead should be more innovative and proactive, and aggressively competitive.

In answer to some of the proactive moves that he had made or processes that he had eliminated because they were declining, Interviewee 8 stated that:

I think we made the process of branding loans, which is my core business, most swiftly. And we made the process of getting our products faster and easier for the client, instead of going through our previous bureaucratic system. We've cancelled so many things that we used to do in processing our loan applications to have it done more swiftly and faster.

He was of the view that the Kuwait market was big enough and that once it rebounds everybody was going to have some clients and as such, he was not worried about competition in the market because he thought his company was the leading company in the market place. Suffice to say that most investment companies in Kuwait compete with each other in terms of getting clients and opening portfolios for them and their strategies revolve around reducing their fees:

We don't react to what they do because we think we're leaders in what we're doing. So we don't look at other companies and what they're doing.

On the other hand, Interviewee 1 was very cautious in his approach to work:

I'm not much of an aggressive person, and I weigh things before I take an action. So even if I come across an uncertain situation, I wait and look for factors and evidence before I make a decision.

Interviewee 7 conceded that he was not very proactive and had not launched new products into the market.

I haven't come up with a new product yet but we are going to introduce a new fund, but we don't know if we will be successful or not. We are going to do a market test first... We have identified our niche, which are wealthy individuals and companies... So we are not marketing to the public and we are not targeting them.

Similar sentiments of taking a cautious approach were expressed by the majority of the participants interviewed.

- Key findings

The current uncertain environment seems to have led leaders to adopt a cautionary approach towards conducting business rather than being very proactive.

## **6.8 Entrepreneurial Leadership and Opportunity-Seeking**

This section explored the ability of the leaders to identify opportunities and their subsequent willingness to invest the necessary time, effort and resources to pursue the envisioned opportunities. In a dynamic situation that most Kuwait companies find themselves in, it is incumbent upon organisational leaders and employees to quickly adapt to the changing environmental factors and customer demands, and balance change with

customers' needs. This inevitably requires monitoring the environment and responding to changes by modifying their concepts to accommodate the conflicting information.

The scanning and monitoring of the environment required that organisations undertake research and analysis, more so in the uncertain environment existing at the time of the research, where the contagion seems to have spread from the USA to Greece, Ireland and now possibly to other European countries like Portugal, Spain and Italy. When asked whether he was exploring opportunities to take advantage of, Interviewee 8 mentioned that whilst people were still interested in seeking opportunities, the risks associated with such ventures plays a major role:

I think risk plays a big role... I don't think people are not exploring opportunities, but it's about the timing... I think risk plays a big role because there are people who enter certain markets or go into new opportunities faster than others... Sometimes you find that people have entered or joined this opportunity faster than others and they made good returns and done perfectly well because of the early entry of products or area, and risk plays a big role.

In line with the cautionary theme adopted by many companies, Interviewee 1 stated that his company KMEFIC was not currently thinking of new opportunities:

We are in a time where we have to monitor and not come up with many new products, because the markets are not yet ready. But yes, we are monitoring the competitors and the products being offered to the market. We are also getting feedback from the investors to know what and how they are thinking right now and based on all this information, we could plan for some products in the future.

Part of the problem the leaders were facing was that customers had lost confidence in many financial companies because they had lost money and it will probably require time to regain customers' confidence. As a result of these losses and because customers were putting their money in fixed bank deposits instead of investing, financial companies such as KMEFIC were losing money and had to try to cut their losses. This respondent went on to say that the

company was restricted to investment activities by the Central Bank of Kuwait and because of that they were not in a position to come up with new products.

By many standards, Kuwait is a relatively small country and dominated by several financial investment companies and therefore investment opportunities have to be considered outside the country's borders but some of these leaders wanted to confine their operations and activities within Kuwait. As stated by Interviewee 7, the company was a Kuwaiti one and they planned to remain in Kuwait, which might be very restrictive for them. He went on to say that opportunities were identified by studying the market and the needs of the market:

We identify the need for these services in the market. We undertake a study of the market and competition and the needs of our clients before introducing a new product.

In keeping with the theme of undertaking surveys and getting to know the needs of the customers, Interviewee 6 stated that:

We are very close to our client base through the surveys that we do as we want to make changes to the economic environment as an on-going basis. We keep an eye on competition and what they are offering their clients. In fact we cancelled a few products just to accommodate the changes in the environment and so we are very agile.

- Key findings

Identification of new opportunities and then translating these into products and services that customers need has eluded many people, and to a large extent this separates entrepreneurs from the rest of the people. Whilst the findings showed that the leaders exhibited the confidence and optimism of an entrepreneur who is not afraid to pursue new opportunities, none of the leaders had lately identified opportunities that these companies could seize and assist in their turn-around strategies.

Several reasons were given for this, such as the rigid rules and regulations of the Central Bank of Kuwait in its supervisory role of banks and financial companies, to the uncertainties in the environment and customers' unwillingness to invest their funds in investment companies. Nevertheless, it should still be possible for some companies to be aware of the opportunities that exist and have the skills to discern the appropriate timing of the opportunity and the ability to identify an opportunity that is unique. However, it was noted that companies continued to monitor the environment, either using in-house resources or third parties so that they could seize any opportunities that existed.

It was also noted that some of the leaders were not willing to take the risks of venturing outside Kuwait, possibly because of the risks and environmental uncertainties, but this might deny these companies opportunities that might be available elsewhere.

## **6.9 Leadership and Achievement Orientation**

The literature identified certain personality characteristics which were deemed essential to becoming an entrepreneurial leader, one of which was achievement orientation. To that end successful leaders were those that were highly motivated, independent, and with a high need for achievement; this thesis set out to investigate such characteristics amongst the Kuwait leaders. However, it is acknowledged that success is a very difficult construct to measure because organisational success could be due to several factors and is not necessarily attributable to the leaders themselves. It is however true that in most cases, when an organisation succeeds; the most credit goes to its leaders.

Interviewee 8 had a strong conviction that there were many entrepreneurial leaders in Kuwait, but the local environment was anti-entrepreneurial and more particularly within his own organisation (National Investment Company), whose large corporate size was inhibiting entrepreneurship, preventing his company and its leaders from being achievement-oriented. He believed that:

If you have the entrepreneurial characteristics, you should be an innovative person and have the initiative to do that. I think if you think that you are an entrepreneurial, you are going to push for things and you're going to fight for it.

Interviewee 1 emphasised the importance of keeping employees motivated even during the bad times as a key characteristic required by leaders, because it is through the hard work and staff initiatives that overall company performance will be realised. The same point was highlighted by Interviewee 4:

The most important characteristic of a leadership is being able to manage people. If they like their leader they would enjoy coming to work.

Motivating Kuwaitis is a major challenge for many leaders/managers in view of the fact that they cannot easily be disciplined or fired, and their perceived lack of work values. Traditionally companies have used financial incentives to motivate people, but in situations of financial distress, companies find it extremely difficult to reward people financially. Staff management is even more important issue for many managers because of the government thrust to bring in more Kuwaitis into the private sector.

Interviewee 6 also reiterated the need to hire and retain the right talent because the leader cannot do everything individually:

You will always need the help of others, so when you go out selecting talent you have to know how to judge it, and once you are focused and you got the people to help you.

Interviewee 7 mentioned the difficulty of measuring success at this present time, because for most investment companies, the value of their assets have drastically been devalued, particularly investments that were made in real estate:

For example, we have a piece of land, two years back, we bought it for KD10 million against a loan of KD9 million... with an interest of KD9,000 per year... It is a piece of land we bought hoping that it would increase in value. Now it is worth KD3 million. That's why I am telling you no one is willing to take a risk in anything because nobody wants to say that I lost... That has happened to every other investment company... companies have lost up to 90% of their assets' value. Some companies have become bankrupt now.

He went to say that, being in a purely financial company, he measured success by financial returns, and the picture was very oblique for most financial companies.

For Interviewee 1, the formula for success in the private sector rested in leaders with entrepreneurial personalities, who are able to understand and take risks and implement their strategies, who are aggressive, and who can hire the right people and fire those that do not fit in with the company's values.

- Key findings

The theme of people and people management was a key factor for successful entrepreneurial leaders for a number of reasons, key of which was the fact there were now many Kuwaitis working in these financial companies, and they needed to be motivated in ways and means other than the traditional financial incentives to which they were accustomed. Almost all the interviewees raised the importance of engaging people in their work, particularly in view of the fact that the nature of their work required them to sell their products and services on the market.

Another observation made was that success in these investment companies was an elusive construct, in view of the fact that many investment companies had lost money as shareholder value had plummeted, forcing many investors to hold on to their money and instead invest in fixed bank deposits. It was therefore very difficult to ascertain the achievement orientation of these leaders.

### **6.10 Contextual Factors: Family and Government**

This study seeks to understand entrepreneurial phenomena in context-specific settings. It was important to understand how the context in which entrepreneurial leaders operate affected their effectiveness and ultimately, organisational performance. These contextual variables had to be considered in the discussion of the characteristics of entrepreneurial leaders as it is believed that the context provides the basis for the interpretation of the results. The open-ended questions with organisational leaders provided insight into the dynamics within the organizations.

As noted earlier, Kuwait is a collectivist society where people are strongly affiliated to certain groups, tribes or religion and the family shapes the characteristics of the leaders and the way business is conducted in Kuwait as people tend to have loyalty towards certain companies because these companies are linked to certain family members.

Interviewee 8 mentioned the idea that some people are born with certain leadership traits (i.e. a genetic propensity to such skills and behaviours), although other skills can then be acquired or developed at a later stage:

I think a person inherits a lot of characteristics from his family and his background. I think leaders are born to be leaders.

The influence of the family background in shaping personal characteristics was also supported by Interviewee 2:

Well of course the family structure is part of it... leadership comes with the genes. Then you have to develop it. That is what happened to me. The two come together, born and developed the characteristics.

Similarly, Interviewee 1 felt that the family and one's upbringing shape one's characteristics:

A great deal, I was brought up in a family that is business-oriented and that filtered down to me... The environment is small business-oriented.

Interviewee 6 shared the same sentiments and was of the view that he learned to be self-motivated from learning from his father and that he inherited some of his characteristics from birth.

In my case, a lot... I grew up never seeing my father more than one hour a day because he was always at work. If he was going in a business trip, they would take me to his office to see him before he goes. I learned to be self-motivated, I wanted to do something and this is something you get by birth and you learn the skills for it from school and at home.

From the above revelations, it would appear that the majority of the leaders interviewed (10 out of 12) had strong convictions that their leadership characteristics were to a large extent inherited from birth, although they conceded that they developed the leadership characteristics with time, either by seeing how their fathers were conducting business or by training and development whilst working.

Traditionally, Kuwaitis were traders until the discovery of oil, when people's values and attitudes towards life and work changed. Whilst the majority of the investment companies in the world are owned by mutual funds, in Kuwait, most private sector companies are owned by families. This observation was supported by Interviewee 7:

If you look 200 years back, you would still see that all the businesses were owned by families. We are still a family business oriented economy... We have eight banks, each bank is owned by a family, which is the most important sector in Kuwait.

He went to emphasise that strong family ties had led families to start up their own investment companies because they did not want to do transactions with other investment companies. Although this might have led to the proliferation of investment companies in Kuwait, it could be part of the reason why most of them have not grown or remained as domestic companies without expanding globally. That could also partly explain the perception that there has not been much innovation and creativity but rather leaders just imitate the products and services being offered by others:

We are groups of families here in Kuwait and each family has its own investment division and so now it is between families. Most businesses in Kuwait are owned by families. Therefore, one would say why should I put my money in this company? It would be better off in my own company. I might as well just hire five employees and my son would take over...This is the mentality and thinking by the father. This is the idea that created this company and as well as every other company I have seen in Kuwait. None of them were established because there was a need in the market for it.

Therefore it would seem that the family plays an important role not only in shaping the characteristics of the leaders themselves but also in the way they have gone about conducting their businesses.

Another important contextual factor that emerged was the important role that the Government plays, either directly or through its various arms such as Parliament, the Central Bank of Kuwait and the Kuwait Investment Authority. Kuwait is in a unique position whereby 90% of the local citizens work for the Government for various reasons explained previously. This is despite Government efforts to encourage them to join the private sector either through policy measures such as the Kuwaitisation policy or through

financial incentives. The net result is that the government has not really been supporting entrepreneurship because of the comfort and jobs for life that it offers to its citizens. This observation was supported by Interviewee 4 when he mentioned that:

The Government did support the private sector but it has failed to diversify the economy from being an oil-based economy to a service economy... It has not done much to expand the role of the private sector. The government is employing almost 90% of the Kuwait population; so it is a social welfare in Kuwait.

The quality of most the jobs in the private sector does not entice Kuwaitis to join the private sector, thereby effectively dampening entrepreneurship prospects and entrepreneurial leadership. Most Kuwaitis would rather work for the Government and be assured an end of the month salary than join the private sector or risk starting up their own businesses. As noted by Interviewee 6, more would need to be done to get Kuwaitis work in the private sector:

We have a very serious problem in Kuwait which will cause the country to crumble 10-15 years from now, as the Constitution states that the Government is bound to find a job for every Kuwaiti graduate. You have 54% of Kuwaitis below the age of 21; this means that 54% of the population are coming to the job market over the next 15 years, not to mention that the existing workforce is being paid and employed by the Government... which places more burden on the Government.

Interviewee 4 stated that the State of Kuwait, through its various arms of Government, was now trying to reverse the trends but the problem is that they have conflicting objectives because civil servants generally receive higher salaries and benefits, and in some cases they find it extremely difficult to work or remain in the private sector:

The Government is doing its right duty. They have through different government-owned organizations such as the KIA [Kuwait Investment Authority] and the Industrial Bank helped any entrepreneur who came up with business ideas for implementation. They even financially supported him. So I think they are giving enough support. But the problem is with the people themselves, who aren't willing to take risks.

The role played by the Government and its policies are decisive in whether an entrepreneurial culture will exist and flourish in a country or not, and in the case of Kuwait, the jobs for life policy for Kuwaitis is working against entrepreneurship, which has subsequent impact on entrepreneurial leadership.

- Key findings

The above analysis revealed that the family is an important contextual factor, particularly with regard to how it moulds leaders' characteristics and the way they conduct their operations with allegiance to their families and other family businesses. For most Kuwaiti families, having a family businesses seems to be the norm, as families historically had their own private businesses before oil was discovered; historically, most Kuwaitis belonged to merchant or fishermen families. Another important underlying reason for ownership of family business, apart from supplementing their incomes, stems from the fact that Kuwait is a collectivist society where people tend to congregate and have allegiances to families, tribes and clans, and people might not be comfortable working for certain families because of tribal and religious reasons. Starting up such family businesses and successfully running them from one generation to the next requires some entrepreneurial and leadership skills (entrepreneurial leadership). Therefore it is not surprising to see children getting involved in the running of the family business from their early ages right through to the stage when they can either be the leaders of these businesses or other publicly listed companies. There is therefore leadership preparedness from the onset. Nevertheless, more research is clearly required to understand the significance of family influences, especially in relation to entrepreneurial leadership practices.

Another contextual factor shaping businesses and their operations was the important role played by the Government, particularly its labour policies that guarantee jobs for Kuwaiti graduates, dampening the entrepreneurial spirit and subsequently impacting entrepreneurial leadership. The discovery of oil and the need to disburse oil revenues among a population of latent petty traders and fishermen drove the Government to provide sinecure employment and lavish social welfare. Although there may be other reasons why many Kuwaitis prefer state sector jobs as opposed to working in the private sector, the key reasons include job security, single shifts and very competitive government salaries compared to what the private sector pays.

It is therefore unsurprising to see many Kuwaitis work for the public sector as opposed to the private, causing excessive overcrowding in the former. Although the government has tried to entice Kuwaitis to work in the private sector by supplementing their salaries, this policy has not been very successful and as a result not many Kuwaitis work in the private sector thereby depriving the private sector some of the Kuwaiti good leaders, which in turn may be negatively impacting on entrepreneurial leadership in the private sector.

## **6.11 Chapter Conclusion**

This chapter framed the qualitative data and analysis based on interviewing 12 leaders. The data was meant to complement the quantitative data and aid in interpreting the findings from chapter 5. The strength of a qualitative research design such as that presented here 'lies in its capacity to provide insights, rich details and thick descriptions' (Jack and Anderson, 2002, p. 473). Moreover, semi-structured interviews allowed for individual variations and identification of the non-preconceived responses and experiences of the

leaders. However, it is important to acknowledge that small qualitative samples do not allow for generalisability (Anderson and Miller, 2003) but semi-structured interviews have been applied by Kempster and Cope (2010) and Swiercz and Lydon (2002) to study entrepreneurial leadership.

Through interviews, the leaders were given an opportunity to elaborate their views on entrepreneurial leadership in Kuwait and some of the underlying factors that might be influencing leadership within the private sector in Kuwait. Based on the leaders' perceptions, it would appear that the uncertain environment had a negative impact on the leaders' perceptions of the future and it partly explained their risk aversion. It is important to note that the study was conducted soon after the financial crisis when many of the companies were still trying to recover and therefore the focus was on short term operational measures as opposed to envisioning about the future.

The observations from these interviews supported the findings obtained from quantitative data that many of the traits and characteristics of entrepreneurial leadership identified in the literature were not exhibited by the leaders under study. However, there is a need to discuss these findings in detail before drawing conclusions.

## **CHAPTER 7: DISCUSSIONS OF RESULTS**

### **7.1 Introduction**

This chapter discusses the results and findings emanating from chapters 5 and 6, with the view to bring together the quantitative and qualitative data and then test the conceptual model. Insights from the qualitative findings corroborated the statistical findings and helped in shaping the emerging entrepreneurial leadership framework. This chapter discusses the findings with respect to the extant literature to determine if there is conformity or not, which ultimately results with a modified theoretical framework that explains the entrepreneurial leadership characteristics that predict leadership effectiveness in Kuwait's private sector, which outside of the oil sector is largely dominated by financial and banking, real estate and services industries. To this end, the study primarily surveyed leaders from the financial banking and investment sector and those leaders from closely related sectors such as insurance and investment. The main objective was to gain breadth and depth of understanding of entrepreneurial leadership phenomena and develop an empirical measure of entrepreneurial leadership within Kuwait's financial banking and investment sector.

The literature noted that entrepreneurship has three underlying dimensions: creativity and innovativeness, risk-taking and proactiveness (Covin and Slevin, 1991; Wiklund and Shepherd, 2005). Accordingly, the 'degree of entrepreneurship' was referred to as the extent to which individuals willing to ways that were innovative, risky and proactive (Kuratko, 2007). On the other hand, it was noted that the vast literature on leadership had evolved from the trait theory to other depictions of leadership such as transformational,

distributed and ethical leadership. Leadership is generally defined as a type of social influence through which one successfully garners the help and support of others to achieve a common goal (Chemers, 2002), and therefore the focus is on their ability to influence other people. Leadership emphasises the relations among three key factors: the leader, the followers, and the context within which it operates so as to achieve effectiveness and organisational performance (Gupta *et al.*, 2004).

As observed by Burns (1978, p. 20), the act of leadership ‘binds leader and follower together in a mutual and continuing pursuit of a higher purpose’. It was also noted that transformational leadership was more influential in entrepreneurial leadership in that the leader evokes super-ordinate performance by appeals to the higher needs of followers through their visions and values. These two strands of literature (entrepreneurship and leadership) were fused together resulting in the new phenomena hereby referred to as entrepreneurial leadership (Covin and Slevin, 1991; Kreiser *et al.*, 2002; Wiklund and Shepherd, 2005).

Furthermore, the literature also noted that entrepreneurial leadership had become a source of competitive advantage (Ireland and Webb, 2007) in response to the escalating ineffectiveness of more traditional approaches to strategy (Bettis and Hitt, 1995; Brown and Eisenhardt, 1998). The literature on entrepreneurial leadership suggests that organisations must be more entrepreneurial to enhance their performance, their capacity for adaptation, and long-term survival (Gupta *et al.*, 2004).

While the field of entrepreneurial leadership is beginning to coalesce around a central understanding, theoretical ambiguities still exist and there is no comprehensive model that

integrates the leadership characteristics with contextual factors in ascertaining the role of entrepreneurial leadership in leadership effectiveness and organisational competitiveness. It was also not known whether Kuwait had entrepreneurial leaders that exhibited the above underlying dimensions. No empirical evidence was known to exist to determine whether Kuwait's leaders in the private sector possessed entrepreneurial characteristics and whether they were effective or not as a result of either possessing or not possessing such characteristics. This in part is due to the fact most of the studies on entrepreneurial leadership have been conducted in the West and not in different cultures such as Kuwait, where the external context might be important in shaping the qualities and behaviours of leaders. Consequently, it is imperative to conduct research before the salient features of the entrepreneurial personality of Kuwait's business leaders and their impact on leadership effectiveness can be persuasively proclaimed based on empirical evidence, which is what this study sought to achieve.

## **7.2 Recap of the Conceptual Model**

The concept of entrepreneurial leadership was informed by the literature through infusing the concepts of entrepreneurship (Schumpeter, 1934) and entrepreneurial orientation (Covin and Slevin, 2002) with leadership. Covin and Slevin (2002) referred to these entrepreneurial efforts as the extent to which organisational leaders are inclined to take business-related risks (the risk-taking dimension), to favour change and innovation to obtain a competitive advantage for their firm (the innovation dimension), and to compete aggressively with other firms (the proactiveness dimension) in a global competitive environment. Drawing upon this new way of thinking that incorporates an entrepreneurial

mindset as a core element of strategic management is what gives rise to entrepreneurial leadership. The definition of entrepreneurial leadership of Gupta *et al.* (2004, p. 241) was adopted in this thesis ('leadership that creates visionary scenarios that are used to assemble and mobilize a "supporting cast" of participants who become committed by the vision to the discovery and exploitation of strategic value creation'). Entrepreneurial leadership can thus be referred to as a strategic approach to running a business so that the entrepreneurial initiatives can support development of enhanced capabilities for continuously creating and appropriating value in the firm (Gupta *et al.*, 2004). As noted by the same authors, the aim is to derive competitive advantage and leadership excellence in a global environment.

Following the literature review, six constructs of the entrepreneurial leadership were investigated, namely: beliefs and values, vision, creativity and innovativeness, risk-taking, proactiveness, and opportunity-seeking. In addition, contextual factors included competitive market forces, family, culture, Government policies, and consumer market, and each of these variables in turn was considered to have implications for the levels of entrepreneurship within the companies. The conceptual model is as shown in figure 3.3. Using a sample of 340 leaders from the private sector (mainly banking and finance), we tested the model of entrepreneurial leadership influenced by individual characteristics and the context. Unless otherwise noted, a five-point response format that ranged from strongly disagree to strongly agree was used in order to make the questionnaire as simple as possible.

### **7.3 Discussion of Main Findings**

Several control variables were tested in regards to the dimensions of entrepreneurial characteristics, contextual factors and entrepreneurial effectiveness, including: gender, age, nationality, and years of experience, education and position.

#### *7.3.1 Demography*

The questionnaire had gender, age, nationality, and years of experience, educational level and position as contextual variables. If we consider gender first, there were 110 female respondents out of the total 340 respondents; this is a relatively high number, as noted previously, given that women in Kuwait are in a society where male dominance remains the norm. This is also in-line with the fact that leadership has been historically and culturally shaped by the symbolic universe of masculinity (Eagly, 2007; Schnurr, 2008). Masculinity and leadership have become so deeply intertwined that the language of leadership and language of masculinity have become synonymous (Schnurr, 2008).

The style in which women lead has been relatively unstudied and few researchers have examined how they build trust in entrepreneurial teams. Findings in other settings suggest that evidence for sex differences in leadership is mixed and depends upon context (Moore *et al.*, 2011). This is supported by Twenge (2001), who hypothesised that ‘specific environmental factors’ of women’s social status and roles shaped levels of female assertiveness over the course of the twentieth century.

Women face difficulties in both establishing their own businesses and in rising to the higher echelons of organisations, although the number of female Kuwaiti entrepreneurs is

on the rise. This is in part due to the democratisation exercise taking place in Kuwait whereby women are now represented in both the Parliament and Cabinet; the number of women graduating from the local institutions of higher education is also higher than men, and more women are taking career jobs as opposed to sitting at home and raising families, which has been the tradition until fairly recently. The largest number of female entrepreneurs are in the retail and service industries ('female-typed fields', as described by Anna *et al.*, 1999).

As noted by Heilman (1983), commonly held gender-role stereotypes not only influence the perception and evaluation of women by others, they also affect women's desire to engage in tasks such as entrepreneurship and senior leadership positions. It is fundamentally important to investigate organisational lived experiences (Kissack, 2010) in order to highlight the voices of those who are heard and to explore in greater depth the voices of those which are 'muted' (Kissack, 2010), as this enables us to understand if such differences exist and their possible subsequent effects upon organisations (Brisolara, 2003).

The female leaders surveyed had different beliefs and values than men and the results were statistically significant, with women displaying higher scores than men, based on a Likert-type scale. This means that women were more optimistic and generally agreed with the statements that leadership was about bringing about change; that leadership is particularly interested in discovering and exploiting new business opportunities. However, there were no observed differences between men and women with regards to the other characteristics of entrepreneurial leadership. Female entrepreneurs employ the same interactive approach to both encourage creativity and balance the authoritative command and control behaviours

expected of a male boss with the more collaborative language and communication styles expected of a woman (Moore, 2000, pp. 100-6).

This finding was contrary to expectations and other empirical studies on entrepreneurial intentions that have found men to have higher entrepreneurial intentions than women (Krueger and Kickul, 2006; Zhao *et al.*, 2005). For instance, Malach-Pines and Schwartz (2008) showed that confidence in one's abilities affects the degree to which female entrepreneurial leaders perform and can be clearly seen when comparing the females to the males. Their study concluded that 'women tend to perceive themselves and the entrepreneurial environment less favourably than men, regardless of their motivation' (Malach-Pines and Schwartz, 2008, p. 811).

Gender differences have been attributed by some researchers to social forces such as socialisation, cultural norms and gender roles and stereotypes (i.e. social beliefs about the association of certain jobs and occupations with male or female characteristics) play an important role in influencing women's entrepreneurial intentions (Baron *et al.*, 2001; Malach-Pines *et al.*, 2008). Thus, when assessing confidence levels, men seem much more confident in their abilities than women, and see themselves as being more likely to become entrepreneurial leaders than their female counterparts.

In the case of Kuwait, where women have been cloistered in traditional domestic roles since the advent of oil wealth, the migration from home and workplace into venture creation and becoming entrepreneurial leaders may be a way of self-emancipation for many Kuwaiti women. This is more so nowadays when girls are being given equal educational opportunities by the Government and the local universities are turning out more female

graduates than males. Furthermore, Kuwait's government has been assisting its citizens to start up their own businesses as an alternative to Government employment, and also in anticipation that the existing oil reserves will ultimately come to an end. Once this natural resource is diminished, the country will have no other means of wealth creation than private business (Boie *et al.*, 2008).

The literature has highlighted differences in both social traits and achievement-oriented traits between men and women. Women are commonly believed to have more communal qualities such as expressiveness, connectedness, relatedness, kindness, supportiveness and timidity, whereas men are associated more with qualities such as independence, aggressiveness, autonomy, instrumentality and courage (Gupta and Bhawe, 2007). These stereotypes tend to be oppositional in nature.

The difference between the genders may not be in their actual abilities but rather in their perceptions of their abilities. Women are more likely to see themselves in a secure environment whereas men are more comfortable in the role of being risk takers in the business world. Those women who have more confidence in their abilities are those who have achieved a greater degree of financial success. This study's findings indicate that there are differences between these two independent groups, possibly in their style of leadership. It may also partly reflect that the female leaders in our survey were very proactive and more entrepreneurial. Female leaders in Kuwait possibly feel that they need to prove a point that they can be just as effective as men and can undertake leadership roles that have traditionally been reserved for men. In this study, it was empirically shown that the female leaders that participated in the study were not negatively influenced by the masculine stereotypes about entrepreneurial leadership. It is nevertheless important to bring a gender

consciousness to the development and construction of the emerging entrepreneurial leadership theory base (Patterson *et al.*, 2012).

Age is another interesting feature about Kuwait's population and leadership in the country, in which more than 29.7% of the population is below the age of 30 (Public Authority of Civil Information, 2009) and this also tends to reflect on the age profile of the people in leadership positions. The age profile of the respondents showed that slightly more than half (53.2%) were below the age of 35 years, reflecting the youthful nature of the society. However, age was not a determining factor as regards the leadership characteristics.

The survey also showed that many of the leaders (84%) were holders of degrees or higher education. The few leaders in Kuwait who do not have higher degrees of education could be the legacy from the past, when people were appointed to leadership positions as part of Kuwaitisation, given the long-standing provision of free education for Kuwaitis through to postgraduate level (indicating that non-degree holders holding leadership positions were relatively unqualified according to the norms of Kuwaiti society).

Swinney *et al.* (2006) discussed the importance of education as an important variable influencing entry and mobility into a market and the business world. The same authors acknowledge that an individual's values are often developed through their formal education process. In Kuwait, those who have higher educational standing are looked upon with more respect in the business world, which may have led many people to seek postgraduate studies. The analysis confirmed that there were statistically significant differences between people with different educational qualifications with regards to the performance, creativity

and risk-taking, with those who possessed higher qualifications having higher scores on a Likert-type scale.

Education was analysed with leadership variables (performance, beliefs and values, vision, creativity and innovativeness, risk-taking, proactiveness, opportunity-seeking, contextual factors and leadership effectiveness). The findings indicated the importance of performance, creativity and innovativeness, risk-taking and contextual factors. In other words, the education level of the leader will impact leadership factors such as the performance, creativity, innovativeness, risk-taking and contextual factors. These are important factors towards effective leadership and entrepreneurship.

As observed by Vecchio (2003), the study of demographics in relation to entrepreneurial activity has been largely atheoretical, and the available findings, while often intriguing, cannot be easily interpreted. For example, is an observed association more reflective of demographics being a surrogate for a causal process, or is an observed association the result of unspecified processes producing a selection or filtering on some demographic dimension? A review of the published literature suggests that differences do exist on a variety of dimensions (Vecchio, 2003).

The findings in this study showed that gender, years of experience, position and educational level were significant predictors of entrepreneurial leadership.

### *7.3.2 Contextual and organisational factors*

Many authors have alluded to the importance of the context of leadership effectiveness. Scholarly research has abandoned the preoccupation with identifying inherent personality

traits that distinguish leaders or entrepreneurs and is now focusing more on what leaders do rather than who they are, embracing a systemic view of leadership as a process of social influence in a specific context (Yukl, 2006). This has given rise to the need for a grounded, qualitative approach into the relational and processual issues of managerial leadership within discrete contexts (Bryman, 2004; Day, 2000). It was therefore important to investigate whether the nature of the business (in our case banking, investment or insurance) influenced the leaders' propensity for proactiveness, risk-taking, creativity and innovativeness. Traditionally, leaders in the banking fraternity have tended to be more conservative and risk averse because of the nature of the business. They have generally tended to follow very strict banking procedures as directed by the Central Bank of Kuwait, in the case of Kuwait's banks. Risk aversion impedes entrepreneurial behaviour. This could be related to the general uncertainty avoidance culture of Kuwait discussed previously.

On the other hand, leaders in the investment sector have been less averse to risk-taking and more proactive because of the higher rewards associated with high risks. In contrast, the study findings revealed that the leaders in the investment sectors had the lowest means for risk-taking and creativity and innovativeness, which was contrary to expectations. The Kruskal Wallis test revealed discernible differences between the medians of leaders in the banking sector and insurance sectors with those in the investment sector.

Most of the responses were from the financial sectors which include banking, investment and insurance. The higher responses were from the banking. The variables that were significant were creativity and innovativeness, risk-taking and contextual factors. With regards to creativity and innovativeness and risk-taking higher mean was received from insurance sector. With regards to contextual factors higher mean was received from

banking, followed by insurance sector. In other words within the financial business segmentation, stronger leadership factors are observed within the investment sector.

However, to a degree the situation might have been caused by the financial crisis, whereby many investment companies in Kuwait lost money and are trying to recover, because of which investment companies in Kuwait are very cautious and are trading very carefully. This is consistent with theoretical expectations that intense hostility in markets might make aggressive gambling of companies' limited financial resources by offering radically innovative products a poor strategic choice (Zahra and Bogner, 2000).

What has actually started happening in Kuwait is that some investment companies have since changed from conventional accounting systems to Shari'a-based accounting. Similarly banks in Kuwait have also started introducing Shari'a-based products or have been completely been transformed into Shari'a compliance.

Under a Shari'a-based system there are no interest charges as such, but the risks and benefits are shared by both parties through various mechanisms. This move towards a Shari'a-based system and the experiences they encountered during the financial crisis might have been an explanatory factor of why investment companies are more risk-averse.

### *7.3.3 Correlation analysis*

Correlation analysis was carried out between the contextual variables to understand their significance and correlation. All the variables had positive correlations.

The results revealed that there was some relationship between all the independent variables with leadership effectiveness since the correlation coefficients were above 0.3 in all cases.

The results showed that proactiveness and opportunity-seeking correlated highly with leadership effectiveness with the Spearman Rho correlation coefficients greater than 0.5 in both cases.

As was expected, there was a high correlation between creativity and innovativeness and similarly risk-taking correlated highly with proactiveness. While some suggestive results were found, the reliability and magnitude of these associations were not very impressive.

To further test the extent to which entrepreneurial characteristics and context variables made unique contributions to the perceptions of entrepreneurial leadership and effectiveness, a logistic regression model was tested as discussed in section 5.7.

#### *7.3.4 Beliefs and values*

One of the basic challenges faced by entrepreneurial leaders is to create a willingness in followers to abandon conventional but career secure activities for riskier, entrepreneurial action, failure at which could have negative career impact (Gupta *et al.*, 2004). It was therefore important to establish whether the leaders were particularly interested in discovering and exploiting new business opportunities, as asked by the item P\_B\_4 in the questionnaire (*Leadership is particularly interested in discovering and exploiting new business opportunities*). The leaders must believe in their capability to organize and execute the courses of action required to produce given attainments. It was also important to establish whether the leaders were concerned with bringing about change and that rewards were given in exchange for performance. It was important that the leaders adopt certain norms with regard to their treatment of employees, for example.

The mission statements that they articulate are derived from some of these values and the leaders have to behave in a manner that reinforces the mission by communicating high expectations to followers and conveying confidence in their ability to meet such expectations (Conger and Kanungo, 1987). Equally important were the leaders' motivations for work and whether they were interested in meeting company's goals. In short, it was important to establish the leaders' values and beliefs and then determine whether these values and beliefs influenced their entrepreneurial leadership effectiveness because without appeal to these values, sustaining action and gaining legitimacy for the group to ensure its survival may be difficult as observed by Surie and Ashley (2008).

The results showed that the leaders' beliefs and values were fundamentally important in influencing entrepreneurial leadership and leadership effectiveness, and the results were statistically significant.

This is in conformity to existing literature that entrepreneurial leaders who start new ventures or change the existing organisation through the development of a new product or innovation believe in change and are engaged in the process of creating a new reality (MacGrath and Macmillan, 2000). Consequently, they are likely to communicate their vision in language that makes these new values more salient to followers. The findings were supported by hypothesis H3a based on the logistic regression (Sig=0.09) (see section 5.7). Furthermore, from the key findings from chapter 6, it emerged that some Kuwaitis run their private businesses in parallel with their Government sinecures, therefore they sometimes have divided attention, and in some cases people may be interested in pursuing personal goals as opposed to trying to advance the company and make it more proactive and competitive. Therefore their individual goals may not necessarily be aligned with that

of the organisation. The implication of this finding is that the leaders investigated had beliefs and convictions that their companies would recover and become competitive once more through their leadership initiatives.

### *7.3.5 Visionary leadership*

The instrument (see appendix 1) asked respondents to rank aspects of entrepreneurial vision on a Likert-type scale from 1 to 5, and the items were intended as broadly representative of the most widely circulated views of vision and included such items as future orientation, challenging goals, ‘big picture’ of the organisation, influence and direction, inspirational, and purposeful (see items P\_C\_1 to P\_C\_8 of the questionnaire). These items reflect a positive characterisation of vision in theoretical and applied discussions. The items were representative of many definitions and descriptions of vision available in the literature and confirm the multi-dimensional nature of vision (Ruvio *et al.*, 2010).

The results showed that leaders perceived visionary skills as very important, as expressed by their high scoring of this dimension (on a Likert scale 1=strongly disagree and 5=strongly agree), in terms of their ability to facilitate the strategic planning process, communicate the big picture of the organisation. The leaders also acknowledged setting very high goals for themselves as well as for the organisation. The statistical findings were also supported by the findings from the qualitative analysis. For instance, Interviewee 11 felt that:

‘Individual objectives are always part of the overall vision, usually we place a lot of emphasis on those individual goals, It is clear to us that they will help us achieve our grand vision, what we want to be, where do we want to reach. So yes, we place big emphasis if it will lead to the goals for the company being realised’.

The leadership literature has frequently discussed the importance of getting followers to support the organisational vision by communicating it in a variety of ways (Baum and Locke, 2004; Groves, 2006). Timmons (2007) also found that leadership and vision were lauded as important facilitators of entrepreneurship.

Visionary leadership was a predictor for leadership effectiveness in our conceptual model and the findings were statistically significant (Sig=0.023). The key findings from qualitative work were that because of the financial turbulence following 2008, the leaders were still sceptical about the future and were trading very carefully. For instance, Interviewee 8 mentioned that:

‘The market is bad in our field. Not many deals are going on but hopefully we can pass that. Our aim right now is to survive’.

Nevertheless, they felt that the economy would eventually recover especially with the Government coming to the rescue of big institutions such as the Gulf Bank, along with the general fatalistic convictions of the population (Abbasi and Hollman, 1993).

These findings are also supported by the existing literature as noted by Gupta *et al.* (2004, p. 241), who acknowledged that the role of vision is so central to entrepreneurial leadership because it helps ‘to assemble and mobilize a “supporting cast” of participants who become committed by the vision to the discovery and exploitation of strategic value creation’. The creation of the vision is therefore very important for the rest of organisational members to rally behind and ensure that they are committed to it. They emphasise that the supporting participants ought to be competent and committed. This conceptualisation of entrepreneurial leadership is also supported by Venkataraman and Van de Ven (1998), who argued that entrepreneurial leaders envision and enact transformation of the company’s

transaction set and they are distinct from the behavioural forms of leaders (Gupta *et al.*, 2004). As noted by D'Intino *et al.* (2008, p. 42), 'there has to be a focus on product (or service) design and development, with the courage to recognise a firm's resource limitations and a willingness to risk financial ruin to achieve innovative performance and production goals'.

From the leadership literature, the ability of leaders to influence subordinates through a transcendence of self-interested behaviour by appealing to higher needs for self-actualisation, deeply held personal values, and implicit motivations of followers (Burns, 1978; Bass, 1985) was a feat that these leaders were achieving through the creation of inspiring visions, and our hypothesis H3b was supported by the logistic regression (see section 5.7).

However, these leaders ought to be willing and flexible enough to revise and abandon their visions and strategies for the sake of survival, and sometimes modifications must be made quickly in response to market pressures and external forces. Another important feature of entrepreneurial leadership and vision is the willingness to share the vision with subordinates throughout the organisation as argued by Mintzberg (1987).

Being visionary is supposed to be a basic tenet for all leaders and the results showed that the leaders studied generally exhibited such characteristics, see the outcome from the logistic regression (table 5.22, factor c). The challenge though for these leaders is to be aware of the environment and competitive pressures that confront them and be flexible enough to respond to changes as appropriate. They have to consider the competitive and regulatory environment, particularly as it presently exists within the banking and financial

market, and at the same time have the vision for what the organisation is to become, while influencing and manipulating conditions and events to maximise the organisation's ability to gain market share and ultimately increase organisational effectiveness. In addition, they ought to take advantage of the vision's role in motivating followers toward a desirable future. Furthermore, there is a need to ensure that the vision is communicated in various ways. In line with the leadership literature, leaders gain the admiration, confidence, and trust of their followers by communicating a strong sense of vision and by their ability to transform this vision into specific missions and strategies (Gardner and Avolio, 1998).

#### *7.3.6 Creativity and innovativeness*

We also investigated whether the respondents in our study were capable of sustaining innovation and adaptation in fast moving and uncertain environments and whether there was a link between leadership and innovation and creativity. Of interest therefore was whether these Kuwaiti leaders had new products or services underway; whether they gave employees the opportunity to come up with new and innovative ways and at the same time being tolerant when employees make mistakes. This is because creativity and innovation require people to engage in sustained trial and error and the abandonment of conventional approaches. Rosing *et al.* (2011) contend that the main requirements of innovation are exploration and exploitation as well as a flexibility to switch between those two activities.

New ideas and products or services need to work in order to improve value creation for their organisations, which necessitates a willingness to change an approach to conducting business if it is considered flawed or the new need to launch products and services in order to be proactive and remain competitive. It requires that entrepreneurial leaders use a

discovery-driven approach for specifying problematic limits, and mandating strategic commitment to new business development that results in value creation.

The results showed that whilst there was correlation between creativity and innovativeness and leadership effectiveness ( $\rho=0.45$ ). However, the results were not statistically significant ( $\text{Sig}=0.457$ ) based on the logistic regression. Similar findings emerged from the qualitative analysis, which revealed that there was little innovation taking place in many of the companies and amongst the leaders that were interviewed (11 out of 12). Not enough resources were being channelled towards research and development, thus there were hardly any new innovative offerings.

Furthermore, as expected, there was strong significance between risk-taking and creativity and innovativeness. Innovation and new creation of products or services involves a certain degree of risk in pursuing an unknown opportunity (McMullen and Shepherd, 2006) and the ability to think in unconventional ways, and the ability of the organisation to align the forces within itself such that the innovative ideas can be implemented. Naturally, the respondents may have perceived risk-taking and innovativeness as being closely interlinked.

The outcome from the logistic regression showed that creativity and innovativeness were not statistically a predictor of entrepreneurial leadership amongst the respondents, and the hypothesis H3c was not supported suggesting that the Kuwaiti leaders were not necessarily launching new products or services or fundamentally changing the way they were conducting their businesses.

The findings were therefore not in conformity with the literature (Dalglish, 2000; Schumpeter, 1934; Timmons, 2007), which places emphasis on creativity and innovativeness as important variables of entrepreneurial orientation.

As alluded to previously, part of the problem was that the companies were still reeling or recovering from the financial crisis and therefore the leaders were very conscious in their business dealings and were waiting for the opportune moment to launch new products and services. This may partly explain why the banks and investment companies, which were the main target of the research, had not performed as much as they could have had they been continuously innovating (in terms of products, processes, technologies, administrative routines, and structures). As suggested by Kurakto (2007), innovation and creativeness results in organisational performance.

Optimal performance and achieving the goals outlined in strategy require enthusiasm and commitment by leaders. The leaders need to take controlled actions that are designed to address opportunities and challenges within the environment to maintain a balance between change and stability (Mintzberg, 1987) even in uncertain times, in lieu of which some companies might not fully recover or become competitive.

For leaders to be creative and innovative requires flexibility to adjust their leadership behaviours to the current requirements of the innovation tasks that quickly change over time, and to integrate these leadership behaviours to be overall consistent in a leadership approach. Whilst the relationship between leadership and innovation has been studied frequently, it would appear that the results of these studies do not add up to a simple

conclusion and instead, studies arrive at different results (Rosing *et al.*, 2011). Therefore the findings in this study are not surprising.

The implications of the findings are that the leaders might be losing sight of the fact that the innovation and creativity might be an effective turnaround strategy in their organisations (Kamath, 2006) and may enable them to meet the challenges of competing with other organisations and enable them meet the goals of organisational growth and expansion (Solomon *et al.*, 2003). The Kuwaiti leaders might not have been doing enough to sell new ideas within their organisations and proposing new innovations to the market place. As a result, these companies might not have been very competitive.

#### *7.3.7 Risk-taking*

The literature established that some leaders had a general tendency toward either taking or avoiding risk within a particular kind of decision context (e.g. Mullins and Forlani, 2005), which means that when faced with different situations, an individual will likely show differing risk propensities (that is a decision-making orientation toward accepting greater likelihood of loss in exchange for greater potential reward). Thus, leaders' risk preferences correspond to their 'risk disposition', which, if combined with contextual factors, is likely a good predictor of what their attitudes toward risk will be for a specific kind of context (Barbosa *et al.*, 2007). Khandwalla (1977) found a stronger relationship between organisational risk-taking and firm performance in dynamic environments. According to Khandwalla, organizations need to make bold, risky strategic decisions in order to cope with the constant state of change common in dynamic environments.

In trying to understand whether the leaders in Kuwait exhibited such entrepreneurial characteristics, questions were asked to ascertain if they allowed employees to undertake risky projects, whether they were willing to launch new products/services or open up new markets (see items P\_E\_1 to P\_E\_10 of the questionnaire). Our results were not supported when examining the general assertion that there was a relationship between high risk and entrepreneurial leadership. Hypothesis H3d was not supported, indicating that the respondents were not necessarily keen to undertake high risk projects nor were they willing to launch new products/services or open new markets, see findings in section 5.7. The statistical findings were corroborated by the qualitative findings pointed to a situation of risk aversion amongst many of the participants interviewed (9 out of 12).

As discussed earlier, traditionally, the leaders from the banking fraternity have tended to be very conservative and prudent in the manner that they use depositors' funds, whereas investment organisations have been willing to take on risks because of the associated high rewards. Organisations that do not take risks in dynamic environments will lose market share and will not be able to maintain a strong industry standing relative to more aggressive competitors (Covin and Slevin, 1991; Miller, 1983).

As noted by Begley and Boyd (1987), risk-taking has a curvilinear relationship with performance in entrepreneurial firms. Their findings suggested that entrepreneurial firms exhibiting moderate levels of risk-taking would outperform those exhibiting either very high or very low levels of risk-taking. The authors concluded that 'risk-taking has a positive effect on ROA up to a point. Beyond that point, increases in risk-taking began to exert a negative effect on ROA' (Begley and Boyd, 1987, p. 89). These arguments suggest

that organizational risk-taking will be more positively associated with firm performance in dynamic environments than in stable environments.

The companies and in particular the investment companies were still recovering from the financial crisis and therefore were weighing the situation carefully before considering launching new products/services or undertaking projects that they thought were too risky. Part of the explanation could also be that the respondents were not necessarily owners of the companies in question or entrepreneurs as such, but were mere employees in leadership positions. Entrepreneurs may have a greater willingness to accept risk than managers or leaders in existing organisations.

In Kuwait, many investment companies have been largely trading on the Kuwait stock exchange or involved in real estate. With the collapse of the real estate market in Kuwait and the region, many of these investment companies were adversely affected and have become risk-averse, and some companies and banks have resorted to Shari'a-based principles as a basis for conducting their businesses because of the perception that there is very little risk in such products.

#### *7.3.8 Proactiveness*

The study investigated whether the leaders in Kuwait have proactive personalities, which refers to the extent to which they were willing to 'take action to influence their environments' (Grant, 1995, p. 532). The literature noted that such people show initiative, identify opportunities, act on them, and persevere until they meet their objectives. Furthermore, they confront and solve problems, and take individual responsibility to make

an impact on the world around them (Grant, 2000). To this end, the respondents were asked whether they anticipate environmental changes and take advantage of opportunities to improve their situation. They were asked whether when dealing with competition, they were often the first to launch products/services, technologies, etc. to the market place, whether for instance they typically initiated actions to which competitors respond (see items P\_F\_1 to P\_F\_8 of the questionnaire in appendix 1).

First, the correlation analysis showed that there was a positive relationship between proactiveness and leadership effectiveness ( $\rho=0.513$ ) and this was confirmed by the logistic analysis. Proactiveness was an entrepreneurial predictor for leadership effectiveness and the result was statistically significant ( $\text{Sig}=0.016$ ). Hypothesis 3e was therefore supported.

This would suggest that the respondents were able to deal with expected or unexpected events and changes as well as able to influence and transform their environment and be aggressively competitive. This was important, for instance in a competitive banking environment, which has nine banks for a small customer base. Inasmuch as the leaders investigated might not have exhibited other entrepreneurial characteristics such as risk-taking, creativity and innovativeness, and opportunity-seeking; they seemed to have proactive personalities.

Proactive personality is an important determinant of the leaders and their leadership effectiveness as it moderates their intentions. Proactive personality is very important when the environment is challenging or unfavourable, such as the one that most leaders in Kuwait currently face. The results presented here support the prediction that more proactive leaders

are more likely to be effective. Furthermore, the results support the claim by Grant (2000) that proactive personality provides advantages in many individual and organisational contexts (Grant, 2000). The implication of the findings is that the leaders of these organisations should be able to deal with the changing and dynamic environment and still aggressively compete. However, the evidence from interviews indicated that the current uncertain environment seems to have led leaders to adopt a cautionary approach towards conducting business rather than being proactive.

#### *7.3.9 Opportunity-seeking*

The identification of opportunities is important in part because it is often the first step in the entrepreneurial process (Baron and Shane, 2005). To this end, the respondents were asked whether they had been able to discover entrepreneurial opportunities lately, and were willing to commit the company's resources to pursue them. The initial results from the correlation analysis indicated a very good correlation between opportunity-seeking and entrepreneurial leadership effectiveness, which suggested some positive relationship. However, the results were not statistically significant based on the logistic regression (Sig=0.129), which means that hypothesis H3f was not supported. This outcome was not particularly surprising, and is consistent with the previous findings on risk-taking, creativity and innovativeness where it was noted that the findings were not statistically significant (see sections 7.3.6 and 7.3.7). Furthermore these constructs (opportunity-seeking, creativity and innovativeness and risk-taking) overlap, as shown by the correlation studies (see table 5.19).

It is expected that people go through steps to recognise opportunities, which may include but are not necessarily restricted to noticing a change in the surrounding environment, linking this event to a business opportunity, exploiting this opportunity, analysing the market needs and resources required, and setting up the company and running and managing it. There is probably no doubt that the process of opportunity identification may differ based upon the relative differences of the entrepreneurial opportunities in question.

As noted by Baron (2006), entrepreneurs possess an ability to recognise an opportunity using cognitive frameworks acquired through experience in perceiving connections between seemingly unrelated events or trends in the external world. He also noted that opportunities may exist for years before they are noticed and he concluded that pattern recognition is a basic aspect of our efforts to understand the world around us. He referred to pattern recognition as the process through which specific persons perceive complex and seemingly unrelated events as constituting identifiable patterns. The evidence from the leaders was that they were probably not alert to the opportunities in their environments and were not recognising them when they emerge.

If a country such as Kuwait is looking to increase its number of entrepreneurial leaders, then the leaders need to hone their search capabilities to systematically search for market needs and exploit these needs. Prior entrepreneurial experience on the process of opportunity identification is not necessarily a pre-requisite. This is partly because entrepreneurial decisions involve the creation or identification of new ends and means (Gaglio and Katz, 2001) previously undetected or unutilised by market participants. Therefore to identify promising market opportunities, an insight into customer needs must be gathered. Developing countries such as Kuwait have greater chances of systematic

search as opposed to discovery of opportunities, and the role of prior knowledge in the process, although very important, might not be essential. It would appear that many of the respondents perceived the current situation as having low potential for business opportunities.

The key finding from the qualitative interviews was that identification of new opportunities and then translating these into products and services that customers need has eluded many leaders. Several reasons were given for this, such as the rigid rules and regulations of the Central Bank of Kuwait in its supervisory role of banks and financial companies, to the uncertainties in the environment and customers' unwillingness to invest their funds in investment companies

#### *7.3.10 Contextual factors*

A more comprehensive model of entrepreneurial leadership must incorporate the characteristics, the process and the context. The literature supports this notion and it is believed that different entrepreneurial leaders have unique sets of goals for their companies, which are influenced by the organisational context (Naffziger *et al.*, 1994). The concepts of environmental dynamism and munificence have played a fundamental role in understanding the strategic decision-making process that occurs within entrepreneurial organisations (Kreiser and Davis, 2010; Lumpkin and Dess, 2001). As noted by Lumpkin (1996, p. 46), 'a munificent environment is one in which innovativeness is favoured because resources are available to devote to technological development and the growth environment invites a proliferation of new products'. Equally, Zahra (1996, p. 197) found that munificent environments acted to encourage R&D spending within firms, since firms

operating in hostile environments ‘may be reluctant to invest heavily in developing new technologies because hostility erodes profit margins and reduces the resources available for innovation’.

The main contextual factors investigated were: the small country size, family interest in business start-up, Government policy of guaranteeing Kuwaitis jobs and the culture of entrepreneurship in Kuwait. These factors may moderate the relationship between the sub-dimensions of entrepreneurial leadership and performance.

It was believed that these factors affected entrepreneurial leadership as informed by the literature (Al-Enezi, 2002; House *et al.*, 2004; Kouzes and Posner, 2010; Shane and Venkataraman, 2000). As discussed in chapter 2, the Globe study of 62 countries showed that while some leadership attributes are universally endorsed or rejected as either effective or ineffective, for outstanding outcomes, others are culturally contingent (House *et al.*, 2004).

The correlation studies indicated that there was a moderate correlation between these factors and leadership effectiveness ( $Rho=0.364$ ), which was statistically significant. However, the logistic regression showed that contextual factors were not a predictor of entrepreneurial leadership and the results were not statistically significant, therefore hypothesis H4 was not supported.

This finding was not surprising in the Kuwaiti context in view of the fact that the Government has only recently started encouraging Kuwaitis to take up the challenges in the private sector through its Kuwaitisation and Manpower Government Restructuring Program (MGRP), largely because of the over-staffing in the public sector. It was a policy that was

not encouraging private sector initiatives; to-date, the condition for obtaining Government assistance in business start-up and running is that one has to quit a government position and many people are not willing to do that because of the risks involved. Many Kuwaitis prefer the comfort and security of a Government job (Al-Enezi, 2002).

Although all the leaders investigated were working in the private sector, these companies are either owned by large families or the family has a large controlling stake in the companies, and many of the key strategic decisions were made by the family owners. The same findings emerged from the interviews conducted with the leaders and chief amongst the contextual factors was the fact that Kuwait was a rich country that can afford to guarantee its citizens comfortable and high paying public sector employment. This has discouraged many from joining the private sector or be actively involved in entrepreneurial activities that may be seen as too demanding.

#### **7.4 Relationship between Leadership Effectiveness and Organisational Performance**

An important investigation made was to establish the link between leadership effectiveness and organisational performance. Previous studies suggest that, in certain situations, firms exhibiting high levels of an entrepreneurial orientation will achieve superior performance to those possessing low levels of entrepreneurial orientation (Keh *et al.*, 2007).

Whilst some authors believe that organisational performance is related to the company leaders, and that leadership style is a high indicator of organizational outcome (Harter and Sashkin, 2002), equally there are others in disagreement who would argue that the performance of the organisation is not necessarily attributed to the leaders but to other

factors. One difficulty that exists is the measurement of organisational performance, as there is no consensus on this, since others view performance as behaviour, rather than an outcome, which suggests that 'performance is in the doing, not in the result of what has been done' (Beal *et al.*, 2003, p. 990).

In this study, organisational performance was assessed by two items, mainly product innovation and improvement, and the annual sales growth. These items were trying to capture both the above aspects of entrepreneurial leadership-innovation and improvement. Innovation and improvement reflects performance as behaviour while sales growth is a business outcome. As mentioned earlier, a key measure of entrepreneurial activity was whether the organisations were creative and innovative, including improvements to products and processes or they were just buying and selling products. Growth was measured by examining the increase of sales and these figures served as an objective measure of the organisation's performance. The results showed that the relationship between leadership effectiveness and organisational performance was not statistically significant and hypothesis H5 could not be supported, raising the question of whether leaders in these organisations were effective and engaged in entrepreneurial leadership. However, it should be noted that SPSS would not converge during the iteration.

Through qualitative investigations, the issue was further investigated and risk and environmental uncertainty were at the forefront of many leaders. Theoretical arguments suggest that risk-taking displays a curvilinear relationship with performance, such that moderate levels of risk-taking allow firms to outperform those that exhibit extreme levels of risk-taking. This may help to explain some of the mixed findings on the entrepreneurial orientation-performance relationship similar to what Tang *et al.* (2008) observed. However,

it is expected that innovative and proactive, opportunities seeking firm behaviours are positively associated with firm performance.

Lumpkin and Dess (2001, p. 444) found that 'both sales growth and profitability are positively and significantly related to a proactiveness-dynamism link'. This would seem to suggest that proactive firm behaviours are more positively associated with performance in dynamic environments than in stable environments.

In an environment awash with cash, it may be very difficult to closely relate leadership effectiveness with a company's performance because in some cases the company could be doing well because of other reasons. For example, within the telecommunications sector in Kuwait, companies are making huge profits largely because of huge tariffs. Another explanation could be that in organisations, leaders rarely act in isolation; instead, they work together with other leaders and there are so many leaders throughout the hierarchy that it becomes difficult to attribute a company's performance to a particular leader (Menges *et al.*, 2011).

Other variables such as leaders' motivation and how they relate with employees would need to be factored in to ascertain the link between entrepreneurial leadership style and organisational performance. Nevertheless, the results were surprising given the results of other researches. Although the vast majority of previous research has assumed a positive relationship between entrepreneurial leadership and firm performance, it is suggested that entrepreneurial leadership may only heighten performance in particular situations.

## **7.5 Contextualisation of Findings in Relation to Kuwait**

The research findings contribute to knowledge of leadership by showing how opportunities are recognised, and how innovativeness, risk-taking and proactiveness are encouraged in the process of leading organisations in Kuwait. The findings indicate that whilst the leaders who participated in the study might be visionary in orientation, they did not exhibit most of the characteristic of entrepreneurial leadership as stated above. The main characteristics exhibited were being visionary and proactiveness.

This would seem to suggest that Kuwait's leaders may be partially entrepreneurial leaders as this manifests itself in the form of entrepreneurial vision and proactiveness, which may lead to performance and growth when strategy mediates their relationship (Ruvio *et al.*, 2010). Furthermore, offering entrepreneurial vision in daily routines may be typical of an entrepreneur's way of leading a business. Furthermore, it would appear that the context (i.e. Bedouin tradition and wider tribal inheritance, family, and Islamic religion) greatly influence the leaders' beliefs and value systems.

## **7.6 Emerging Entrepreneurial Model**

This study addressed the research gaps in the literature by developing and empirically testing a model of entrepreneurial leadership within the Kuwaiti context so that the leaders can become effective and improve organisational performance and competitiveness while also considering internal (organisational structure) and external (environmental) factors. By testing the hypotheses and conceptual model within the banking and financial sector in

Kuwait, the results of the study provide at least some empirical evidence and support for the entrepreneurial leadership perspective.

Specifically, we considered entrepreneurial characteristics such as the leaders' values and beliefs, vision, creativity and innovativeness, risk-taking, proactiveness, opportunity-seeking and achievement orientation. The model also incorporated contextual factors because of their potential influence on entrepreneurial leadership in Kuwait (see figure 7.1, below).



**Figure 7.1: Emerging Entrepreneurial Leadership Model**

This theoretical model offers important insights regarding the fusion of entrepreneurship and leadership resulting in the emerging entrepreneurial leadership phenomenon within Kuwait in order for the leaders to be effective and maximise their firms' level of performance. Further, the importance of demographic, environmental and organisational

variables when analysing the entrepreneurial orientation of firms is highlighted by this model as well as the manner in which these characteristics interact with the sub-dimensions of entrepreneurial leadership. Entrepreneurial leadership may be most conducive to firm performance in dynamic and munificent environments as opposed to hostile environments (Zahra and Bogner, 2000).

The question that needs to be answered is whether the respondents had an entrepreneurial orientation, which has been contended to mean propensity to display innovativeness and creativity, opportunity-seeking, risk-taking, proactiveness and competitive aggressiveness. This is in view of the fact that the empirical results showed that the respondents displayed only visionary leadership and proactiveness and did not exhibit perhaps the most characteristic attributes of entrepreneurial leadership in general. Therefore relations not proven statistically in the model were also noted, including creativity and innovativeness, risk-taking and opportunity seeking. Future studies need to explore these traits and characteristics more fully and other potentially mediating and moderating variables.

Another key finding was that leaders within the banking sector were more risk-taking than those within the investment sector, contrary to expectations. This may partly explain that apart from the returns associated with risk, risk-taking takes place in certain environmental contexts and the aftermath of the financial crisis made leaders within the investment sector in Kuwait to become more cautious. The findings of our study suggest that the application of the Entrepreneurial Leadership Model to the banking and financial sector can be useful in explaining our understanding of entrepreneurial leadership. Insights from the qualitative research corroborated the statistical findings and helped in shaping the emerging model. The managers/leaders in these sectors need to be entrepreneurial oriented if they are to be

effective in running these firms, particularly within a fast changing and competitive environment.

## **7.7 Conclusion**

Whilst an integration of concepts of entrepreneurship literature with those from leadership provided a conceptual foundation from which to approach entrepreneurial leadership, additional insights are still needed to understand the concept better. If leaders are more entrepreneurial this should help organisations to improve their performance, their capacity for adaptation, and long-term survival. The findings showed that whilst the leaders studied might strongly believe in entrepreneurial leadership, and were visionary and proactive, they however lacked many of the key characteristics of entrepreneurial leadership such as opportunity-seeking, risk-taking, creativity and innovativeness. It is therefore important that entrepreneurial leaders in organisations should seek to find the most effective configuration of their innovative, proactive and risk-taking behaviours.

The findings suggested that although the association between entrepreneurial characteristics and leadership effectiveness was strong, at least based on the correlation analysis, the same could not be said about the link with organisational performance, as the result was not statistically significant. This seems to suggest that organisational performance is influenced by other factors and not only by the leaders themselves.

## **CHAPTER 8: THESIS CONCLUSION, KNOWLEDGE CONTRIBUTION AND RECOMMENDATIONS**

### **8.1 Introduction**

Chapter 7 discussed the empirical findings with respect to the extant literature, culminating in an entrepreneurial leadership model driven from the integration of leadership and entrepreneurship literatures. In so doing, the study addressed the growing call for greater focus on entrepreneurial leadership as a means to successfully lead competitive and challenging activities both in new ventures and in established organisations (Cogliser and Brigham, 2004; Fernard *et al.*, 2005; Gupta *et al.*, 2004; Yang, 2008). Most of these studies were conducted in developed countries and scarce studies have been undertaken in developing countries such as Kuwait, where the contextual factors that shape leadership are different.

Entrepreneurial leadership is a response to the escalating ineffectiveness of a more traditional managerial mindset, which it is argued can no longer produce effective strategies and strategic processes in the new competitive landscape (Bettis and Hitt, 1995; Brown and Eisenhardt, 1998; Dess and Lumpkin, 2005). That landscape dramatically changes the imperatives to which effective organisations must respond. The general context has changed, and the ability to organise in this new context has become the ability to engage in highly entrepreneurial activity. Furthermore, it is recognised that one of the most essential aspects for organisational survival, growth, and development is effective management and leadership, particularly leaders who are skilled at working effectively with employees

across the organization to direct, support, and influence them to achieve organizational goals.

There is therefore a need to constantly adjust to external and internal changes, resolving conflicts, providing vision and direction and making timely and appropriate decisions, being proactive; the kind of new leadership that falls under the umbrella of entrepreneurial leadership. The challenges and forces in today's environment necessitate entrepreneurial approaches such as innovative and risk taking strategies (Guo, 2010).

To this end, the study viewed entrepreneurial leadership as leadership that is capable of sustaining innovation and adaptation in changing and uncertain environments (Guo, 2010; Surie and Ashley, 2007). It is leadership that is visionary and focused on problem-solving and value creation in the market. It is argued that the organisational archetype of the future will be entrepreneurial and, as noted by Fernald *et al.* (2005), its leadership, strategy, and structure will reflect entrepreneurial thinking. Therefore entrepreneurial leaders can be viewed as individuals who not only create new organisations but go on to lead these organisations to sustainable success.

In reviewing the two different strands of literature (entrepreneurship and leadership), it was noted that whilst there were some overlaps between these two disciplines, their essential differences are found in the influencing power of a leader, which is founded upon authority in the case of a leader, whereas entrepreneurs' influencing power goes beyond formal authority. Other differences lay in the focus with entrepreneurship's main occupation being creativity and innovativeness, opportunity-seeking and risk-taking behaviour, and responsibility 'for mobilising the resources necessary to produce new and improved goods

and services' (Jones and George, 2007, p.280), whereas leadership is about inspiring confidence and support among the people who are needed to achieve organisational goals and bringing about change.

However, when it comes to performing roles, the differences between roles are often the differences of degree rather than of kind. To achieve optimum results, the two skill sets need to overlap or complement each other (Davidson and Griffin, 2000), and this has partly given rise to the need to study the emerging field of entrepreneurial leadership. Entrepreneurial leadership cannot be based solely on power and a hierarchical chain of command and control, but instead is based on individual skills such as achieving goals innovatively and collecting the requisite resources (Skodvin and Andresen, 2006).

Drawing upon the literature on entrepreneurship and leadership, this study focused on determining various entrepreneurial leadership behaviours and characteristics of Kuwait's leaders and how these leadership characteristics relate to leadership effectiveness and organisational performance within the Kuwaiti context. The objective of this study was therefore to gain depth and understanding and clarify the concept and develop an empirical measure of entrepreneurial leadership within Kuwait's private sector leaders that takes into consideration the contextual factors.

It has been argued that if Kuwait is to move away from its heavy dependency on oil revenues and develop its private sector, then it requires a different type of leadership. It requires leaders that recognize opportunities and seize those opportunities through risk-taking and creating innovation and change, investing in organisational resources, and converting to more flexible and adaptable structures and generally leaders who are

proactive and visionary so that they adopt and utilise entrepreneurial strategies in order for their organisations to build, innovate, and grow in strength and power.

Using a predominantly quantitative methodology to collect and analyse the data, we established the characteristics of outstanding leadership and the relevance of entrepreneurial leadership. The results and implications of this study were based on a self-administered instrument developed from the literature and provide at least initial empirical support for entrepreneurial leadership theoretical perspectives amongst Kuwait leaders. The purpose of this chapter is therefore to conclude the study and highlight contributions to knowledge and consider the policy implications of the research for the development of entrepreneurial leadership capabilities. This is followed by managerial recommendations as well as a discussion of the possible limitations of the study leading to suggestions for further research. By undertaking such a study and understanding entrepreneurial leadership characteristics and capabilities by examining the meaning of events, combining and restructuring knowledge and experience from both the leadership and entrepreneurial fields, and applying the acquired knowledge, leaders in Kuwait should be enabled to improve their leadership practices.

## **8.2 Entrepreneurial Leadership**

The different strands of literature (leadership and entrepreneurship) revealed that whilst these disciplines are distinct and different, more recent studies have begun to explore the nexus of the two fields as there are indeed areas of considerable overlap. Furthermore, for organisations to survive and grow in these turbulent and highly competitive environments, they cannot solely rely on entrepreneurs, nor can they only rely on managers who tend to be

satisfied with status quo. In such situations, survival and growth of organisations mainly depend on basic transformations and changes of approaches, goals, strategies, structures, and cultures. Today's leaders should define new roles for themselves to confront with these new challenging environments. Organisations require the combined attitudes, behaviours, and actions of entrepreneurs and managers/leaders (Guo, 2010; Gupta et al., 2004; Vecchio, 2003).

Our research developed a theoretical framework from three important stages of leadership theory (trait, situational and transformational) and from the entrepreneurship literature, to develop and test the construct of entrepreneurial leadership and establish support for the effectiveness of entrepreneurial leadership and organisational performance. From the leadership perspective, dimensions considered include leaders' values and beliefs, visionary and proactiveness. This study conceptualized entrepreneurial orientation as consisting of three unique sub-dimensions (innovativeness, proactiveness, and risk-taking) which were able to vary independently of one another in a given context.

It should be noted that leadership knowledge has progressed beyond ideas of transformational leadership. The literature (Davis *et al.*, 2010; Gupta *et al.*, 2004) highlighted the importance of entrepreneurial leadership and it was noted that looking for personality traits uniquely characteristic of entrepreneurial leaders was occasionally a topic of research.

For example, Kirkpatrick and Locke (1991, p. 59) noted and applauded the resurgence of interest in trait theory, concluding that:

Regardless of whether leaders are born or made or some combination of both, it is unequivocally clear that leaders are not like other people. Leaders do not have

to be great men or women by being intellectual geniuses or omniscient prophets to success, but they do need to have the 'right stuff' and this stuff is not equally present in all people. Leadership is a demanding unrelenting job with enormous pressures and grave responsibilities. It would be a profound disservice to leaders to suggest that they are ordinary people who happened to be in the right place at the right time. May be the place matters, but it takes a special kind of person to master the challenges of opportunity.

Transformational leadership was considered important particularly because of its emphasis on change and vision. Whilst vision has been studied within the context of charismatic, transformational, and visionary leadership, the concept of vision has been given less attention in the entrepreneurial field despite its implications for new venture performance (Hellstroem and Hellstroem, 2002). In the entrepreneurial environment, vision not only clarifies goals, but inspires constituents' confidence in an uncertain future (Bryant, 2004). The role of vision is so central in entrepreneurship that it formed the key of the definition entrepreneurial leadership given by Gupta *et al.* (2004) expounded above.

Contextual factors can also significantly shape the characteristics and behaviour of leaders. One of the purposes of this study was to enhance our understanding and make a contribution to the study of entrepreneurial leadership in the context of a developing country such as Kuwait. This is important because the majority of studies on leadership have been conducted from a western perspective and scant literature exists on entrepreneurial leadership in developing countries such as Kuwait.

The contextual factors investigated included the Government policies of providing jobs for all Kuwaitis, which might have a tendency to discourage entrepreneurship; Kuwait being a small consumer market; family business start-ups; the culture of entrepreneurship; and the general economic climate, which may not be conducive for business start up and running of business.

The literature noted that entrepreneurial leaders focus on enacting an entirely emergent organisational task and a transaction set to accomplish the task (McGrath and MacMillan, 2000). According to these authors, entrepreneurial leadership is a discovery-driven approach to specifying problematic limits, and mandating strategic commitment to new business development so that team members feel that they have ‘not only the right but the obligation to seek out new opportunities and to make them happen’ (ibid, p. 303). By setting the climate through personal modelling of these behaviours consistently, predictably, and relentlessly, entrepreneurial leaders ensure that others will emulate their behaviour and ‘they will not change what they do on the basis of words alone’ (ibid, p. 303).

A critical review of the extant literature revealed that entrepreneurial leadership is at the early stages of conceptual and theoretical development and only few researchers defined the concept. The early definitions of entrepreneurial leadership focused on personal attributes and characteristics of entrepreneurial leaders (Swiercz and Lydon, 2002; Vecchio, 2003), whilst more recent definitions concentrate on the interpersonal and influential processes through which entrepreneurial leaders mobilise a group of people to achieve the entrepreneurial vision (Kempster and Cope, 2010). In this sense, entrepreneurial leadership is a process of social influence, transformation, and empowering in rapidly changing and uncertain contexts (Gupta *et al.*, 2004; Kempster and Cope, 2010).

From the literature review, it was noted that entrepreneurial leadership deals with concepts and ideas, which are often related to problems that are not of an organizational nature (El-Namaki, 1992), but instead tend to be individual characteristics or behaviours.

Gupta *et al.* (2004) developed a theoretical foundation for entrepreneurial leadership that is distinctively different from other types of leadership behaviours in creating ‘visionary scenarios that are used to assemble and mobilize a “supporting cast” of participants who become committed by the vision to the discovery and exploitation of strategic value creation’ (Gupta *et al.*, 2004, p. 242). According to this, such leaders face two interrelated challenges to successfully lead entrepreneurial activities and these challenges are ‘scenario enactment’ and ‘cast enactment’.

Scenario enactment entails building a successful future for their entrepreneurial venturing through constant creation of new entrepreneurial ideas, identification of entrepreneurial opportunities, and adaptation to the highly competitive world of business (Bagheri and Pihie, 2011). Cast enactment means that entrepreneurial leaders need to inspire and influence a group of competent and committed people to achieve the objectives of the entrepreneurial scenario (Bagheri and Pihie, 2011).

In order to cope with these challenges, entrepreneurial leaders should have a combination of personal and interpersonal competencies. Facing the challenge of envisioning an entrepreneurial future needs more personal competencies, such as proactiveness, innovativeness, and risk taking. Coping with the challenge of mobilising a group to accomplish the entrepreneurial objectives requires more interpersonal competencies, especially to inspire commitment among followers (Bagheri and Pihie, 2011).

The important characteristics that emerged for entrepreneurial leadership leading to effectiveness were values and beliefs, vision, creativity and innovativeness, risk-taking,

proactiveness, opportunity-seeking and their importance to entrepreneurial leadership are later briefly explained.

There has also been debate as to whether these dimensions are independent or co-vary with each other (Covin and Slevin, 1989; Dess and Lumpkin, 2005; Lumpkin and Dess, 2001). This issue has spurred a fair amount of empirical research which generally supports the notion that exploring relationships among individual dimensions of entrepreneurial orientation and performance is superior as opposed to considering entrepreneurial orientation as a uni-dimensional construct. In a study by Stetz *et al.* (2000) using a rigorous structural equation analysis of 865 healthcare executives, the dimensions were found to vary independently and were more robust predictors of firm growth than a summated uni-dimensional construct. The study considered the entrepreneurial dimensions as independent variables.

- Beliefs and values

From the transformational leadership theory, it was suggested that a key aspect to successful leadership involves changing and shaping the values, beliefs and attitudes of followers, to motivate them to perform beyond organisational expectations toward ends specified by the leader (Bass, 1985). This involves the use of ideology and values (affective and value-laden appeals) to motivate organisationally distant subordinates toward highly valued ends (Waldman *et al.*, 2001). Without appeal to values, sustaining action and gaining legitimacy for the group to ensure its survival may be difficult (Surie and Ashley, 2007).

- Vision

A clear vision sets the tone for the company and inspires organisational members to achieve a greater purpose. However, visions may be killed by fear of mistakes, inability to tolerate ambiguity, and lack of challenge (Fernald *et al.*, 2005). Successful entrepreneurs also envision the need for a product or service and how that product or service is to be provided and anecdotal evidence suggests the most successful leaders are visionaries (Fernald *et al.*, 2005). The entrepreneurial leader is expected to have the foresight to develop an idea, implement it, and periodically evaluate company operations to constantly improve business process (Swiercz *et al.*, 2002).

- Creativity and innovativeness

Creativity and innovativeness was identified as one of the specific domain factor that makes entrepreneurial leaders unique (Brandstätter, 2010; Frese, 2009). Schumpeter (1954) believed that the entrepreneur is the innovator who implements change within markets. Innovations come in many different forms, including but not limited to technological innovativeness, product-market innovativeness, administrative innovativeness etc. As such, the entrepreneurial leaders move the market away from its equilibrium. However, there are also pitfalls associated with creativity and innovativeness. Sometimes the expenditures on R&D aimed at identifying new products or processes do not yield expected results or competitors may develop similar innovation or find a use for it that is more profitable (Dess and Lumpkin, 2005).

- Risk-taking

Risk-taking was perceived as a psychological disposition of individuals to show varying degrees of risk-taking or risk avoidance behaviour (Papadakis *et al.*, 1998; Rauch and Frese, 2007). Individuals with high risk propensity are typical of people who made rapid and innovative decisions (Sashkin, 1988). Fernald *et al.* (2005) argued that leaders must weigh the risk and the multitudinous factors involved, while at the same time understanding that no one can predict the future with certainty. Inability to deal with uncertainty precludes an organisation from achieving its goals

- Proactiveness

The literature review showed that proactiveness was an important variable in understanding entrepreneurial behaviour (Bateman and Crant, 1993; Crant, 1996; Becherer and Maurer, 1999). Proactive personality orientation was viewed as being able to affect environmental change by overcoming various situational impediments or constraints; Bateman and Crant (1993, p. 105) stated that individuals with a proactive personality ‘scan for initiatives, show initiative, take action and persevere until they reach closure by bringing about change’. Proactiveness involves not only recognizing changes but also being willing to act on those insights ahead of the competition, which is a forward-looking perspective that gives companies a competitive advantage through first mover advantage, as competitors have to respond to successful initiatives (Dess and Lumpkin, 2005; Lieberman and Montgomery, 1988). Thus, the presence of proactive orientation by the leaders of a firm constitutes a valuable organisational resource, often leading to an advantage over rival organisations (Davis *et al.*, 2010).

- Risk-taking

Risk-taking also emerged as a personal characteristic of entrepreneurial leaders, which influenced the decisions taken and their effectiveness. To obtain high financial returns, firms take such risks as assuming high levels of debt, committing large amounts of firm resources, introducing new products into new markets, and investing in unexplored technologies (Sitkin and Pablo, 1992).

It was noted that risk-taking leaders may influence the process in the direction of faster, less rational decisions, were reluctant to delegate decision-making authority, generally operate more by intuition than by rational analysis, tend to implement centralised organisation designs characterised by high control intensity and direct supervision in order to minimise uncertainty (Mullins and Forlani, 2000). This suggests that risk-prone entrepreneurial leaders will follow centralized configurations in decision-making and less rule formalization. Furthermore, Barbosa *et al.* (2007) found that perceiving risk as either opportunity or threat influences perceived behaviour control, and thus affects entrepreneurial intentions.

- Opportunity recognition

Previous research has found that opportunity recognition is an important aspect of entrepreneurial ability (D'souza and Mulla, 2011). Evidence shows that information gathered through rich and varied life experiences helps an individual spot and recognise possible business opportunities (Shane, 2000). The recognition of opportunity may be triggered by several reasons: either external or internal stimuli of unfulfilled personal needs; from the identification of a need of people in the environment and may get

manifested in the choice of product or the choice of market in the perceptual mental map of the entrepreneur (Bhave, 1994). Entrepreneurial leaders identify gaps, which can stir them on to identifying and working on new initiatives.

- Contextual factors

Environmental variables matter, not only in providing opportunities to exploit the imperfect markets, but also because different environments influence the leaders and the way they run their organisations. Thus, if entrepreneurship is an individual's response to a situation (i.e. the environment around him/her), then the environmental factors must be regarded as crucial elements in any framework relating to entrepreneurial leadership.

- Leadership effectiveness

In the literature it is stated that a significant psychological explanation of entrepreneurial acts is the need for achievement and effectiveness. Leaders who are effective are dominated by a desire to influence and control the context in which they operate because they are ambitious, hard-working, competitive, keen to improve their social standing, and they place high value on achievements (McClelland and Donald, 1961, Papadakis, 2006) and get things done and achieve organisational goals. Such individuals are willing to 'take action to influence their environments' (Grant, 1995, p. 532). In this study, effectiveness was viewed in terms of financial performance, gaining market share, achievement of goals. However, societies differ in their perceptions of leadership and the effectiveness of the leader, and Hofstede (1980, 1999) attributed such differences to cultural values.

- Organisational outcome

Organisational researchers have long recognised the important role that leaders play within entrepreneurial firms (Ireland *et al.*, 2003), and that leaders with entrepreneurial characteristics positively impact firm performance. Organisational outcome is the behavioural, economic and competitive manifestations of the internal dynamics of the organisation, and its interactions with the environment and the entrepreneurial leaders over a period of time (Hamel, 2000). Hamel (2000) suggested that in order to successfully navigate an ever changing economy, leaders need to position their organisations to:

- 1) Capture existing markets while also creating new ones;
- 2) Seize market share from more conservative and less innovative competitors; and
- 3) Acquire the customers, assets, and perhaps even the employees of slow growing incumbent firms.

Accomplishing these goals in a complex landscape requires that a manager or leader displays entrepreneurial leadership abilities (Ireland *et al.*, 2003).

The linkage between entrepreneurial leadership and performance has often been operationalised using measures such as profitability, sales growth, return on investment (ROI) and return on equity (ROE). In the present study, given the difficulty of gaining access to archival financial information from many of the sample companies, respondents were asked to evaluate the performance of their firm based on their individual perception of product innovation/improvement and annual sales growth.

The key question is whether possessing the common characteristics found in literature predict an individual whose performance would exhibit entrepreneurial leadership and successfully contribute to an organisation's success. Based on a review of the literature, entrepreneurial leaders are successful to the extent that they exhibit strong values and beliefs, vision, creativity and innovativeness, risk-taking, proactiveness and opportunity-seeking. These characteristics collectively provide a sufficient basis for viewing entrepreneurial behaviour as another type of leadership, particularly in view of the fact that changes in the workplace are demanding a new style of leadership (Fernald *et al.*, 2005). Collectively, these characteristics permeate the decision-making styles and practices of a firm's members and often work together to enhance a firm's performance (Dess and Lumpkin, 2005). While the works of Dess and Lumpkin (2005) focused on corporate entrepreneurial activities, studies by others have identified leadership behaviour as a contributing factor to firm performance (Dorenbosch *et al.*, 2005; Ramamoorthy *et al.* 2005), which is what the study investigated.

Through integrating leadership and entrepreneurship literature, a model was developed that specifies the personal characteristics reflected in those who practice entrepreneurial leadership and its relationship with effectiveness and organisational performance.

While there was no statistical significance for some of the above roles and dimensions of entrepreneurial leadership based on the logistic regression conducted, the overall construct of entrepreneurial leadership was established. The findings showed that whilst the leaders studied might strongly believe in entrepreneurial leadership, and were visionary and proactive, they however lacked many of the key characteristics of entrepreneurial leadership such as opportunity-seeking, risk-taking, creativity and innovativeness.

Entrepreneurial leadership was most associated with values, risk-taking and company characteristics. The factors least associated with entrepreneurial leadership were contextual factors and in particular the economic climate, which was perceived as not conducive to business start-up and running of businesses. However and contrary to our expectations, leaders in the banking fraternity exhibited more risk-taking characteristics than those in the investment sector. Part of the explanation could be that the investment sector had been the worst hit by the financial and economic crisis and as such the leaders were trading much more cautiously. It could also be an indication that this new conception of leadership was not well-perceived in either stand-alone entrepreneurship or stand-alone leadership, and that possibly leadership was conceived as a type of entrepreneurship instead of the opposite.

Those leaders in executive and senior management positions generally exhibited higher scores on entrepreneurial leadership than lower-level managers, which would appear to suggest that the greatest opportunity for entrepreneurial leadership amongst Kuwait's leaders existed at the top management level. This suggests a tendency to look up the organisation for entrepreneurial leadership.

### **8.3 Methodological Issues**

Entrepreneurial orientation has been largely studied at the firm level, whereby leaders of an organisation who create an environment that encourages innovation and risk-taking are characterised as corporate entrepreneurs (Dess and Lumpkin, 2005; D'souza and Mulla, 2011). This study considered entrepreneurial leadership at the individual level (the leaders themselves) and accordingly individual dimensions of entrepreneurial leadership were

considered as opposed to viewing it as a uni-dimensional construct. To that end we included dimensions such as values and beliefs, vision, creativity and innovativeness, risk-taking, proactiveness and opportunity-seeking. Accordingly, the relationships between the individual dimensions of entrepreneurial leadership and effectiveness and organisational performance were explored. The measures utilized in this study were based on previous research efforts on the topic (e.g., Covin and Slevin, 1989; Covin *et al.*, 2006; Davis *et al.*, 2010).

The importance of specifying the levels of analysis cannot be minimized for several reasons. First, organisations are inherently hierarchical; individuals work in teams or groups, leaders lead followers (which can involve an individual, dyad, or group level-of-analysis), groups or teams are organized into departments or divisions, various divisions make up an organization, multiple organizations often become joint ventures as well as comprise an industry. This makes studying leadership extremely complicated because the leadership phenomenon is not restricted to one level; rather, it may operate on one, any, or all levels (Antonakis *et al.*, 2004). The study surveyed leaders occupying positions of team leader, middle manager, senior manager and executive level. Therefore the unit of analysis was clearly leaders within the private sectors of Kuwait.

The methodological contribution of this study is the investigation of predictors of leadership effectiveness in the context of entrepreneurial characteristics and business environment in Kuwait, a developing country; it shows the external validity of factors' influence on entrepreneurial leadership effectiveness which had mainly previously been tested in Western, developed countries.

Furthermore, the study revealed that undertaking purely qualitative or quantitative studies in the Kuwait's context may not reveal greater understanding of the leadership phenomenon possibly because of the conservative nature of the society. Furthermore people may be unwilling to open up and express their true feelings in interviews to a researcher who might be considered an outsider. This called for a predominantly quantitative methodology but supplemented with data from qualitative interviews to aid with the explanation and further elaboration of their views.

An underlying principle in the collection and analysis of data is triangulation, which is the use and combination of different sources of data to study the same phenomenon. It is believed that the validity of data may be increased if multiple sources of data are used. Triangulation involves the use of multiple methods and measures of an empirical phenomenon in order 'to overcome problems of bias and validity' (Blaikie, 2000, pp. 262-9; Scandura and Williams, 2000). In a widely cited work, Denzin (1978) distinguished between:

- a) Data triangulation, whereby data is collected at different times or from different sources;
- b) Investigator triangulation, where different researchers or evaluators independently collect data on the same phenomenon and compare results;
- c) Methodological triangulation, where multiple methods of data collection are used such as qualitative and quantitative designs; and
- d) Theory triangulation, where different theories are used to interpret a set of data.

Janesick (1994) also considers interdisciplinary triangulation, where the research process is informed not only by a single academic discipline (e.g. psychology) but by one or more other disciplines (e.g. art, sociology, history, dance, architecture, anthropology).

In this study, methodological triangulation was achieved using different methods, namely interviews and surveys, which enabled us to move closer to obtaining a 'true' picture by complementing data from surveys with qualitative data from 12 interviewees.

#### **8.4 Generalisation of Findings**

The sample consisted of individuals with desired traits of entrepreneurial leadership by targeting individuals who were largely in leadership positions. Although the sample under investigation fairly represented Kuwait's leaders, until additional studies examine other larger samples, generalisations from these results must be made carefully. While entrepreneurial leadership appears to be a universal construct relevant for outstanding results at the organisational and societal levels, there may be some individual managers/leaders that hold a cautious view about such leadership.

While most organisations and societies endorse entrepreneurial leadership as effective, some variations in the degree of perceived effectiveness do exist. Cultures characterized by high power distance, such as the Middle Eastern and Confucian societies, are less likely to endorse entrepreneurial leadership than the Anglo-Nordic societies, which are more egalitarian (Gupta *et al.*, 2004).

The results revealed that executive leaders exhibited higher scores than lower level leaders, confirming previous studies' findings (McClelland, 1961) that middle managers may be

more likely to endorse entrepreneurial leadership. Personality characteristics displayed by entrepreneurial leaders depend on specific situational demands (Chell, 1985), which may make generalisation of findings difficult.

### **8.5 Knowledge Contribution**

In terms of theoretical implications, this research advances the literature on entrepreneurial leadership, especially the relatively sparse work on entrepreneurial leadership in developing countries such as Kuwait. The impact that entrepreneurial leadership orientations have on organisational performance in the context of developing countries remains unclear. In particular, the research highlights important characteristics that Kuwait's leaders should possess if they are to be effective and manage their companies for better organisational performance.

As operationalised, entrepreneurial leadership is a construct with multiple dimensions and this provides a basis to identify and develop the leadership qualities. This is important in view of the fact that entrepreneurial leadership may be associated with leadership effectiveness (Lumpkin and Dess, 2001). By integrating leadership literature with entrepreneurship literature, it is hoped that such an integration will aid the design of future research in these areas by highlighting the common trends and common threads of thought that underlie these scholarship streams (Vecchio, 2003).

This study's theoretical contribution is the examination of effects of entrepreneurial characteristics on leadership effectiveness and organisational performance using a comprehensive model that included contextual as well as demographic variables (see figure

7.1). The model addresses the main dimensions of entrepreneurial leadership and in particular the traits and characteristics of entrepreneurial leadership. It is believed that such a model forms the basis of what may develop into a more comprehensive and accepted framework of entrepreneurial leadership.

According to the literature, leadership style is a key indicator of organisational outcome, yet our findings yielded a weak link. Maybe this illustrates that there has been a shift of interest, from the personal characteristics of the leader to the role of leadership: that is, from an individualistic and de-contextualised conceptualisation of the leader as a reified heroic individual to one which emphasises leadership as a role defined by the interaction of a leader with his/her social and organisational context (Iles and Preece, 2006; Fiedler, 1996; Thorpe *et al.*, 2009). As noted by Thorpe *et al.* (2009, p. 202), ‘individuals alone do not create successful firms’. Furthermore, organisational performance requires the leaders to be motivated and incentivised to perform, which were issues not considered in our model. Furthermore, organisational performance requires other organisational employees to be committed to the value creation that the entrepreneurial leader faces, and these employees must have the capability and motivation to enact the leader’s vision. Lastly, Gupta’s *et al.* (2004) findings indicated that entrepreneurial leadership is universally endorsed, although there are societal differences in its effectiveness.

The results of this research are important in determining the propensity for particular leadership styles. The findings revealed that leaders in Kuwait’s private sector possessed some entrepreneurial characteristics such as vision and proactivity, but lacked many of the other traits and characteristics suggested in the literature. This might have several

implications for leaders in these contexts, such as their ability to be competitive in a global market.

Present and future leaders can utilise this information on entrepreneurial leaders to better understand their natural tendencies and need to develop their leadership skills for positive organisational outcomes. From a human resources management perspective, companies can strategically recruit, retain, and develop individuals who demonstrate these entrepreneurial leadership characteristics. Clearly, much remains to be done in clarifying the role and characteristics of tomorrow's leaders. New organisational designs, new thinking patterns, and new information systems will require new leadership styles. Entrepreneurial leadership offers one answer.

The study presents empirical evidence about entrepreneurial leadership in Kuwait upon which future studies can be built. Both quantitative and rich qualitative data is presented and contained in the study.

## **8.6 Managerial Recommendations**

On a practical note, this research contributes to an understanding of the challenges that confront Kuwait's leaders. By understanding the interaction between leadership and entrepreneurship theories, leading to the traits and characteristics of this emergent style of leadership herein referred to as entrepreneurial leadership, new methods and recommendations can be developed to help the leaders themselves and ultimately organisational performance. Present and future leaders can utilize this information to better understand their natural tendencies and need to develop their leadership skills for positive

organisational outcomes. It will therefore suffice to mention the need for the development of entrepreneurial leadership capabilities for Kuwait's leaders.

The study noted that the female leaders that were surveyed had strong beliefs and convictions about entrepreneurial leadership, possibly because this was a way to emancipate themselves within a country that is generally male-dominated. Although gender was not the key issue for discussion, nevertheless it was an important finding and effort should be made to encourage more women to become leaders in a male dominated society where the role of women is restricted, to some degree, both in and out of the home. The leadership field in Kuwait must shift its focus from the dominant (masculine) practices and assumptions of accepted entrepreneurial leadership behaviours, to enable the entry and acceptance of more diverse groups, particularly women. This can be achieved by emphasising gender-neutral characteristics, rather than gender-biased characteristics, and develop understandings of leadership from different standpoints. The mass media can also encourage women to be more interested in pursuing leadership roles rather than emphasising the masculine stereotype of leadership prevalent and reinforced in the popular press.

An important recommendation is for Kuwait's leaders to adopt an appropriate configuration of entrepreneurial orientations of the dimensions of entrepreneurial leadership in order to be effective and increase levels of organisational performance in various environmental contexts. Appropriate risk levels should be adopted (neither too risk-averse or too risk-taking) to maintain organisational performance. In a dynamic, complex and uncertain competitive environment, a type of entrepreneurial leader who is distinct from the usual behavioural form of leaders is needed in order to contribute to organisational performance.

Institutional support for entrepreneurial leadership may be lacking in some societies, as in erstwhile government-controlled economies such as that of Kuwait. In addition, it is possible that more strategic effort is needed for enacting entrepreneurial leadership in stable, protected environments with limited competition, than in situations where hyper-competition and turbulence are the norm, because the perceived need for entrepreneurial leadership in stable environments may be lower (Brown and Eisenhardt, 1998). The Government therefore need to enact policies that encourage Kuwaitis to join the private sector and progress to become future leaders as opposed to discouraging them by giving better incentives to work in the public sector that is already overstaffed.

The context for leadership development in the entrepreneurial domain requires the development of institutional capital (i.e. formal structures and organisations) that provides the basis for creating, enhancing and encouraging horizontal ties among the members, where they view each other as peers and partners, look toward each other, build awareness of each other and consider each other as resources: 'horizontal ties among them become part of the strength and resources of the organisation itself. Members learn that together they can do things that they would be unable to do alone' (Anderson, 2010, p. 10).

This study may benefit leaders and companies that are trying to reinvent themselves and become proactive and competitive by fostering entrepreneurial leadership within their organisations. From a human resources management perspective, companies can strategically recruit, retain, and develop individuals who demonstrate entrepreneurial leadership characteristics, who will be effective and ultimately improve organisational performance in today's highly competitive and global markets.

It is believed that the adoption of some of these policy and managerial recommendations may lead to leadership effectiveness and ultimately organisational performance through providing vision and direction, and by being proactive, creative and innovative, and risk-taking.

### **8.7 Research Limitations**

Like all studies, this study has limitations that merit discussion. These limitations must be acknowledged and factored in when interpreting the results. First, the study was not a longitudinal study; it is not possible to derive firm conclusions regarding the stability of empirical relations particularly in view of the fact that the study was conducted at a time when the companies were reeling from the financial crisis that adversely affected Kuwait's investment sector and the companies were still trying to recover and therefore in some cases their focus was in the short term as opposed to long-term strategic issues. Many companies were de-layering, downsizing and laying-off employees and not particularly interested in participating in research studies that they did not see immediate benefit for them.

Secondly, the study is limited to Kuwait's leaders working in the private companies and as such might not necessarily be generalised for the entire country.

Thirdly, this study collected data from a self-administered questionnaire filled out by leaders without further data from employees or customers, therefore the results could have been skewed to a more positive outcome. As is the case with many self-reporting instruments, the scales used in the study showed subjects' inclination to mark socially

desirable answers. A weakness of quantitative methods is that they *a priori* specify the relationships of interest, and thus may mask alternative process relationships because of the researcher's preconceived mindset (Cogliser and Brigham, 2004). However, since the study was concerned with the leaders' self-perceptions, the use of such-self reports is not unreasonable.

Fourthly, the fact that our theoretical model only considered and examined a few characteristics (beliefs and values, vision, pro-activity, creativity and innovation, risk-taking, and opportunity-seeking along with some contextual factors) provides another study limitation. This leaves other aspects of the model (e.g. moderators) available for testing under a variety of conditions. A direct link between leaders' characteristics and organisational performance could not easily be established.

The study did not include data from lower-level (sub-managerial) employees, partly because the focus was on leaders. There is however, a need to take meanings and interpretations of the followers seriously in order to understand leadership. It is thus equally important to place emphasis on how subordinates' perceive, interpret and react on the leaders' acts. However, it must be noted that there was variability in the answers and that many leaders admitted relative weaknesses on several entrepreneurial dimensions.

Several attempts were made to try and overcome these limitations that might threaten the validity and reliability of the study, including measures such as having a relatively large survey (n=340) to collect data, which formed the main basis of analysis; and complementing such data with data from interviews.

However, in spite of these limitations, this study is amongst the very few that examine entrepreneurial leadership characteristics that lead to leadership effectiveness and organisational performance. This line of thinking would suggest that leaders based on their entrepreneurial behaviours would devise plans that could improve organisational performance. As such, the study provides interesting results that have important theoretical and practical implications for understanding leadership in Kuwait as discussed above.

The limitations raised above naturally lead to areas for future research, as discussed in the next section

### **8.8 Areas for Future Research**

The construct of entrepreneurial leadership developed in this study is a preliminary step that attempts to initiate further research in these directions, and to contribute to on-going efforts to integrate the fields of leadership and entrepreneurship. Overall, the results suggested that entrepreneurial leadership on its own may not play as significant a role for organisational performance as originally hypothesised. Future research should be conducted assessing the role that other important variables may hold in the theoretical model developed in this study. For example, organisational strategy may also moderate the relationship between entrepreneurial orientation and firm performance. Other factors to be considered include: leaders' motivation and incentives, and the linkages between entrepreneurial leadership and organisational performance, including other potential mediating and moderating influences. It is important that future studies address the different configurations of the dimensions of entrepreneurial leadership and how such leadership may lead to increased levels of performance in various environmental contexts.

It is important to understand the extent to which the development of entrepreneurial leadership contributes to addressing the significant challenges facing businesses at a critical stage in their lifecycle stage on the entrepreneurship orientation-performance relationship.

Such studies should also seek to employ broader based quantitative methods to determine the effects of entrepreneurial characteristics on other managerial processes such as strategic decision process proposing different entrepreneurial leadership characteristics and environmental context variables. We believe that more research in this area as well as an improved understanding of the characteristics of entrepreneurial leadership may provide a better understanding of leadership within the Kuwaiti context.

Replicating this study utilising a larger sample or different data collection techniques would also be advisable. A larger sample that includes small business owners regardless of company size might result in different findings. Very small business owners are usually more involved in the actual daily operation of the business along with their employees. This may have an effect on the outcome of the study. An obvious direction for future research would be to investigate middle and junior management entrepreneurial leadership, given that this study focused on top management.

Longitudinal studies should be conducted to empirically validate the findings and the relations between the variables over time and in numerous economic (market) conditions, and other industries should be included to a greater extent (e.g. construction), given that this study focused on the financial sector.

## **8.9 Personal Reflections**

First, it is important to recognise that as researchers, we have individual strengths and weaknesses and we tend to have well developed skills in certain areas but less developed in other areas. Self-awareness and reflection is a critical starting point. The reflections discussed in this section stem from my experience in undertaking this research. The reflections are shared in an effort to assist others who are undertaking similar research as well as learning in hindsight, having undertaken the research myself.

Given my interests in leadership, and following my MBA dissertation in leadership, I began searching for a specific field of interest, which ultimately led me to focus on entrepreneurial leadership, as I thought that this was the biggest area that Kuwait's leaders required in order to drive the economy and make Kuwait's companies more competitive. It was also an area that not enough research had been done.

It is important to have a passion in a particular area of study as the research needs to be sustainable over a number of years (four in my case). Therefore I had to be persistent and resilient, knowing that I would eventually complete my research and make a contribution to knowledge in my chosen area of study.

### *8.9.1 Literature review process*

Literature review is a daunting task for any researcher as it required broad, deep and comprehensive reading of all available work pertinent to the research subject and critical analysis, being written up, draft after draft, reworked and revised and revised again, taking into account the latest developments in the field of study. It was an arduous but rewarding experience that enabled me to determine possible factors and characteristics influencing entrepreneurial leadership, leading to the conceptualisation of my theoretical framework and relevant hypotheses. In support to the contention that in order to examine any subject in considerable depth, a thorough review of the wider relevant literature and other sources is

needed; a corresponding approach to researching entrepreneurial leadership was accordingly adopted. Especially because an aspiration of this study was a synthesis between different viewpoints, it was considered essential to consult a variety of sources from entrepreneurship and leadership.

A thorough literature review leading to a clear definition of the research problem, well-formulated hypotheses that flow from it, a detailed specification of method and conceptualisation of the framework was conducted. My biggest frustration was the lack of leadership literature written about Middle Eastern managers, particularly in the area of leadership, despite Kuwait being noted as having entrepreneurial family business owners.

#### *8.9.2 Philosophical underpinnings*

It is important to understand the philosophy underpinning of any study and to think carefully about ‘why we do what we do’ in order to fully realise the outcomes of the research and its contribution. I initially chose a purely interpretive paradigm, which I thought was going to enable me to respond to the set research question. I was ready to enter the field equipped with motivation to engage in phenomenological research, with the image of thick and comprehensive description of leadership as the preferred method, with the hope that understanding and interpretation would somehow emerge.

My initial efforts along these lines, however, seemed to produce little of interest; several months passed and the clock was ticking. If anything, I felt that doors were only beginning to open and there were still many surprises to encounter, and my research questions were not being adequately addressed. As a female researcher I learned that women undertaking research in Kuwait face a number of problems, particularly when trying to interview men, given that most leaders are male. Such leaders are typically conservative (or wish to avoid

social disapprobation by the conservative society) and want to distance themselves from women, and they are not particularly willing to divulge much information, especially when being interviewed by a female researcher.

I then soon realised that I was not going to fully gain an optimally deep understanding of entrepreneurial leadership phenomena because of the nature of my interaction with the participants (who were not fully expressive of their ideas, especially when being interviewed by a female researcher). I had a feeling that the methods I had been taught for exploring the subject matter were inadequate to the task due to the local context. This prompted me to embark on a large-scale survey to which in-depth qualitative interviews would be a complement. With this breaking point, I felt a sense of direction that combined my personal experiences and academic and professional interests.

The philosophical underpinnings naturally lead to a selection of the research design and my experience in this regards is that a research design needs to be carefully thought through and then implemented faithfully. The relationship between the knowledge (phenomenon) and the knower (person processing the knowledge) must direct the choice of appropriate research design and methods.

### *8.9.3 In the field*

Data collection using surveys was relatively easy and I noticed that most of the questions were dully completed, which enabled me to proceed with the data analysis exercise. I also learned that doing survey research does not preclude other methods of data collection that may assist in eliciting different and multiple kinds of data, and can be most useful in diagnosing the situation at hand and developing knowledge.

Having obtained a reasonably large sample size, it was decided to leave the field and embark on the data analysis exercise.

#### *8.9.4 Out of the field*

Data needs to be entered, cleaned, checked and analysed and results written up over the course of many drafts before the chapter is ready for submission. Whilst statistical analysis might appear scientific and easy, the reality of the matter is that it is difficult and one has to know what tests to conduct when answering specific research questions. It is even more difficult to interpret the results.

#### *8.9.5 Experience with the supervisor*

The supervisor plays an important role in guiding the researcher and bringing the researcher awareness to current trends taking place in the field of study. It is important to have a supervisor who has an interest in the subject and better still, someone who is undertaking research in that field of study. The supervisor acts as a mentor and supervisor at the same time and is there to lift the researcher's spirits during tough times and when things do not appear to moving smoothly.

As noted by Witt and Cunnungham (1984, p. 19), doctoral supervision should not be something you 'impose on' nor 'do for' a student. Rather, it is the sharing of mutually acceptable goals and plans 'with a student'. These authors argued for supervisory attitudes and techniques that would offer the greatest benefit to the student while demanding the most enlightened management from the supervisor. I believe that the role of the supervisor is as critical to a successful outcome for the candidate as the manager's role is to the successful operation of a business.

#### *8.9.6 Summary*

In conclusion, I can say that the doctoral program can be likened to a rite of passage, altering and shaping the cognitive structures and interpretive schemes of lay students. By means of a set of meticulous discourses and practices, the doctoral program changes novice researchers into disciplined and self-disciplined academic performers, over time, to comply with the rules of the academia.

## 8.10 Thesis Conclusion

The purpose of this study was to conceptualise and empirically test a model for entrepreneurial leadership amongst Kuwait's private sector leaders. This is because there is still much less attention given to the analysis of leadership and leadership development in the Kuwait's context. In this study, we examined how entrepreneurial leadership can be seen as a new way of leading companies in a dynamic and turbulent environment. The study was conducted in the specific context of Kuwait private sector as lived experience of the leaders themselves facing major challenges. Thus, we have contributed to the literature on entrepreneurial leadership in private companies in Kuwait. As an ostensibly 'new paradigm' (Fernald *et al.*,2005), entrepreneurial leadership was explored largely in terms of the leadership traits and behaviours of senior executives in Kuwait private sector companies. The study conceives entrepreneurial leadership as a process of social influence, transformation, and empowering in rapidly changing and uncertain contexts.

There are several conclusions resulting from the findings in this research. One of the most interesting findings was that this particular group of Kuwait's leaders did not totally fit the profile of entrepreneurial leaders as depicted by the characteristics of entrepreneurial leaders as informed by the integrated literature of both leadership and entrepreneurship. The results indicated that only three of the seven dimensions of individualized characteristics of leaders in the Kuwait's private sector were statistically significant (beliefs and values, visionary and proactiveness). The link between these entrepreneurial characteristics and organisational performance was weak.

Nevertheless the thesis conceptualised a model that integrates the leadership and entrepreneurial leadership to explain the important leadership style that is entrepreneurial in orientation and results-oriented, as opposed to the traditional forms of management or leadership. While more research is required to draw definitive conclusions, our findings suggest the potential value of entrepreneurial leadership in making companies that can exploit product-market opportunities through innovative and proactive behaviour and become more competitive in a global competitive environment. However, entrepreneurial leadership must not be understood as something too specific or special, but rather as something widely applicable in many kinds and sizes of organisation; in other words, as a set of transferrable skills.

The banking and financial sector in particular needs to excel in today's highly competitive marketplace in order to grow and survive. Kuwait has few natural resources other than oil, thus its long-term future will depend on trade (possibly as a conduit for seaborne trade between Asia and Mesopotamia) and finance, given its Arab-Islamic credentials and the scope this offers for service provision to Muslim customers worldwide. To reposition itself as a dynamic service economy, Kuwait requires organisational leaders who understand their traits and characteristics and the importance of developing their leadership styles to produce improved organisational outcomes.

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## APPENDIX 1: SURVEY QUESTIONNAIRE

### Quantitative questionnaire: entrepreneurial leadership in Kuwait private firms

#### Part A: Company characteristics

1. Company's existence (years):

- <5       6-10       10-15       16-20       20+

2. The nature of business is best described as:

- Banking       Investment       Insurance

3. The size of establishment (no. of employees):

- <5       6-10       11-15       16-20       21-25       25+

## Part B: Leadership beliefs and values

Tick the box that you think best answers the statements mentioned according to the following scale: 1-Strongly agree, 2-Agree, 3-Neutral, 4-Disagree, 5-Strongly disagree

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_B_1	Leadership ensures that responsibilities are widely shared amongst people					
P_B_2	Leadership here is concerned with bringing about change					
P_B_3	Leadership ensures that rewards are given in exchange of performance					
P_B_4	Leadership is particularly interested in discovering and exploiting new business opportunities					
P_B_5	The leadership is very relaxed					

## Part C: Entrepreneurial and visionary leadership

Tick the box that you think best answers the statements mentioned according to the following scale: 1-Strongly agree, 2-Agree, 3-Neutral, 4-Disagree, 5-Strongly disagree

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_C_1	I facilitate the strategic planning process (develop strategic and/or business plans)					
P_C_2	It is extremely important for me to lead, influence and direct people in a particular direction					
P_C_3	I communicate the 'big picture' of organization to other					
P_C_4	I place great importance on strategic planning and the realisation of both short and long term goals					
P_C_5	I set challenging goals for myself					
P_C_6	I set challenging goals for the organisation					
P_C_7	My vision of the future is NOT widely shared by the rest of organisational members					
P_C_8	I re-examine critical assumptions to question whether they are still appropriate					

### Part D: Entrepreneurial leadership, creativity and innovativeness

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_D_1	I involve others in new ideas and projects					
P_D_2	I am tolerant when employees make mistakes					
P_D_3	Employees are given the opportunity to come up with new and innovative ways					
P_D_4	New products, services or processes are launched periodically					
P_D_5	Significant changes to products or services are regularly done					
P_D_6	Employees are NOT allowed to engage in new ideas and projects					
P_D_7	Resources and time are devoted towards research and development					

## Part E: Entrepreneurial leadership and risk-taking

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_E_1	Employees are allowed to engage in high risk projects					
P_E_2	I feel confident in taking calculated risks					
P_E_3	Fear of failure does not deter me from launching new products/services					
P_E_4	Failure is considered a process of learning and I am tolerant when employees make mistakes					
P_E_5	Financial support is NOT provided for experimental innovative activities and R&D					
P_E_6	The company is willing to pursue new markets					
P_E_7	The company has developed radically new products/services to the marketplace over the last 3 years.					
P_E_8	Employees are NOT encouraged to try new ways of conducting their work.					
P_E_9	Due to the uncertain nature of the environment, wide-ranging acts are adopted to achieve organisational objectives					
P_E_10	I help others learn from their mistakes					

## Part F: Entrepreneurial leadership and proactiveness

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_F_1	When dealing with competition, we are often the first to launch products/services, technologies, etc. to the market place					
P_F_2	When dealing with competitors, we typically adopt a very aggressive 'un-do the competition' approach					
P_F_3	Leaders in this company have clearly used current data to predict future conditions					
P_F_4	Significant changes have been brought in and have greatly impacted the organisation					
P_F_5	I prefer not to seek new ways of conducting business					
P_F_6	When dealing with competitors, we typically initiate actions to which competitors respond to					
P_F_7	Even when others get discouraged, I know I can find a way to solve the problem					
P_F_8	Leaders in this company have self-motivation necessary to perform their tasks and work					

### Part G: Entrepreneurial leadership and opportunity-seeking

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_G_1	I spend considerable time and energy looking for products/services that provide real benefits to customers					
P_G_2	The value of our current resources can be higher if exploited wisely					
P_G_3	I can change the value which might lead to the creation of new products/services					
P_G_4	One of my greatest strengths is identifying goods and services that people want					
P_G_5	I am NOT willing to commit resources sufficient to sustain the effort to pursue an opportunity					
P_G_6	I look at problems from many different angles					
P_G_7	I am able to accurately perceive unmet consumer needs					
P_G_8	There is an opportunity to serve future markets with our goods and services					
P_G_9	I have been able to discover entrepreneurial opportunities					

## Part H: Contextual factors

Item	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_H_1	There is stiff competition in Kuwait that forces us to be more proactive					
P_H_2	Kuwait is a small country thereby forcing us to be more aggressive in our marketing campaign					
P_H_3	Families are generally interested in business start-up and running of private businesses					
P_H_4	There is a culture of entrepreneurship in this country					
P_H_5	The government's policy of providing jobs for life to Kuwaitis discourages entrepreneurship					
P_H_6	The current economic climate is not conducive to business start-up and running of businesses					
P_H_7	Kuwait is a consumer market, which discourages innovation and creativity					

## Part I: Leadership and achievement oriented (effectiveness)

		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
P_I_1	My unique entrepreneurial characteristics attribute to the financial performance of this firm.					
P_I_2	The characteristics in our leaders attribute to performances in respect to the 'bottom line' or financial success					
P_I_3	The market place has complete trust in the success and integrity of this organisation's leadership					
P_I_4	I create situations that permit people to achieve their goal					
P_I_5	My greatest achievements have been to gain market share.					
P_I_6	I feel confident that I can contribute to the development of new products and services					
P_I_7	I am NOT meeting the goals that I have set for myself.					
P_I_8	I am NOT meeting the goals that I have set for the organisation					

## Part J: Organisational performance

### 1. Product innovation and improvement

- Just buys and sells products & services
- Sells its own products
- Develops new products & services or processes
- Makes improvements to existing products & services or processes
- New products & services are released from time to time

### 2. The annual sales growth of this company is approximately: (please tick a box):

- Negative       0 to 5%       6 to 10%       10 to 15%       15%<sup>+</sup>



## **APPENDIX 2: INTERVIEW**

### **A. GENERAL QUESTIONS, BELIEFS AND VALUES**

- 1) Can you briefly explain your previous job background and explain how long you have been with this company?
- 2) Can you briefly describe how your job relates to the overall purpose of the company, the nature of your duties and your responsibilities in this company?
- 3) How much emphasis do you place on company goals and realisation of individual objectives? Can you talk about the balance between what you want to achieve for yourself and what you want to achieve for the organisation.
- 4) Do you think people's own needs and values align to the needs of the organisation?
- 5) What are the values and beliefs that are commonly shared in this organisation?
- 6) What is the style of leadership most commonly adopted in this company and how effective has it been?
- 7) How do you see your style of leadership and your approach to leadership?
- 8) To what extent would you say it has been effective? Can you offer examples of when your style had been effective and why?

### **B. COMPANY CHARACTERISTICS**

- 1) How long has this company been in existence?

- 2) How big is this company relative to other companies in similar business/activities?
- 3) How big is your staff compliment?
- 4) What products/services do you offer?
- 5) Where do you market your products/services?
- 6) What sort of customers do you serve?

C. ENTREPRENEURIAL LEADERSHIP AND VISIONARY

- 1) How do you see this organisation a few years from now?/ how about in your own department or section?
- 2) How do you see this vision being realised?
- 3) Is this view of the organisation shared by the rest of organisational members?
- 4) How do you ensure that this vision engages people?
- 5) How do you incorporate the uncertainties of the environment and constraints of the organisation into the strategic planning process?
- 6) What characteristics of the strategic planning process contribute to the success of this vision?
- 7) How can you unleash the full individual and collective potential of your people so that they achieve higher levels of performance than they thought possible?

- 8) What sort of goals do you set and how do you ensure that they can significantly increase individual performance levels?
- 9) Do you think that a careful and incremental approach is better or do you believe that bold, wide ranging acts are necessary in order to achieve the organisation's objectives?
- 10) Does the reward system aid significantly in energizing the effort necessary to accomplish the goals?
- 11) Briefly explain the long-range and short term plans and goals that you have for the organisation?
- 12) How much importance is placed on the short term goals and how much is placed on the long term goals?

#### D. ENTREPRENEURIAL LEADERSHIP AND CREATIVITY AND INNOVATIVENESS

- 1) To what extent are organisations in Kuwait innovative? What about your department or section?
- 2) How much of that innovativeness is attributed to the leaders like yourself?
- 3) How do you go about engaging others in new ideas and projects?
- 4) How can we determine the impact of an entrepreneurial mindset inside this company?

- 5) What new products or services have been introduced over the past 5 years in this organisation?
- 6) How much emphasis is placed on marketing tried and tested products/services?
- 7) What is the emphasis on innovative products/services?
- 8) Can you give me an indication of the rate at which products/services become obsolete in this industry?
- 9) What is the degree and frequency of creativeness within this organisation?
- 10) Can you give me examples of entrepreneurial activities that have been or are taking place in this company?
- 11) How much time and resources are devoted towards research and development?
- 12) How much is organisational performance attributable to creativity and innovation in this organisation?
- 13) Is creative thinking generally allowed in this company? Give examples of how you get employees to look at problems from different angles.
- 14) In what ways do you believe you can harness the potential of your employees to come up with new and innovative ways?
- 15) How are employees encouraged to further the interest of the company?

E. ENTREPRENEURIAL LEADERSHIP AND RISK-TAKING

- 1) How much risk-taking is allowed in this company and how do you deal with people when they make mistakes?
- 2) Do you allow employees to engage on high risk projects especially if there are good prospects of higher returns? Cite examples when this has happened.
- 3) What sort of changes have you introduced to your products and services?
- 4) How significant have these changes been?
- 5) To what extent has your company leading the industry in introducing breakthrough products to the market over the past three years?
- 6) Does the fear of failure prevent you from launching new products/services or do you consider failure as a process of learning?
- 7) How much confidence do you place on your subordinates' ability to come up with new initiatives?
- 8) How much financial support is provided for experimental innovative activities
- 9) What is the company's willingness to pursue new markets?
- 10) To what extent has your company focused on developing radically new products and introducing radically new products to the market over the past three years?

**F. ENTREPRENEURIAL LEADERSHIP AND PROACTIVENESS**

- 1) What would you say is the motivation level in this company and how do you go about improving motivation?

- 2) Are people motivated or rewarded by inherently enjoyable aspects of the task or activity?
- 3) Do you think leaders in this company have the self-direction and self-motivation necessary to perform their tasks and work?
- 4) Do leaders in this company have proven their ability to think clearly and use current data to predict future conditions and, therefore, make informed decisions. Cite examples?
- 5) What would you say are the future needs of your customers and what opportunities do you see for the business?
- 6) What transformational changes have you brought about recently and what were its impact to the organisation?
- 7) Can you give examples of operations or processes that you have eliminated because they were inadequate or in their declining stages of their life cycle?
- 8) What evidence is there that you are willing to seek new ways of doing business?
- 9) How do you generally deal with competitors?
- 10) When dealing with competitors, do you typically initiate actions to which competitors then respond to? Give examples.
- 11) When faced with situations of uncertainty, do you adopt a bold, aggressive posture in order to maximise the probability of exploiting potential opportunities?

## G. OPPORTUNITY-SEEKING

- 1) What are your beliefs about the value of the resources that this organisation possesses?
- 2) Do you believe that the value of your current resources, used according to a particular means-ends framework, would be higher than if exploited in their current form?
- 3) Would you say that the appropriateness of resource allocation decisions in the current period, such as investments in durable plant and equipment, are contingent on the characteristics of your future markets for goods and services?
- 4) What incentives are there to change the organisation's present actions and activities or is the organisation satisfied with the current combination of prices and quantities that are bought or sold?
- 5) What changes in the value chain can you envisage which might lead to the creation of new products or services?
- 6) What is the extent to which you are willing to commit resources sufficient to sustain the effort to pursue an opportunity?
- 7) How do you go about discovering, evaluating and exploiting future new goods and services that you intend to offer?

- 8) How do you create situations in which new goods, services, raw materials, new markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships?
- 9) To what extent are you able to predict factors such as the characteristics of future market demand?
- 10) How do you go about identifying your niche markets within your area of activities?
- 11) Is there an opportunity to serve future markets for goods and services?
- 12) Why do some people and not others discover and exploit these opportunities and what different modes of action do you use to exploit entrepreneurial opportunities?

#### H. LEADERSHIP AND ACHIEVEMENT-ORIENTED (SUCCESS)

- 1) What leadership characteristics are required to create and sustain a successful business venture?
- 2) Do these characteristics distinguish entrepreneurial leaders from others?
- 3) Does the presence of these 'entrepreneurial' characteristics relate to the financial performance of the firm, its capacity for adaptation and its chances of long-term survival?
- 4) Would you consider the characteristic you identify in leaders to be attributed to performances in respect to the "bottom line" (or financial success)?

- 5) Of the characteristics you identify, are there any that are more likely to make organisations more successful if leaders embody them? If this is the case, please explain why?
- 6) How do you create opportunities to make people and the organisation succeed?
- 7) Is entrepreneurial leadership, relevant for outstanding results at the organisational level and to what extent do Kuwait organisations have an entrepreneurial orientation?
- 8) How much do you think the current leadership contributes to the growth and sustainability of firms in Kuwait?
- 9) What have been your greatest achievements over the last five years? Give examples of how you achieved these results.
- 10) How do you measure performance?
- 11) Are staff members rewarded for their success? What are the rewards that are offered?

#### I. CONTEXTUAL FACTORS

- 1) How does the context in which entrepreneurial leaders operate affect their competitive position and financial performance? What specific environmental conditions affect organisational performance?
- 2) Are there any particular issues that affect your effectiveness as a leader in this company? If so, what are they?

- 3) How much support is given by the government and what do you think is the effect of the government's policy of providing jobs for life for most Kuwaitis on entrepreneurship?
- 4) What are people's general attitudes towards business start-up and running of private businesses and is there a culture of entrepreneurship in this company and country?
- 5) What specific obstacles to economic growth may be present and what business types are more valued in this country in order to help design more effective economic development programs fostering local entrepreneurial ventures and small businesses?
- 6) What economic climate affects this business?
- 7) How much influence does the family background has on your leadership style?
- 8) Does one need very strong social networks to get by in Kuwait?

J. OTHER COMMENTS

- 1) Do you have any other comment that you would like to make to enrich this study?

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### APPENDIX 3: LIST OF INTERVIEWS

	<b>Title</b>	<b>Company</b>	<b>Sector</b>
1	Manager – credit operations	KMEFIC-Kuwait and Middle East Financial Investment	Investment
2	General Manager Middle East Financial Brokerage Company	Middle East Financial Brokerage	Investment
3	Vice president Sales marketing	International Financial Advisor	Investment
4	Cash manager	KMEFIC-Kuwait and Middle East Financial Investment	Investment
5	Head of Middle Office-Middle East Financial Brokerage company	Middle East Financial Brokerage	investment
6	Investment manager	Massaleh Investment	Investment
7	Vice president Project management	Arab Investment Company	Investment
8	Assist manager Local Arab Investments	National Investment Company	Investment
9	President	Soor Engineering Bureau	Investment
10	General manager	Kuwait Insurance Co (KIC) National Bank of Kuwait Kuwaiti Insurance Association	Banking and Insurance
11	Minister of Commerce and Industry Minister of Social Affairs and Labour Second Vice Chairman of Kuwait Chamber of Commerce and Industry Chairman of Kuwait Real Estate Bank Chairman of Social Development Office Vice Chairman of National International Holding Company Kuwait Former Minister of Commerce & Industry Kuwait Former Minister of Social Affairs & Labour	Abdulwaha Al-wazzan & Partner Co.	Banking and Investment
12	Chairman and Managing Director	Al-Ahlia Holding Company (formerly Al-Ahlia Investment Co., KSC)	Investment