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Bahadur Ali Soomro, Naimatullah Shah, Shahnawaz Mangi,

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# Factors affecting the entrepreneurial leadership in small- and medium-sized enterprises (SMEs) of Pakistan

The  
entrepreneurial  
leadership in  
SMEs

## An empirical evidence

Bahadur Ali Soomro

*Area Study Centre, University of Sindh, Jamshoro, Pakistan*

Naimatullah Shah

*Department of Public Administration, University of Sindh,  
Jamshoro, Pakistan and*

*College of Business Administration, Al Yamamah University,  
Riyadh, Saudi Arabia, and*

Shahnawaz Mangi

*Department of Pakistan Study, Kali Morri College, Hyderabad, Pakistan*

### Abstract

**Purpose** – The purpose of this paper is to examine the factors that affect the entrepreneurial leadership in small and medium enterprises (SMEs) of Pakistan.

**Design/methodology/approach** – A conceptual framework is developed after reviewing a vigorous literature. This is a quantitative methodology in which cross-sectional data are collected from top managers and founders in SMEs of Pakistan through a survey questionnaire. The random technique is applied for the collection of data. The total samples are 352. Initially, 500 survey questionnaires are distributed through personal visits in different cities of Pakistan. The returned rate is noticed as 70 percent.

**Findings** – The data are analyzed through Statistical Package for Social Sciences version 24.0. The overall Cronbach's  $\alpha$  reliability is 0.866. On the other hand, the  $\alpha$  for all variables (dependent and independent) is observed within the adequate ranges. The overall findings reveal that there is a positive and significant relationship among strategic factor, motivational factor, personality factor, communicative factor and entrepreneurial leadership.

**Practical implications** – This study may contribute to existing efforts to assimilate the arenas of strategy, motivation, communication, leadership and entrepreneurship. In addition, by reviewing the outcomes of present study, the policy makers and planners may further concentrate for promoting SMEs sector that is famous as a backbone for economic development.

**Originality/value** – This study is original and valuable with respect to data and context. The findings of such study may play a substantial role in the stability of the economy in Pakistan through enriching the SMEs sector.

**Keywords** Entrepreneurial leadership, Communicative factor, Motivational factor, Personality factor

**Paper type** Research paper

### Introduction

In the present days, the companies are facing tempestuous, competitive environment due to “relatively consistent pattern of behavior.” The existing organizations of today need operative and effective leaders who understand the complexities of the speedily changing environment of the globe (DuBrin, 2001). The leaders of firms (companies) need to implement styles of leadership unlike from the traditional (old) styles, requiring a new style of leadership, here is mentioned to as entrepreneurial leadership. However, the conceptualizations of entrepreneurial leadership are still developing. Regarding such aspect, Gupta *et al.* (2004, p. 241) well-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.” Such a definition stresses the need to mobilize resources, the need to increase organizational commitment by subordinates and the need to have subordinates who have the proficiencies to endorse the dream. The entrepreneurial leadership is a broad-minded and creative mode to lead people. The style of the leadership is the entrepreneurial leaders’ agreement with notions and thoughts that are totally associated with the organizational nature and behaviors (El-Namaki, 1992; Fernald *et al.*, 2005). Fernald *et al.* (2005) strongly recommended that the entrepreneurial leaders predict, take risks, resolve problems, initiate strategic creativities and pass a practical renovation of the firm’s transaction set (Venkataraman and Van de Ven, 1998). The leadership is an only factor which is not based on the traditional hierarchical chain of understanding and control, but as a substitute on individual skills such as attaining goals creatively, and gathering the mandatory resources (Skodvin and Andresen, 2006). The entrepreneurial leadership assimilates the perceptions of entrepreneurship (Schumpeter, 1934), entrepreneurial orientation (Covin and Slevin, 1988) and entrepreneurial management (Stevenson, 1983) with leadership.

In any economy, small- and medium-sized enterprises (SMEs) are famous as a backbone for economic development. For Pakistan, it contributes more than 90 percent of business worldwide (GRI, 2011) and 3.2m SMEs are employed in the business sector (Khalique *et al.*, 2015). SMEs play a substantial role in the stability of the economy in Pakistan through enriching the individuals’ lifestyle and improving the social status (Rohra and Panhwar, 2009; Ahmed *et al.*, 2010; SMEDA, 2010). Despite a remarkable growth and contributions, Pakistani SMEs are facing frequent challenges which are mainly associated with technology, resources, management, workforce and industrial structure (Khalique *et al.*, 2015) and have tremendously grumbled within few years (Davis *et al.*, 1996; Onugu, 2005; Ullah *et al.*, 2011).

In the developing context, the concept of entrepreneurial leadership is defined as moving and directing the performance of employees toward the achievement of organizational goals that encompass recognizing and exploiting entrepreneurial opportunities (Renko *et al.*, 2015). It is not synonymous with entrepreneurship as it is a new leadership model. The definite discipline of entrepreneurs emphasizes on creating new creativities. In contrast, entrepreneurial leaders are watching for opportunities outside of their new ventures (Greenberg *et al.*, 2011). In the relevant literature, sometimes entrepreneurship and leadership are used as interchangeable terms. In entrepreneurial leadership, the leader also has the entrepreneurial qualities/potentials (Gunduz, 2010). Entrepreneurial leaders are those people who are in the position of a source of employer, speculator and information (Bayrakdar, 2011). Entrepreneurial leaders may adopt a totally independent and guiding role as well as a strategy entwined with the organization, which is a complex system (Gunduz, 2010).

In the paradigm of research and practice, entrepreneurship and leadership both are relatively emergent. In terms of historical evolution, there is an extensive similarity between the disciplines of entrepreneurship and leadership. The construct definition and research methods directed scholars to merge them into a new construct as “entrepreneurial leadership.” Such a combination of terms (entrepreneurial leadership) offers novel things that are not ostensible in either of the distinct components and produces an interaction that helps the development of theory and practice in the two schools of thought. According to Gupta *et al.* (2004), entrepreneurial leadership is a form of leadership unique from other types of leadership which empowers entrepreneurs and leaders to handle highly competitive and turbulent environments. Henceforth, entrepreneurial leaders have specific personal and functional competencies that empower them to successfully lead entrepreneurial endeavors

either in their own new venture or in reputable organizations (Gupta *et al.*, 2004; Swiercz and Lydon, 2002). In developing context, pro-activeness, innovativeness and risk-taking are regarded as main personal characteristics of entrepreneurial leaders (Chen, 2007; Surie and Ashley, 2008; Gupta *et al.*, 2004; Kuratko, 2007). Pro-activeness mentions a distinctive ability of entrepreneurial leaders in generating and leading the future rather than waiting to be prejudiced by it (Zampetakis, 2008; Kickul and Gundry, 2002). Similarly, entrepreneurial innovativeness is the tendency and ability of entrepreneurial leaders in developing novel and useful ideas for identifying entrepreneurial opportunities, utilizing resources and resolving the problems (Chen *et al.*, 1998; Gupta *et al.*, 2004; Okudan and Rzasa, 2006). In the last, risk-taking factor highlights the ability and propensity of entrepreneurial leaders for calculating risks in leading entrepreneurial activities and taking the responsibility for the future (Okudan and Rzasa, 2006; Chen *et al.*, 1998; Gupta *et al.*, 2004). Along with such the factors, in a developing economy, there are four diverse entrepreneurial leadership skill categories. These include technical/business skills, interpersonal skills, conceptual skills and entrepreneurial skills (Harrison *et al.*, 2018).

To such an extent, there is still an extensive gap between the exact features that entrepreneurial leaders should have own to lead their organizations. SMEs are facing ever-increasing competition at domestic as well as at the global level. On the other hand, multinational corporations and large-scale enterprises frequently monopolize the limelight of the domain researchers. SMEs are regarded as the core of the growth engines of most of the national economies in the period of economic crises. Indeed, SMEs make a substantial and significant contribution to competitiveness, economic development, innovation and future growth.

This study examines the factors that may affect the entrepreneurial leadership in SMEs of Pakistan. This study may contribute to existing efforts to assimilate the arenas of entrepreneurship and may have an important relevance for creating entrepreneurial leadership through the motivational, communicative, strategy and personality factors.

## Literature review

The literature review about the term entrepreneurial leadership does not give an assured and consistent definition. On the one hand, the researchers discuss that entrepreneurial leadership is a pure phenomenon of entrepreneurial context. On the other hand, some authors claim that it is a characteristic of leadership. However, the studies regarding entrepreneurs have not yet suggested a considerable profile of the predictors which obviously mark entrepreneurs different from others (Vecchio, 2003). In other sense, the researchers of such the field have assured that entrepreneurial leadership is not exclusively accomplished in entrepreneurial projects (Prabhu, 1999; Swiercz and Lydon, 2002; Kempster and Cope, 2010; Leitch *et al.*, 2013). There is a possibility of merging in the style of leadership of profit entrepreneurs and non-profit entrepreneurs but their ideas (dreams) can differ (Prabhu, 1999). Furthermore, managers even put on entrepreneurial leadership more frequently than entrepreneurs. The presentation of social intelligence in entrepreneurial leadership is one of the aspects responsible for the success of applying entrepreneurial leadership. Generally, entrepreneurial leadership is a style of leadership which is accomplished by entrepreneurs, not sector limited, and the use of social intelligence. But, it is known as a very significant factor for creating an entrepreneurial mindset of the employees.

Numerous leadership styles are associated with entrepreneurial leadership. Dinh *et al.* (2013) proposed that entrepreneurial leadership is viewed as under collectivistic leadership theories. On the other hand, other researchers are supported by displaying that collectivistic leadership styles alike transformational, value-based leadership and team oriented (Gupta *et al.*, 2004). The base of entrepreneurial leadership is on a transformational leadership style because it excites the creativity (Santora *et al.*, 1999; Currie *et al.*, 2008; Yang, 2008;

Wang *et al.*, 2012). Strubler and Redekopp (2010) declared more an unrealistic leadership style, whereas Li *et al.* (2013) more favored a successful leadership style. But, more entrepreneurial leadership was recycled as more practice of parallel transformational leadership styles. The entrepreneurs are characterized by an indicator of mindset in the growth phase of the company (Li *et al.*, 2013). The autocratic leadership style is generally so called by the managers. A clarification could be that the manager wishes the employees to be entrepreneurial but, in exercise, have problems assigning full accountability to employees.

In general, since the 19th-century leadership style/description is designated by entrepreneurs and managers, and only one candidate has adopted entrepreneurial leadership as his leadership style, a decision can be made that there is a relationship between leadership styles and entrepreneurial leadership. But, an important consequence is that some leadership styles cannot be connected with entrepreneurial leadership. Commonly, entrepreneurs take less time for entrepreneurial leadership as compared to managers. Hannon *et al.* (2006) and National Council for Graduate Entrepreneurship (2007) showed an inclusive census of 131 HEIs by observing weaknesses in UK entrepreneurship education. The study found various factors such as a high changeability across the country in abstracting entrepreneurship and leadership, and parallel variability in the design of the program, revealing a correlation between leadership education, enterprise and entrepreneurial leadership tendency in the context of entrepreneurial leadership. In the same field, Gupta *et al.* (2004) pointed out that a partial generalization at the organizational level is available in many cultures. Most of the graduate students have the inclination to work in small entrepreneurial companies (Okudan and Rzasa, 2006).

By applying a quantitative approach, Bagheri and Pihie (2011) proposed that students' entrepreneurial leadership can be promoted by entrepreneurship programs through refining their self-efficacy, self-awareness as well as entrepreneurial leadership distinctiveness comprehension. Furthermore, entrepreneurial leadership and university entrepreneurship programs may require to establish entrepreneurship clubs and associations where the students can practice leadership position and practice real roles and responsibilities of the leader in entrepreneurial accomplishments. An analysis of Lobo *et al.* (2016) showed that the role of leaders is contextually resolute, predominantly in terms of their ability to affect the institutional settings on which their activities are enclosed and the competences of the communities of which they are apart. Regarding Korea, Park (2017) strongly recommended that young people effectively lead their start-up companies through their networks and leadership; enterprising spirit; and learning with firm determination. Henceforth, it is significant to develop such a network and leadership-based entrepreneurship become initial in overwhelming the long-term economic depression; surviving in such an opaque situation; and leading the growth and development. A study of Fontana and Musa (2017) suggested counterintuitively that the innovation process may not necessarily have a positive relationship with innovation performance. In an environment of developing the economy, Harrison *et al.* (2018) found four factors such as technical/business skills, interpersonal skills, conceptual skills, and entrepreneurial skills which are necessary for entrepreneurial leadership in a developing economy.

In the literature, there are many factors which were suggested for prediction of the entrepreneurial leadership (Gupta *et al.*, 2004; Okudan and Rzasa, 2006; Hannon *et al.*, 2006; Dinh *et al.*, 2013) in different contexts. Regarding Pakistan, Khan *et al.* (2009) pointed out that the size of the organization moderates the relationship between organizational innovation and transformational leadership. In the same domain, Bodla and Nawaz (2010) highlighted that faculty members educational institutions (public and private) were working transformational leadership to an identical level in Pakistan. In the perception of Tipu *et al.* (2012), transformational leadership is positively and significantly connected to innovation propensity and organizational culture. The organizational culture mediates the relationship

between innovation propensity and transformational leadership across employees' education level and company size of Pakistan. Moreover, recently, there is a catalytic influence of the educational and awareness-raising activities of intermediate organizations in tandem with the (international) environmental regulations, magnetism of competitiveness gains, reputational factors and industrial dynamism (Wahga *et al.*, 2018). In the manufacturing sector of Pakistan, Bhutta *et al.* (2008) carried out a survey among 651 SMEs. The findings of such survey pointed out that generation setting up the business, education, and a number of associates have a positive and significant impact on the health of SMEs.

In Spanish SMEs, the success of the service industry is due to social and macroeconomic indicators which are mainly related to the business environment. The entrepreneurial orientation, managerial attributes, firm features and entrepreneur characteristics have a significant influence on the business performance (Rodriguez-Gutierrez *et al.*, 2015). An emotion plays a vital role in the development of leadership practice of learning process and learners (Huxtable-Thomas *et al.*, 2016). In the perception of Bouchard and Basso (2011), in the context of SMEs, there is a strong linkage between entrepreneurship and entrepreneurial orientation. In China, Wonglimpiyarat (2015) conducted an empirical research on "12th Five-Year National Economic and Social Development Plan to support SMEs development." The researcher strongly recommended that SMEs should improve its competitiveness to understand the mechanisms of finance. Such improvements would be accountable for building an innovative and driven economy. SMEs are regarded as helpful for building a sustainable future through liable practices in the business. On the other hand, independently, SMEs have moderately social and small environmental impacts (Mahmood *et al.*, 2017). Recently, Ng and Kee (2018) carried out a study by collecting the responses from 178 owner-managers of SMEs in Malaysia. The researcher applied a self-reported questionnaire for obtaining the responses. The results highlighted the positive linkages among entrepreneurial and technical competence and innovation. However, innovativeness and transformational leadership were not associated with each other.

In any economy, SMEs are famous as a backbone for economic development. For Pakistan, it contributes more than 90 percent of business worldwide (GRI, 2011), and 3.2m SMEs are employed in the business sector (Khalique *et al.*, 2015). SMEDA (2010) and Global Entrepreneurship Monitor (2012) underlined that SMEs of Pakistan create nearly 90 percent of all private businesses; they are retaining 80 percent of the non-agricultural labor force as their share in the GDP is 40 and 30 percent in total exports of Pakistan (Rohra and Panhwar, 2009; Ahmed *et al.*, 2010). As result, SMEs play a substantial role in the stability of the economy in Pakistan through enriching the individuals' lifestyle and improving the social status (Rohra and Panhwar, 2009; Ahmed *et al.*, 2010; SMEDA, 2010). Despite remarkable growth and contributions, Pakistani SMEs are facing frequent challenges such as deficiency of latest technology, lack of financial resources, insufficient industrial infrastructure and mismanagement of intangible capitals, incapable workforce, unskilled management, obsolete production facilities and so on (Khalique *et al.*, 2015). Most of the SMEs grumbled within few years (Davis *et al.*, 1996; Onugu, 2005; Ullah *et al.*, 2011).

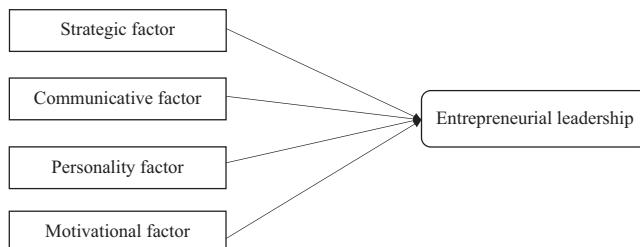
In a nutshell, unfortunately, the current progress of Pakistani SMEs is below their real potential (Bari *et al.*, 2005) in spite of the backbone and liable ingredient of economic development and prosperity (Rohra and Panhwar, 2009; Ahmed *et al.*, 2010; SMEDA, 2010). There is still a lack in entrepreneurial leadership to find out more factors that may affect the entrepreneurial leadership, especially in Asian developing countries like Pakistan (Bodla and Nawaz, 2010; Tipu *et al.*, 2012; Wahga *et al.*, 2018). Keeping in views such the importance, the present study tries to find out the relationship of strategic, motivational, communicative and personality factor with entrepreneurial leadership from top managers and founders of SMEs of Pakistan.

### Conceptual framework

More massive human activity is needed for the growth of entrepreneurship and business transactions. The leadership is the foremost factor which plays the central role in understanding the entrepreneurial venture and growth of the firms by individuals' efforts (Ensley, Hmieleski and Pearce, 2006; Ensley, Pearce and Hmieleski, 2006). The entrepreneurship ventures leaders can have a strong impressing effect on the project (Boeker, 1989). In a particular manner, the impact of leadership is marked in an entrepreneurial background where there are fewer arrangements and customs nearby suitable behavior than in the recognized organizations (Ensley, Hmieleski and Pearce, 2006; Ensley, Pearce and Hmieleski, 2006). As a result, leaders in SMEs may have larger choices than those in established organizations, and therefore their leadership is probably to have a greater influence on firm outcomes and behaviors. In short, the entrepreneurial leadership is a tremendous style of leadership which is attained by entrepreneurs as well as social intelligence in order to generate an entrepreneurial attitude of the employees. Different researchers mentioned visionary and leadership styles (Strubler and Redekopp, 2010; Li *et al.*, 2013) but a majority of scholars of domain supported the transformational leadership. In order to comprehend the effects of leadership on the growth of SMEs, the attention has been given to the motivational profile of the leaders of SMEs (Ensley, Hmieleski and Pearce, 2006; Ensley, Pearce and Hmieleski, 2006). According to Kuratko and Hornsby (1998), the communicative factors such as persuasion and empathy have a significant and positive relationship with entrepreneurial leadership. In another study, Gupta *et al.* (2004) and Swiercz and Lydon (2002) found specific personal and functional competencies that support to empower entrepreneurial leaders to successfully lead entrepreneurial endeavors either in their own new venture or in reputable organizations. Other researchers like Chen (2007) and Surie and Ashley (2008) revealed pro-activeness, innovativeness and risk-taking as main personal characteristics of entrepreneurial leaders in developing context. In a recent study conducted by Harrison *et al.* (2018), four diverse entrepreneurial leadership skill categories such as technical/business skills, interpersonal skills, conceptual skills and entrepreneurial skills in a developing economy were found. From the extensive literature review, it was found that strategic factor, personal factor, communicative factor and motivational factor altogether may support entrepreneurial leaders for leading their organizations.

In such a way, for the present study, the researchers proposed following conceptual framework (Figure 1) on the basis of four independent variables such as strategic factor, personal factor, communicative factor and motivational factor for predicting the dependent variable (entrepreneurial leadership).

The strategic domain demonstrated factors of the strategic thinking, i.e. prediction of future crises and problems, transmission of vision for followers, elasticity in decisions, opportunism in dealing with threats, preparation for unexpected circumstances and rationalization in business decisions (Hejazi *et al.*, 2012). Communicative aspect is mentioned



**Figure 1.**  
Conceptual framework

to those entrepreneurial factors which apply non-verbal and verbal behaviors to interconnect with the followers successfully. The previous literature declared communicative factors such as persuasion and empathy (Kuratko and Hornsby, 1998, p. 32).

The motivational factors are self-assurance (self-confidence) to impact others, the motivation for success in business, enjoying persuading others and propensity to make persistent progress in their followers (Hejazi *et al.*, 2012). The personal factor is known as a very important factor for entrepreneurial leadership. Such a factor comprised of creativity, emotional stability, candor and ingenious and open mind. The past studies frequently mentioned personal factors in the shape of the big five-factor model. According to Nicholson (1998), there is a positive relationship between entrepreneurial leadership capabilities and some of the big five-factor constructs like awareness and extroversion.

Consequently, the previous related literature highlights that there is a positive and significant relationship of a strategic, communicative, personal and motivational factor with entrepreneurial leadership (Kuratko and Hornsby, 1998; Nicholson, 1998; Ensley, Hmieleski and Pearce, 2006; Ensley, Pearce and Hmieleski, 2006; Hejazi *et al.*, 2012). In Pakistan, maybe entrepreneurial leadership is a protagonist factor for the development of SMEs (Tipu *et al.*, 2012; Wahga *et al.*, 2018). On the basis of the above argument, the following hypotheses have been developed for investigation among top managers and founders of SMEs in Pakistan:

- H1. Strategy factor has a positive and significant relationship with entrepreneurial leadership.
- H2. Communicative factor has a positive and significant relationship with entrepreneurial leadership.
- H3. Personality factor has a positive and significant relationship with entrepreneurial leadership.
- H4. Motivational factor has a positive and significant relationship with entrepreneurial leadership.

## Methods

This is a quantitative-based study which deals with numbers in a systematic way of investigating the phenomena (Leedy, 1993) of the proposed relationships for a present study. For proving such relationships, cross-sectional data were collected from managers and founders from manufacturing and service SMEs. In the same field, different researchers like Bodla and Nawaz (2010), Tipu *et al.* (2012) and Wahga *et al.* (2018) applied the similar methods in order to investigate such a problem.

### *Respondents and sampling*

The respondents for a present study were top managers and founders in manufacturing and service SMEs of Pakistan. The total samples were 352. The random technique was applied for the collection of data. Initially, 500 survey questionnaires were distributed through personal visits to different cities of Pakistan. Particularly, the capital cities of each province were focused. The returned rate was noticed as 70 percent.

### *Data collection means*

A survey questionnaire was developed to collect the data. The survey was adapted from the field literature. Before distributing the surveys, respondents were assured of their confidentiality and privacy of utilization of data through a consent form. The respondents were also guided by the aim and objectives of the present research.



## WJEMSD

*Study variables and measures*

The present study was based on one dependent (entrepreneurial leadership) and four independent variables (strategic, motivational, personality and communicative). The entrepreneurial leadership was measured on eight items. Likewise, the independent variables such as strategy on 11, motivation on 7, personality on 9 and communication on 9 items were measured. All items were adapted from the study of Hejazi *et al.* (2012). All items were measured on a five-point Likert scale ranging from strongly agree to strongly disagree.

**Data analysis and results**

To get the results from received data, Statistical Package for Social Science (SPSS) version 24.0 for Windows software was applied in a proper way.

*Data cleaning and screening*

After entering data into the SPSS, missing values and outliers were detected to ensure the realism of results. The assurance of missing data is important to calculate because it reduces statistical power which biases the outcome of the study (Cordeiro *et al.*, 2010). After assuring missing data, the outliers (univariate and multivariate) were also detected and excluded. Consequently, the researchers have applied 352 valid cases for further analysis.

*Demography of respondents*

The demographic variables such as age, gender, educational level, and experience of entrepreneurial activities have been observed. The demographic information reveals that 77 percent ( $n = 272$ ) respondents were males and 22 percent ( $n = 80$ ) were females. A majority of respondents were 58 percent ( $n = 205$ ) between 31 and 40 years of age, 57 percent ( $n = 199$ ) were master degree holders and 49 percent ( $n = 172$ ) were experienced about entrepreneurial activities (Table I).

Category	Frequency	%
<i>Gender</i>		
Male	272	77
Female	80	22
<i>Age</i>		
Less than 21	30	8
21–30	65	18
31–40	205	58
41–50	52	15
<i>Educational level</i>		
FSC	35	10
Bachelor	112	31
Masters	199	57
MPhil and PhD	0	00
Other	6	2
<i>Experience of entrepreneurial activities (years)</i>		
1–5	45	13
6–10	134	38
Above 10	172	49
Total	352	100
<b>Note:</b> $n = 352$		

**Table I.**  
Demographic  
information of  
respondents

### Descriptive statistics and reliability assessment

The descriptive statistics (means and standard deviations) were performed for getting average information of the distribution. The values for mean were observed 2.45 (communication) to 3.24 (motivation). Similarly, the values of standard deviation were noted as 1.150 (strategy) to 1.410 (entrepreneurial leadership) (Table II).

Concerning the reliability of survey questionnaire, the overall Cronbach's  $\alpha$  reliability was 0.866. The  $\alpha$  for all variables (dependent and independent) was observed within their adequate ranges (Table II).

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### Hypotheses confirmation

To confirm the correlation among dependent and independent variables, the statistical practices, i.e., Pearson's correlation and multiple regression analysis were applied.

The values of such practices (Pearson's correlation and multiple regression) for first hypothesis ( $H1$ ) showed a positive and significant relationship between strategy factor and entrepreneurial leadership ( $r = 0.338^{**}$ ;  $\beta = 0.312^{**}$ ;  $p < 0.01$ ) (Tables III and IV). Therefore,  $H1$  is accepted. With a regard, the weights for  $H2$  showed ( $r = 0.466^{**}$ ;  $\beta = 0.436^{**}$ ;

Variables	<i>M</i>	SD	$\alpha$
1. Entrepreneurial leadership	3.08	1.410	0.85
2. Strategy	2.99	1.150	0.80
3. Communication	2.45	1.239	0.78
4. Personality	3.17	1.336	0.89
5. Motivation	3.24	1.320	0.83

**Notes:**  $n = 352$ .  $M$ , mean;  $\alpha$  = Cronbach's  $\alpha$  reliability

**Table II.**  
Descriptive statistics

Variables	1	2	3	4	5
1. Entrepreneurial leadership	–				
2. Strategy	0.338**	–			
3. Communication	0.466**	0.314**	–		
4. Personality	0.322**	0.235**	0.227*	–	
5. Motivation	0.388**	0.355**	0.321**	0.450**	–

**Notes:**  $n = 352$ . \*,\*\*Significant at the 0.05 and 0.01 levels (two-tailed), respectively

**Table III.**  
Pearson's correlation

Independent variables	Dependent variable Entrepreneurial leadership $\beta$
Strategy	0.312**
Communication	0.436**
Personality	0.300**
Motivation	0.299**
$F$ -value	30.051**
$R^2$	0.366
Adjusted $R^2$	0.354

**Notes:**  $n = 352$ . \* $p < 0.10$ ; \*\* $p < 0.05$

**Table IV.**  
Multiple  
regression analysis

$p < 0.01$ ) (Tables III and IV) a positive and significant relationship between the communicative factor and entrepreneurial leadership. Thus,  $H2$  is supported. Likewise, the outcomes for  $H3$  ( $r = 0.322^{**}$ ;  $\beta = 0.300^{**}$ ;  $p < 0.01$ ) (Tables III and IV) pointed out a positive and significant correlation between personality factor and entrepreneurial leadership. Hence,  $H3$  is supported. By the same token, for  $H4$ , values of Pearson's correlation and multiple regression ( $r = 0.388^{**}$ ;  $\beta = 0.299^{**}$ ;  $p < 0.01$ ) (Tables III and IV) emphasized a positive and significant correlation between motivational factor and entrepreneurial leadership. As a result,  $H4$  is also supported.

### Discussion and conclusion

The purpose of the present paper was to examine the factors that affect the entrepreneurial leadership in SMEs of Pakistan. For achieving such a purpose, conceptual framework and hypotheses were developed on the basis of one dependent (entrepreneurial leadership) and four independent (strategic factor, communicative factor, personality factor and motivational factor) variables for investigation in SMEs of Pakistan. A quantitative methodology was used in which cross-sectional data were collected from top managers and founders in manufacturing and service SMEs of Pakistan through a survey questionnaire. The random technique was applied to the collection of data. The total samples were 352. Initially, 500 survey questionnaires were distributed through personal visits to different cities of Pakistan. The returned rate was noticed as 70 percent. The data were analyzed through a SPSS version 24.0 for windows.

The demographic predictors including gender, age, educational level and experience of entrepreneurial activities of the respondents were calculated through frequency. It revealed that a majority of respondents were males as compared to females, between 31 and 40 years of age, master degree holders and experienced in entrepreneurial activities. After recording data into SPSS to authenticate the statistical results, missing values and outliers (univariate and multivariate) were detected and affected cases were excluded.

Consequently, the researchers have applied 352 valid cases for further analysis. The overall Cronbach's  $\alpha$  reliability was 0.866.  $\alpha$  for all the variables (dependent and independent) was observed within acceptable ranges. The descriptive statistics such as means and standard deviations were done for attaining average information of the distribution. Such values were also observed as within acceptable ranges.

As hypotheses confirmation is concerned, two techniques such as Pearson's correlation and multiple regression analysis were used to test the associations among dependent and independent variables. The findings of such the techniques suggested that  $H1-H4$  were supported. Such findings are parallel with various scholars like Kuratko and Hornsby (1998), Nicholson (1998), Ensley, Hmieleski and Pearce (2006), Ensley, Pearce and Hmieleski (2006) and Hejazi *et al.* (2012), who found a positive and significant relationship among such variables.

Such positive associations among the variables may be due to SMEs are known as the backbone for economic development. Particularly for Pakistan's economy, SMEs are contributing more than ninety percent. However, its share in GDP is 40 and 30 percent in the total export of Pakistan.

In spite of a notable contribution in Pakistani economic development, SMEs are facing huge challenges in many dimensions. Due to such challenges and difficulties, the respondents of our study believed that strategy factor, motivational factor, personality factor and communicative factor are the protagonist factors which may enhance the entrepreneurial leadership in the SMEs sector of Pakistan.

In a brief way, the findings reveal that there is a positive and significant relationship among strategy factor, motivational factor, personality factor, communicative factor and entrepreneurial leadership. The factors have a great power to predict the entrepreneurial

leadership in SMEs of Pakistan. In a similar sense, the top managers and founders in SMEs of Pakistan develop their entrepreneurial leadership through main variables such strategic, motivational, personality and communicative. This study may contribute to existing efforts to assimilate the arenas of entrepreneurship and may prove important in creating entrepreneurial leadership through the motivational, communicational, strategy and personality factors.

The outcomes of such a study have implications in theory and practice. Such results may offer an empirical-based framework on entrepreneurial leadership in a developing economy. In practice, the results may assist as a valuable reference for policy makers, practitioners and entrepreneurs to become successful entrepreneurial leaders in the future. By such a study, policy makers and planners may further concentrate on promoting SMEs sector that is famous as a backbone for economic development. This study may also contributive for existing efforts to integrate the areas of motivation, strategy, communication, leadership and entrepreneurship. A study may play a substantial role in the stability of the economy in Pakistan through enriching the SMEs sector. In the last, the findings may contribute to the literature on leadership, entrepreneurship and collective action by identifying missing links and potential points of convergence. It also sheds light on some of the challenges in promoting entrepreneurship as a means to advance sustainable development in the region.

This study is limited to only quantitative-based methods. We collected just cross-sectional data from managers and founders from manufacturing and service SMEs of Pakistan. A random sampling technique was adopted for a limited sample of 352 from the capital cities of each province. Our research is limited to a small sample size of 352. In the future, a large size is required to investigate the factors that may affect the entrepreneurial leadership in SMEs of Pakistan. In future, a role of university entrepreneurship programs in students' entrepreneurial leadership may identify in a good manner. Moreover, other relevant factors such as entrepreneurial opportunities, personality traits, entrepreneurship programs, self-awareness and self-efficacy are needed to predict entrepreneurial leadership in the context of Pakistan as well as in developing counties in the future.

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### Corresponding author

Bahadur Ali Soomro can be contacted at: [bahadur.ali@scholars.usindh.edu.pk](mailto:bahadur.ali@scholars.usindh.edu.pk)

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