

## The Impact of Entrepreneurial Leadership on Business Performance: A Study wrt MSMEs in Coastal Andhra Pradesh, India

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**Abstract:** Several Studies in the fields of Business Management, Leadership Styles and Entrepreneurship in MSMEs across the world reveal that the variable dimensions of Entrepreneurial Orientation, Leadership Styles exert their influence on Business Performance, represented by Employee Productivity, Satisfaction and Organizational Growth. The combined influence of above dimensions that are labeled as Entrepreneurial Leadership shows its influence on Business Performance. Similarly, it is implicit that the different proportions of entrepreneurial leadership dimensions show their influence in phenomenal ways on Business Performance in the categories of Micro, Small Enterprises and Medium Enterprises differently. This tendency is assumed to be very significant in MSME sector. Under this backdrop, the current study is conducted to examine the impact of Entrepreneurial Orientation and Leadership Styles on Business Performance in Micro, Small and Medium Enterprises separately in Coastal AP, India. The study aims to identify the significance of Entrepreneurial Leadership dimensions; to examine the impact of these dimensions on the Business Performance in Micro, Small and Medium Enterprises, selected for the study and has revealed that there is a significant influence of the above dimensions in phenomenal ways on Business Performance of MSME Sector in Coastal Andhra Pradesh, India.

**Key Words:** Entrepreneurial Leadership, Business Performance, High Transformational Leadership, High Transactional Leadership, Employee Productivity & Satisfaction, Organizational Growth

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### *1. Introduction:*

The MSME sector contributes to growth of Indian economy with a vast network of around 30 million units, employment of about 70 million people, manufacturing more than 6000 products, contributing about 45 per cent to manufacturing output and about 40 per cent of exports, directly and indirectly (Priyadarshani Zanjurne 2018). The Current complex Business Environment and the challenges due to opening of world economy have led to the business environment shifting its focus to entrepreneurial leadership. Entrepreneurial Orientation (EO) reflects the behavior of entrepreneurs via, innovation, proactive and risk taking. Leaders lead themselves and others using leadership styles based on personal experience, background, education or training. Different styles of leadership impact the level of performance and performance improvement within an organization. More precisely, Transactional and Transformational styles of Leadership exert their respective influences along with entrepreneurial orientation on Business performance. Similarly, the democratic leadership style encourages

employees to participate in decision-making process in the organization. A democratic manager keeps employees informed about everything that affects their work and shares decision-making and problem solving responsibilities (Swarup, 2013). Entrepreneurial leadership is a concept that showed up by mixing the leadership potential with an entrepreneurial spirit (Pauceanu, A.M. et al 2021). The combined influence of above dimensions that are labeled as Entrepreneurial Leadership have been instituted by the entrepreneurs who understand an adjustment of leadership style, shows influence on Business Performance, represented by Employee Productivity, Satisfaction and Organizational Growth but the same perception hasn't tested even till today in connection with Micro, small and medium enterprises separately. Under this backdrop, the current study is conducted to identify the significance of Entrepreneurial Leadership variables under various rescaled dimensions via study analysis, to examine the impact of these dimensions on the business performance in Micro, Small Enterprises and Medium Enterprises separately, selected for the study in Coastal AP, India.

### *I. Entrepreneurial Leadership: An Overview*

Entrepreneurial leadership encourages and enables organizations to adopt processes that reinforce the culture of organizational innovation by discovering and capitalizing on opportunities to improve organizational performance, solve problems using creative methods, and utilize the resources of the organization effectively and efficiently. The goal is to empower individuals to identify and exploit fruitful opportunities. Entrepreneurial leaders articulate a vivid and inspiring vision for their organizations that can acquire participation of individuals, thereby enhancing their awareness to act as an agent of the organization, in charge of innovation. However, Entrepreneurial leadership and learning orientation have positive and significant inference on organizational performance (Fahad and Khairul Anuar 2020). Entrepreneurial Orientation refers to the strategy making processes that provide organizations with a basis for entrepreneurial decisions and actions. The prime dimensions in E.O are Innovativeness, Risk taking, and Pro activeness. Firms have to be innovative by involving innovations of products, services and processes, more proactive and risk-oriented compared to competitors in all aspect (Azlin Shafinaz Arshad et al 2013). Several thinkers contributed their ideology of leadership in to the field of management. Some of them are F.W. Taylor (1911), Hawthorne Studies (1924-32), Kurt Lewis- Authoritative/ democratic style (1939), The Ohio state university leadership studies- Managerial Grid- IS, C (1957), Mc Gregor- Theory X, Y (1960), Michigan State University Studies- EO, PO (1961), Theory Z, Situational Theories - Fielder Contingency Model (1967), A Critical Analysis on Contingency Theory (1974), Modern Leadership theories (2000), Effective leadership (2005), Human Oriented Ethical and Creative Leadership Behavior (Rao, M. S. 2012), Transactional and Transformational Leadership Styles (at Present). A Transformational leader inspires followers to accomplish incredible results and hoist the workers awareness about organization's mission and vision and gives confidence in accepting and committing to the vision. The three Important Dimensions of Transformational Style of Leadership are Idealized influence & Inspirational motivation (TL-D1-6 variables), Intellectual stimulation (TL-D2-2 variables) and Individualized consideration (TL-D3- 2 variables). However, Attach the vision to a policy for its success, followed by Develop the vision, identify and explain it to procedures, Express determination and hopefulness about the vision and its execution are some of the important features that Leaders to develop to be successful (Umme Salma Sultana 2015). The Transactional Leadership (tL) is based on transactions between leader and followers and reciprocity, discrepancy, reward and punishment (Zakeer Ahmed Khan 2016). The transactional leadership model is the relationship between leaders and followers based on agreement, value or the exchange process and money transactions (Arifin and Gunawan 2020). The main components in tL are Contingent reward (tL-D2 - 2 variables), Management-by-exception (tL-D1 - 2 variables) (Study Analysis).

### *II. Business Performance:*

Traditionally, Financial Performance is taken as a key indicator of Business performance in MSME Sector. Managerial Information System and Controlling has significant impact on better business performance in modern organizations (Roman Zamecnik and Rastislav Rajnoha 2015). Business performance is achieved through employees. The shaping of corporate culture is achieved by employee satisfaction, which inherently leads to the achievement of the business objectives and desired performance (Haršányová, Petra et al 2016). The transformational leadership and shared leadership are significantly associated to team effectiveness including team performance, quality of team experience, and team viability (Thi Bich Hanh Tran, & Anh Dung Vu. 2021). Hence, the variables, taken under Business Performance category are *Employee Productivity*, *Employee Satisfaction*, *Organizational Growth* and *Organizational Climate & Culture*. Later, the variables have been rescaled in to Employee Productivity, Satisfaction & Organizational Growth Dimensions through factor analysis in the study.

**III. Micro Small And Medium Enterprises:**

MSME stands for Micro, Small and Medium Enterprises. It was introduced by the Government of India in agreement with the MSMED Act 2006 that specifies, MSMEs are the enterprises involved in the processing, production and preservation of goods / commodities and services. The criteria have changed to classify MSMEs from Investment in Plant and machinery to annual turnover. On 13<sup>th</sup> may 2020, the Finance Minister Nirmala Sitaraman added the additional principle of turnover along with the investment under Atma – Nirbhar Bharat Abhiyaan Economic package to assuage India’s economic predicament amidst the pandemic. A micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees; (ii) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; (iii) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees [MSME Di-F. No. 2/1(5)/2019-P&G/Policy (Pt.-IV)] (Table 4.1)

Table 4.1: CLASSIFICATION OF MSMEs

New Definition (from 1 July 2020)			
Sector	Micro enterprises	Small enterprises	Medium enterprises
Manufacturing & Service	Investment: < Rs.1 Cr	Inv > Rs. 1Cr but < Rs. 10 Cr	Inv: > Rs.10 Cr but <Rs.50 Cr
	Turnover: < Rs 5 Cr	Turnover >Rs. 5 Cr but <Rs. 50 Cr	Turnover: >Rs. 50 Cr but < Rs. 250 Cr

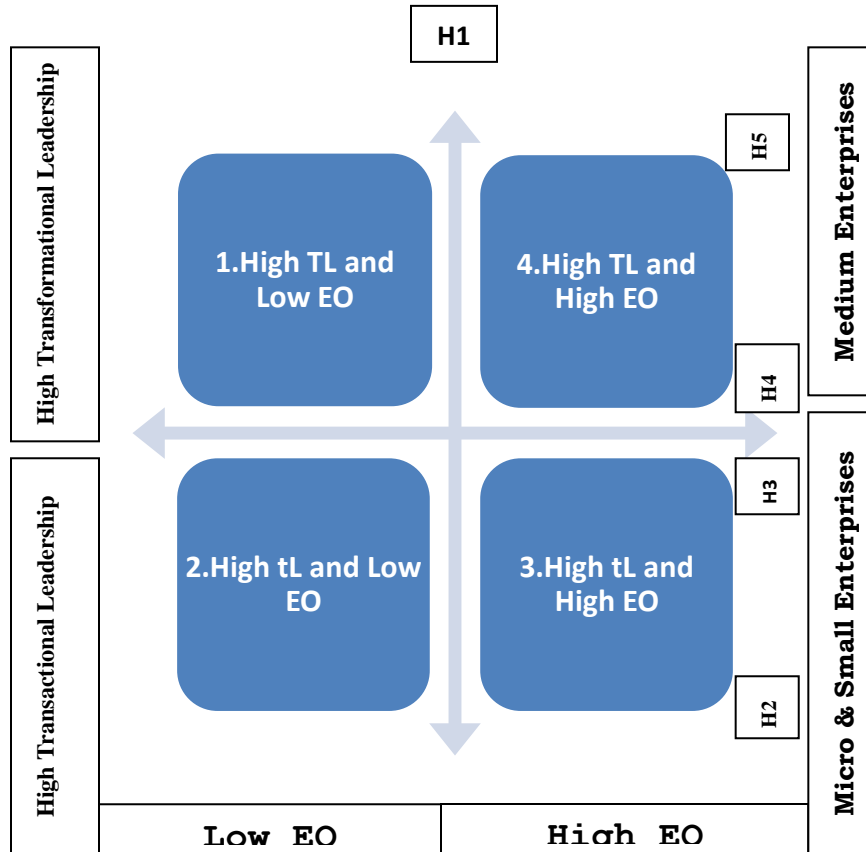
Source: Ministry of MSME, 2020, <https://msme.gov.in/know-about-msme>

**IV. Review of Literature:**

The poor performance of SMEs in Tanzania is associated with lack of entrepreneurial leadership skills (Trespory Othumary Mgeni 2015). There were significant positive relationships between transformational leadership and business performance followed by transactional leadership and business performance, and also entrepreneurial orientation and business performance (Roslan Abdul Aziz 2013). The relationship between transactional leadership, transformational leadership, entrepreneurial orientation, and business performance was positive and significant and influence the success and survival of SMEs (Fadeyibi and Sajuyigbe Samuel 2019). The transformational and transactional leadership styles have different impact on the organizational performance variables Arham and Muenjohn 2012). The effect of Entrepreneurial Orientation on performance

is likely dependent on moderator variables, such as type of industry, business size, and cross national contexts (Rauch et.al, 2012). About 56 per cent of variance in entrepreneurship development was determined by: Leadership style, organization strategy, organizational control system and organizational culture (Alambeigi et. al 2012). There is a significant relationship among EO components (personal initiative, achievement, and risk taking orientation) as well as overall EO and business performance (Krausset et al 2012). There is no significant relationship between entrepreneurial orientation and any of the three measures of firm performance (Ken Chadwick 2012). The preferred combination of three prominent leadership patterns viz., authoritarian, bureaucratic and nurturing influences the organizational effectiveness as measured by productivity in the organizations (Raja and Palanichamy 2012). The executives and non-executives of the Private and Public organizations differ significantly on directed discovery, creative integration of networks and arena building. The quantum of difference in employees of private organizations was low. The findings are important to design interventions on entrepreneurial leadership attributes for enhancing organizational effectiveness (Prachee and Rajnish Kumar 2017). Present corporate context requires a more efficient leader with clear vision and motivation power, instead of dominant personality. Transactional and Transformational leadership styles got notable attentions of many researchers from decades. Both Transactional and Transformational leadership styles have weaknesses and strengths, although Transformational leadership style is more acceptable in present context (Umme Salma Sultana 2015). The need for independence fully mediates the relationship between entrepreneurial self-efficacy and entrepreneurial intention ( <https://jemi.edu.pl/n>). Leaders hold at least three mindsets, people oriented, purpose-oriented and learning-oriented that makes their large-scale change interventions successful (Subramaniam and R K. Shankar 2020).

**FIGURE 6.1: THE RESEARCH MODEL: RAO'S GRID MATRIX**

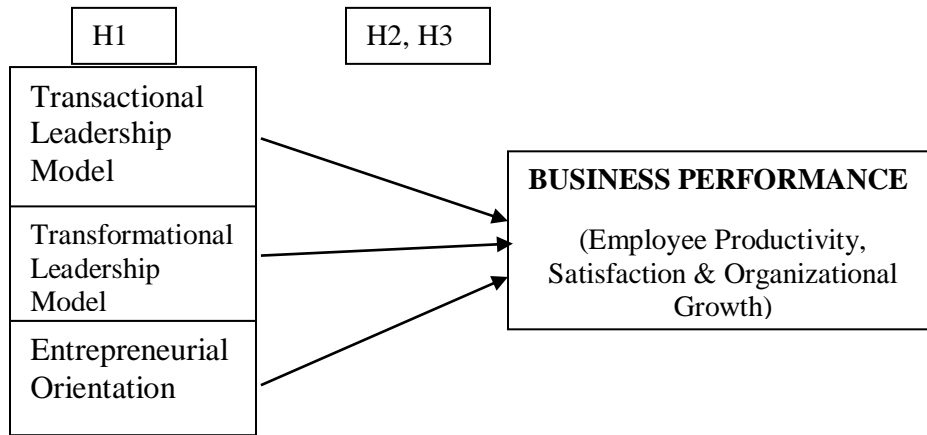


T= Transformational, t= Transactional, EO= Entrepreneurial Orientation,

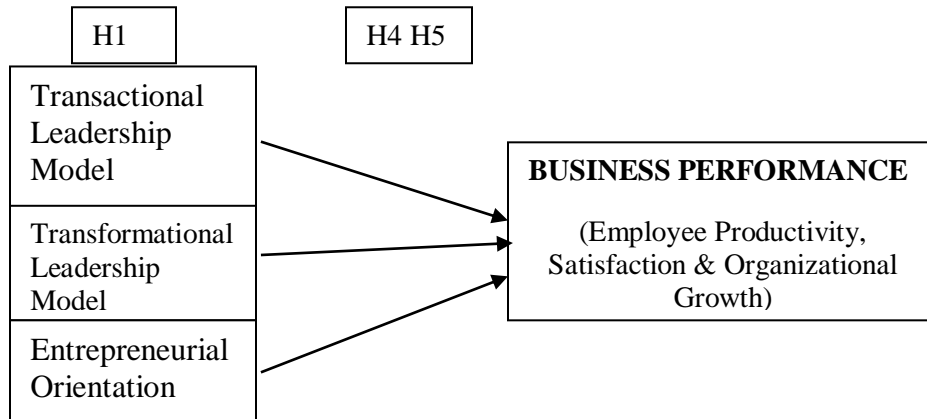
V. *Research Design:*

The three main research questions are what is the relationship between a set of the Managerial/Entrepreneurial leadership styles (transformational leadership, transactional leadership, innovation, pro activeness, and risk-taking) of MSMEs in Coastal Andhra Pradesh, India?; do Managerial/Entrepreneurial leadership styles (transformational leadership, transactional leadership, innovation, pro activeness, and risk-taking) of MSMEs in Coastal AP predict business performance?; how are the different combinations of Entrepreneurial leadership variables results in different levels of business performance in Select MSMEs in Coastal AP, India?; What are the Combinations of Entrepreneur leadership variables results in higher business performance?.

**Figure 6.2: The Research Model: Micro Small Enterprises**



**Figure 6.3: The Research Model: Medium Enterprises**



**Note:** The Entrepreneurial Orientation Variable Dimensions are represented by (EO-D1- 2 variables), (EO-D2- 1 variables) followed by the Leadership Variable Dimensions (TL-D1-6 variables), (TL-D2-2 variables),(TL-D3- 2 variables), (tL-D1 - 2 variables) and (tL-D2 - 2 variables)

**a. Objectives of the Study:**

The main Objectives of the study are to review the literature on Leadership, Entrepreneurship and Business Performance in MSME Sector; to identify the significance and combined influence Entrepreneurial Leadership dimensions on Business Performance in Micro, Small and Medium enterprises; to find out the impact of implicit proportions of entrepreneurial leadership dimensions on Business performance in the categories of Micro, Small Enterprises and Medium Enterprises separately; to propose a 'Research Models' of the above phenomenon representing the impact of entrepreneurial leadership dimensions on the Business Performance in Micro, Small and Medium Enterprises, selected for the study.

**b. Hypothesis:**

*H01: There is no significance in the dimensions of Entrepreneurial & Leadership and Business Performance of MSMEs, Coastal AP, India, selected for the Study*

*H11: There is significance in the dimensions of Entrepreneurial & Leadership and Business Performance of MSMEs, Coastal AP, India, selected for the Study*

*H02: There is no significant influence of Entrepreneurial Leadership Dimensions on the Business Performance of Micro Small Enterprises in Coastal AP, India selected for the Study*

*H12: There is a significant influence of Entrepreneurial Leadership Dimensions on the Business Performance of Micro Small Enterprises in Coastal AP, India selected for the Study*

*H03: There is no significant influence of Entrepreneurial, High Transactional Leadership Dimensions on the Business Performance of Micro Small Enterprises in Coastal AP, India selected for the Study*

*H13: There is a significant influence of Entrepreneurial, High Transactional Leadership Dimensions on the Business Performance of Micro Small Enterprises in Coastal AP, India selected for the Study*

*H04: There is no significant influence of Entrepreneurial Leadership Dimensions on the Business Performance of Medium Enterprises in Coastal AP, India selected for the Study*

*H14: There is a significant influence of Entrepreneurial Leadership Dimensions on the Business Performance of Medium Enterprises in Coastal AP, India selected for the Study*

*H05: There is no significant influence of Entrepreneurial, High Transformational Dimensions on the Business Performance of Medium Enterprises in Coastal AP, India selected for the Study*

*H15: There is a significant influence of Entrepreneurial, High Transformational Dimensions on the Business Performance of Medium Enterprises in Coastal AP, India selected for the Study*

**VI. Methodology**

Three survey instruments have been used in the study. The first was the Multifactor Leadership Questionnaire (MLQ), used to measure top-level managers' leadership style (transformational, transactional) and outcomes of leadership. The MLQ Leader 5X short form measure aspects of transformational leadership (attributed charisma, idealized influence, inspirational motivation, individualized stimulation, and intellectual consideration), transactional leadership (contingent reward and management-by-exception: active), and passive-avoidant

leadership (management-by-exception: passive and laissez-faire leadership). The MLQ also was used to measure three dimensions of leadership outcomes (extra effort, effectiveness, and satisfaction) on a 5-point scale. The second assessment tool was the Entrepreneurial Orientation Questionnaire (EOQ), the most widely utilized instrument for measuring entrepreneurial orientation. The EOQ measures three dimensions of entrepreneurial orientation (innovation, pro activeness, and risk-taking). It is used to assess three components of entrepreneurial orientation, with three variables measuring innovation, three variables measuring pro activeness, and three variables measuring risk-taking. The third assessment tool was a business performance scale includes four indicators of growth, three indicators of financial performance, and one indicator of total business performance. The financial performance indicators are gross profit, return on assets (ROA), and return on investment (ROI). In addition, the growth parameters have also been used to find out the overall performance/success to business performance.

a. **Sampling:**

A sample should be large enough to provide a credible result. The 140 usable surveys have been examined for accuracy of data entry, non-response bias, missing values, reliability, and validity. Finally, 20 surveys were deleted due to some factors mentioned above, thus, 120 surveys without missing data have been remained for analysis that includes Micro and Small 80 and Medium Enterprises 40 (Table-7.2).

**Table-7.2: SAMPLE SELECTED FOR THE STUDY**

S. No.	Category of Enterprises	No of Units	Per cent
1	Micro and Small	80	66.67
3	Medium	40	33.33
<b>Total</b>		120	100.00

Source: Study Analysis

**VII. STUDY ANALYSIS:**

**8.1: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.727	.722	18

Source: Study Analysis

The Cronach's Alpha Based on Standardized Items is .722 with the purpose to assess the data reliability which is >0.7 (above the recommended value of 0.6). Hence, the data, used in the analysis is found reliable (Table: 8.1).

a. **Factor Analysis:**

It is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. The purpose of factor analysis is to reduce many individual items into a fewer number of dimensions. Factor analysis can be used to simplify data, such as reducing the number of variables in regression models. The scores can be used as an index of all variables and can be used for further analysis ([www.statisticssolutions.com](http://www.statisticssolutions.com)).

**Table 8.2: Factor Analysis & Descriptive Statistics of Leadership Styles in Micro Small and Medium Enterprises**

Name of the Variable	Leadership Style Rescaled Component Dimension (D)	Factor Loadings	Mean	SD	Average Mean of Dimension TL-D/tL-D	Average SD of Dimension TL-D/tL-D
Idealized influence (TL1-D1-va)	TL-D1	.878	4.3939	.70442	<i>4.2624</i>	<i>0.70486</i>
Idealized influence (TL1-D1-vb)	TL-D1	.619	4.4834	.51732		
Idealized influence (TL1-D1-vc)	TL-D1	.746	4.0606	.65857		
Inspirational motivation (TL1-D2-va)	TL-D1	.878	4.4242	.66287		
Inspirational motivation (TL1-D2-vb)	TL-D1	.746	4.2121	.81997		
Inspirational motivation (TL1-D2-vc)	TL-D1	.619	4.0000	.86603		
Intellectual stimulation (TL1-D3-va)	TL-D2	.880	4.3333	.47871	<i>4.3182</i>	<i>0.55767</i>
Intellectual stimulation (TL1-D3-vb)			4.1818	.91701		
Intellectual stimulation (TL1-D3-vc)	TL-D2	.880	4.3030	.63663		
Individualized consideration (TL1-D4-va)			3.6214	.84543		
Individualized consideration (TL1-D4-vb)	TL-D3	.849	4.2727	.76128	<i>4.2121</i>	<i>0.81584</i>
Individualized consideration (TL1-D4-vc)	TL-D3	.849	4.1515	.87039		
Contingent reward (tL-d1-va)	tL-D1	.989	4.3636	.54876	<i>4.2727</i>	<i>0.73289</i>
Contingent reward (tL-d1-vb)	tL-D1	.989	4.1818	.91701		
Contingent reward (tL-d1-vc)			3.7879	1.02340		
Management-by-exception (tL-d2-va)	tL-D2	.946	4.3636	.48850	<i>4.2423</i>	<i>0.59241</i>
Management-by-exception (tL-d2-vb)	tL-D2	.992	4.1212	.69631		



Management-by-exception (tl-d2-vc)			3.7879	1.02340		
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Source: Study Analysis

Note-1:- TL= Transformational Leadership, tl= transactional leadership, v= variable,

Note-2:-D1, D2, D3, d1, d2= various leadership dimensions & Variables

Note-3:-va, vb, vc= Three different sub-variables under a single variable of each dimension

The Factor loadings of Different Leadership dimensions via, Transformational (TL): Idealized influence & Inspirational motivation dimension (TL-D1-6 variables), Intellectual stimulation (TL-D2-2 variables), Individualized consideration dimension (TL-D3- 2 variables) followed by Transactional (tL) Contingent reward dimension (tL-D1 - 2 variables), Management-by-exception dimensions (tL-D2 - 2 variables). Similarly, the Entrepreneurial Orientation (EO) Dimensions: Innovativeness and Risk taking dimension (EO-D1- 2 variables) and Competitive Aggressiveness (EO-D2- 1variable). As such, we have Three Transformation Dimensions TL-D1, D2, D3 followed by Three Transactional Dimensions tL-D1, D2, D3 and Two Entrepreneurial Orientation Dimensions EO-D1,D2. The Mean Scores and SD of different dimensions of various Leadership Styles, Entrepreneurial Orientation and Business Performance have been calculated.

**Table 8.3: ANOVA with Cochran's Test**

	Sum of Squares	df	Mean Square	Cochran's Q	Sig
Between People	49.511	32	1.547	42.207	.000
Within People					
Between Items	18.892	15	1.259		
Residual	202.670	480	.422		
Total	221.563	495	.448		
Total	271.074	527	.514		

Grand Mean = 4.2216, \*  $p < .05$ , \*\*  $p < .01$ ,

In order to find out the significance of the data variables, ANOVA with Cochran's Test had been applied. It shows the Cochran's Q 42.207, Grand mean 4.2216 and found significant variance among variable taken for study at 0.01 levels (Table: 8.3).

**Table 8.4: Factor Analysis & Descriptive Statistics of Entrepreneurial Orientation in Micro Small and Medium Enterprises**

Name of the Variable	EO Rescaled Component Dimension (D)	Factor Loadings	Mean	SD	Average Mean	Average SD
Innovativeness (EO-d1-va)	EO-D1	.912	4.3636	.48850	4.2424	0.59241
Risk taking (EO-d2-vb)	EO-D1	.924	4.1212	.69631		
Pro activeness (EO-d3-va)			3.7879	1.02340		
Competitive Aggressiveness (EO-d4-va)	EO-D2	.879	4.3636	.48850	4.3636	0.48850
Philanthropy/NGO			3.5247	.53620		

(EO-d5-va)						
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Source: Study Analysis

Note-1:-D1, D2, d1, d2, d3, d4 = various Entrepreneurial dimensions & Variables  
va,vb =sub variable under a single variable of each dimension

**Table 8.5: Business Performance representing Employee Productivity & Satisfaction, Organizational Climate & Culture, Profitability and Growth**

Name of the Variable	BPRescaled Component Dimension (D)	Factor Loadings	Mean	SD	Average Mean	Average SD
Employee Productivity (BP-d1-va)	BP-D1	.912	4.3139	.54850	4.3439	0.56177
Employee Satisfaction (BP-d2-va)	BP-D1	.924	4.7142	.67331		
Profitability (BP-d3-vb)	BP-D1	.879	4.0036	.46350		
Organizational Growth (BP-d4-va)	~	~	3.1247	.52420		
Organizational Climate & Culture (BP-d5-va)	~	~	3.0109	.82940		

Source: Study Analysis

Note-1:-D1, d1, d2, d3, d4, d5 = various Business Performance dimension and Variables, BP=Business Performance,  
va,vb =sub variable under a single variable of each dimension

The Good Average Mean and SD of Transformational Leadership Style Rescaled Component Dimensions (TL-D2) are 4.3182, 0.55767 respectively, followed by TL-D1: 4.2624, 0.70486 and TL-D3:4.2121, 0.81584. In Transactional Style, the Rescaled Component Dimensions and their Good Average Mean and SDs are tL-D1: 4.2727, 0.73289 and tL-D2: 4.2423, 0.59241 (Table8.2). In Entrepreneurial Orientation, the Rescaled Component Dimensions and their Good Average Mean and SDs are EO-D1:4.2424, 0.59241and EO-D2: 4.3636, 0.48850 (Table8.4). Similarly the Business performance represented by Employee Productivity, Satisfaction & Organizational Growth, Rescaled Component Dimension and its Good Average Mean and SDs are BP-D1: 4.3439, 0.56177(Table8.5). It infers that there is significance in the different variables & dimensions of Entrepreneurial Leadership and Business Performance of MSMEs, Coastal AP, India selected for the Study. Hence, the Null Hypothesis (H01) is rejected and Alternative Hypothesis (H11) is accepted.

**b. Regression Analysis:**

Regression analysis is a common technique and helps to understand the relationship of independent variables (X) to a dependent variable (Y). More specifically it focuses on how the dependent variable changes in relation to changes in independent variables ([www.sciencedirect.com](http://www.sciencedirect.com)). In the analysis we utilize multiple dimensions of Entrepreneurial Leadership derived from factor analysis as (X) and Employee Productivity, Satisfaction & Organizational Growth as dependent variable dimension (Y) in the Micro and small Enterprises Segment

Table 8.6: Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.663 <sup>a</sup>	.439	.405	3.79485	.439	12.812	8	131	.000	2.016

a. Predictors: (Constant), Idealized influence & Inspirational motivation dimension (TL-D1-6 variables), Intellectual stimulation (TL-D2-2 variables), Individualized consideration dimension (TL-D3- 2 variables), Contingent reward dimension (tL-D1 - 2 variables), Management-by-exception dimension (tL-D2 - 2 variables), Management-by-exception dimension (tL-D3 - 1 variables), Innovativeness and Risk taking dimension (EO-D1- 2 variables), Competitive Aggressiveness (EO-D2- 1variable)

b. Dependent Variable: Business Performance

The adjusted R square 0.405 reveals that there is about 40.5 per cent combined influence of the eight dependent variables - Three Transformational Leadership Dimensions TL-D, TL-D2, TL-D3, followed by Two transactional leadership dimensions tL-D1 tL-D2 and an Entrepreneurial Orientation Dimensions EO-D1 on the dependent variable - Business Performance (Employee Productivity, Satisfaction & Organizational Growth) (Table-8.6). *It infers that there is significant influence of Entrepreneurial Leadership Dimensions on the Business Performance of Micro Small Enterprises in Coastal AP, India selected for the Study. Hence, the Null Hypothesis (H02) is rejected and Alternative Hypothesis (H12) is accepted.*

Table 8.7: Coefficients<sup>a</sup>

Model		t	Sig.
1	(Constant)	.111	.912
	Idealized influence & Inspirational motivation dimension (TL-D1-6 variables)	1.489	.139
	Intellectual stimulation (TL-D2-2 variables)	1.987	.108
	Individualized consideration dimension (TL-D3- 2 variables)	1.175	.246
	Contingent reward dimension (tL-D1 - 2 variables)	3.414	.001**
	Management-by-exception dimension (tL-D2 - 2 variables)	2.713	.017*
	Innovativeness and Risk taking dimension (EO-D1- 2 variables)	-1.077	.284
	Competitive Aggressiveness (EO-D2- 1variable)	3.781	.000**

Source: Study Analysis, \*  $p < .05$ , \*\*  $p < .01$ ,

The  $t$ - values and their respective significant levels at 0.05 and 0.01 levels are also derived. Contingent reward dimension (tL-D1 - 2 variables) (t value 3.414 Sig 0.001), followed by Management-by-exception dimension (tL-D2 - 2 variables) (t value 2.713 Sig 0.017) have been found significant. Similarly, the Entrepreneurial Orientation Dimensions - Innovativeness and Risk taking (EO-D1- 2 variables) (t value 2.713 Sig 0.017\*) and Competitive Aggressiveness (EO-D2- 1variable) (t value 3.781 Sig 0.000\*\*) have been found significant at 0.05\* and 0.01\*\* levels, Rest of the variables relating to Transformational Leadership Dimensions via Idealized

influence & Inspirational motivation dimensions (TL-D1-6 variables), Intellectual stimulation (TL-D2-2 variables) and Individualized consideration dimension (TL-D3- 2 variables) have been found no significance in the study (Table 8.7). It infers that there is a clear impact of implicit proportions of Entrepreneurial Leadership dimensions on Business Performance of the Micro, Small Enterprises, selected for the study. Further, it is evident from the study that the combination of High Transactional Leadership and Entrepreneurial Orientation Dimensions influence the Business Performance (Employee Productivity, Satisfaction & Organizational Growth) of the select Micro, Small Enterprises, Coastal Andhra Pradesh, India. Hence, Null Hypothesis (H03) is rejected and Alternative Hypothesis (H13) is accepted.

In the following analysis we utilize multiple dimensions of Entrepreneurial and Leadership variables derived from factor analysis as (X) / dependent variables and the Single outcome Business Performance representing Employee Productivity, Satisfaction & Organizational Growth as Dependent (Y) variable dimension in the Medium Enterprises segment

**Table 8.8: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.804 <sup>a</sup>	.647	.425	.38992	.647	2.678	13	19	.025

a. Predictors: (Constant), Idealized influence & Inspirational motivation dimension (TL-D1-6 variables), Intellectual stimulation (TL-D2-2 variables), Individualized consideration dimension (TL-D3- 2 variables), Contingent reward dimension (tL-D1 - 2 variables), Management-by-exception dimension (tL-D2 - 2 variables), Management-by-exception dimension (tL-D3 - 1 variables), Innovativeness and Risk taking dimension (EO-D1- 2 variables), Competitive Aggressiveness (EO-D2- 1variable)

b. Dependent Variable: Business Performance

The adjusted R square 0.425 reveals that there is about 43 per cent combined influence of the six dependent variables - Three Transformational Leadership Dimensions TL-D, TL-D2, TL-D3, followed by Two transactional leadership dimensions tL-D1 tL-D2 and an Entrepreneurial Orientation Dimensions EO-D1 on the dependent variable - Business Performance (*Employee Productivity, Satisfaction & Organizational Growth*). There is a significant difference that has been found in the influences of such independent variables on the dependent variable (F change- 2.678, Sig 0.025) significant at 0.05 level (Table-8.8). It infers that there is significant influence of Entrepreneurial Leadership Dimensions on the Business Performance of Medium Enterprises in Coastal AP, India selected for the Study. Hence, the Null Hypothesis (H04) is rejected and Alternative Hypothesis (H14) is accepted.

**Table 8.9: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.293	13	.407	2.678	.025 <sup>b</sup>
	Residual	2.889	19	.152		
	Total	8.182	32			

a. b. Dependent Variable: Business Performance, \*  $p < .05$ , \*\*  $p < .01$ ,

b. Predictors: (Constant), Idealized influence & Inspirational motivation dimension (TL-D1-6 variables), Intellectual stimulation (TL-D2-2 variables), Individualized consideration dimension (TL-D3- 2 variables), Contingent reward dimension (tL-D1 - 2 variables), Management-by-exception dimension (tL-D2 - 2 variables), Management-by-exception dimension (tL-D3 - 1 variables), Innovativeness and Risk taking dimension (EO-D1- 2 variables), Competitive Aggressiveness (EO-D2- 1variable)

Table 8.10: Coefficients<sup>a</sup>

Model		t	Sig.
1	(Constant)	.013	.008
	Idealized influence & Inspirational motivation dimension (TL-D1-6 variables)	3.982	.000
	Intellectual stimulation (TL-D2-2 variables)	2.586	.028
	Individualized consideration dimension (TL-D3- 2 variables)	2.175	.046
	Contingent reward dimension (tL-D1 - 2 variables)	0.569	.631
	Management-by-exception dimension (tL-D2 - 2 variables)	0.713	.523
	Management-by-exception dimension (tL-D3 - 1 variables)	-1.077	.284
	Innovativeness and Risk taking dimension (EO-D1- 2 variables)	2.979	.021*
	Competitive Aggressiveness (EO-D2- 1variable)	2.416	.045*

In order to find out the significance of the data variables, ANOVA test had been applied. Which shows the F value 2.678 and found significant (0.25) at 0.05\* level of variance among the variable taken for study (Table: 8.9). The t- values and their respective significant levels at 0.05 and 0.01 levels are also derived. Idealized influence & Inspirational motivation dimension (TL-D1-6 variables) (t value 3.982 Sig 0.000), followed by Intellectual stimulation (TL-D2-2 variables) (t value 2.586 Sig 0.028) and Individualized Consideration dimension (TL-D3- 2 variables) (t value 2.175 Sig 0.046). Similarly, the Entrepreneurial Orientation Dimensions- Innovativeness and Risk taking dimension (EO-D1- 2 variables) (t value 2.979 Sig 0.021\*) and Competitive Aggressiveness (EO-D2- 1variable) (t value 2.416 Sig 0.045\*) have been found significant at 0.05 and 0.001 levels, Rest of the variables representing Transactional Leadership Dimensions via Contingent reward dimension (tL-D1 - 2 variables), followed by Management-by-exception dimension (tL-D2 - 2 variables) have been found no significance in the Medium Enterprises segment (Table 8.10). *It infers that there is a clear impact of implicit proportions of entrepreneurial leadership dimensions on Business performance in the Medium Enterprises, selected for the study. Further, it is evident from the study that the combination of High Transformational Leadership and Entrepreneurial Orientation Dimensions influence the Business Performance (Employee Productivity, Satisfaction & Organizational Growth) of the select Medium enterprises, Coastal Andhra Pradesh, India. Hence, Null Hypothesis (H05) is rejected and Alternative Hypothesis (H15) is accepted.* Similarly, there is no significant influence of the above implicit proportion (Entrepreneurial & High Transformational Leadership Dimensions) in Micro Small Category and also there is no influence of the previous implicit proportion mentioned at H3-Entrepreneurial, High Transactional Leadership Dimensions in Medium Enterprises category on the Business Performance (Employee Productivity, Satisfaction & Organizational Growth) in Coastal Andhra Pradesh, India selected for the Study.

## Conclusion

In the present era of studies, the mean for Transformational leadership is higher than the mean for transactional leadership. Furthermore, there is a strong relation between Entrepreneurial orientation and Business performance. A comparison of the three dimensions of entrepreneurial orientation shows that high levels of innovation and Risk taking may contribute positively to business performance. Pro activeness is not a significant contributor to predicting business performance. Different leadership styles may affect performance. The combination of High Entrepreneurial Orientation and High Transactional leadership is significant in influencing the business performance at Micro Small enterprises category. Similarly, the combination of High Entrepreneurial Orientation and High Transformational leadership is significant in influencing the business performance at Medium enterprises category. The basic difference that we can find in the studies is when researchers considers more number of Micro and Small enterprises in to their sample of studies tend to infer that transactional leadership style has influence on Business performance. If their sample consists of considerable proportion of small and medium enterprises equally with micro category of enterprises, transformational style has proved to be significance influencer of business performance. However, both management and leadership skills such as financial management, communication, motivation of others, vision, and self-motivation play important roles in determining the growth rate of a MSME's. Finally, the study is initiated to trace out which style of Leadership and variable of Entrepreneurial Orientation can contribute to higher business performance at Micro small and medium enterprises.

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