Influence of Strategic Dimensions of Entrepreneurship Leadership on Organizational Performance

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Submitted 25th June, 2021, Accepted 26th July, 2021, Published on 27th July, 2021

ABSTRACT

The study sought to determine the influence of strategic dimension of entrepreneurship leadership on organizational performance. A descriptive correlational research design was adopted. The population of study comprised 289 managers from solar energy firms in Kenya. The stratified random sampling technique was applied in this research. A stratified sampling technique was used because the respondents are from different solar sector energy firms. The sample size used for the study included 165 respondents. Data was collected through questionnaires. Correlational and regression analysis were used to test the relationship and effect of strategic dimensions constructs and organizational performance. It was established that strategic dimension has a statistically significant positive relationship with organizational performance ($r(154) = .712, p < .000$). According to results, adaptive capability statistically significantly influences organizational performance ($\beta = 0.287, t (150) = 5.96, p < .05$). Resourceful innovation does not statistically significantly influence organizational performance ($\beta = 0.069, t (150) = .968, p > .05$). Lastly, risk-taking does not statistically significantly influence organizational performance ($\beta = 0.065, t (150) = 1.336, p > .05$). Findings revealed that the strategic dimension of entrepreneurial leadership had a significant effect on organizational performance in the solar energy sector of Kenya. Findings revealed that adaptive capability positively and statistically significant influenced organizational performance; resourceful innovation had a positive influence on organizational performance though not statistically significant, while risk-taking also had positive influence on organizational performance though not statistically significant. This study recommends that entrepreneurial leaders in the energy sector should develop a strategic direction for the organization. The strategic dimension should be underlined by adaptive capability.

Key words: entrepreneurship leadership; strategic dimensions; organizational performance; adaptive capability; resourceful innovativeness; risk-taking
I. INTRODUCTION

Entrepreneurial leadership promotes high performance in organization (Wang et al., 2012). It enables leaders to successfully direct their organization and solve the problems through different steps of the organizations' growth and development (Chen, 2007). Gupta et al. (2004) argued that entrepreneurial leadership is a distinctive type of leadership required when dealing with the current organizational settings' challenges and crises. According to Chen (2007) entrepreneurial leadership has a significant influence on leaders' competence in recognizing new opportunities to improve performance. In the current dynamic business environment globally, the importance of being entrepreneurial can be linked to the survival and sustainability of an organization, its performance and the market share it can amerce. The influence of entrepreneurial leadership on organizational performance has attracted interest across the globe. Minja and Kirmi (2010) stress that strategic leaders shape the formation of strategic intent, strategic mission and influence successful strategic actions for the formulation of strategies and implementation of strategies that yield strategic competitiveness above-average returns. Sandybayev (2019) in a study in the United Arab Emirates provided an indicative relationship between entrepreneurial leadership and performance. Zainol et al. (2018) established that vision, innovation, and risk-taking dimensions of entrepreneurial leadership are most predictive of SME's performance.

Despite the understanding that entrepreneurial leadership impacts organizational performance, some players are struggling within the solar energy sector in Kenya while others are winding down. Hence, the need to establish the link to provide clarity and inform the practice within the sector. Considering firms in the solar energy sector are relatively new and are looking for long-term operations, identifying strategic dimensions and their effect on performance is critical for leaders. They need strategic management to ensure the organization is performing well in such areas as innovation, competitiveness, and attainment of a competitive edge (Ghorbaninia & Aligholi, 2016). Being strategic is one of the defining elements of entrepreneurship leadership. The strategic dimension of entrepreneurship leadership entails a set of behaviors essential in implementing organizational strategy to influence performance. It impacts leaders explicitly since it is considered as manipulative and can be worked on to enhance performance (Espino-Rodríguez & Ramírez-Fierro, 2018). Identifying a strategic dimension and its effect on organizational performance is critical for leaders, given the need for strategic management that will ensure the organization performs well in such areas as innovation, competitiveness, and attainment of a competitive edge (Ghorbaninia & Aligholi, 2016).

Given the limited literature on strategic entrepreneurship, this study drew upon entrepreneurial orientation to highlight the relationship between strategic entrepreneurship and organizational performance. The researcher borrowed adaptive capability from Mishra (2017) and Wang and Wang (2008) as a measure of strategic dimension as well as the echoed resourceful innovation and risk-taking highlighted by Wang and Wang, (2008), Tipu and Fantazy, (2018), and Rauch et al. (2009). The constructs selected are openly manifested in the Solar Energy Sector in Kenya, which is developing rapidly with many organizations joining the industry in a highly dynamic market. Renewable energy solutions continue to play a critical role in enhancing accessibility to clean energy. Approximately 80% of Kenya's industrial sector is powered by fossil fuels, which make up 28.57% of national energy consumption, an aspect that threatens the stability of its economy in the near future (KIPPRA 2010).
According to the United Nations Economic Commission for Africa (UNEC 2013), around 33 million people (83%) lack access to modern energy. Hence, most off-grid families use kerosene, candles, and wood for lighting, despite the health impact over a stretched period. The aforementioned has led to the proliferation of support programs including from the World Bank, African Development Bank, the European Union, the European Investment Bank, and the French Development Agency (Agence Française de Développement [AFD]) in support of the provision of stand-alone solar systems for households and public facilities, mini-grids, solar water pumps, and efficient cooking solutions. According to the International Energy Agency, Kenya's electrification rate is 19%, with about 34 million people lacking access (WEO 2013). Owing to this deficit, Kenya's current policy document, the Vision 2030, highlights a search for alternative means of providing sustainable energy to meet both its rural and urban development aspirations (Amos, 2010). This is because today's solar energy sector entrepreneurs are leading the solar lighting industry while relying on market-based models, utilizing the latest technology and design based on consumer tastes (Wright, et al.,2015). Despite the steep increase in the adoption of solar PV products by consumers, coupled with several market players' attraction, the sector is prone to some challenges. Some of the challenges include policy barriers, unskilled technicians, social-technical barriers, and economic barriers requiring entrepreneurial leadership to navigate. While an organization's ideal functioning dictates interlinking of the discussed entrepreneurial leadership dimensions and ensuring organizational commitment for better organizational performance, the solar energy sector in Kenya is still struggling. The leadership needs to adopt the right leadership model with an entrepreneurial mind. Thus, this study sought to determine the influence of strategic dimension of entrepreneurial leadership on organizational performance in Kenya's solar energy sector.

II. THE PROBLEM

In today's dynamic competitive business environment, organizations should have and use entrepreneurial leadership qualities to continue their lives, compete with their competitors, and develop themselves. Prior literature suggests that leadership is critically important for achieving performance. This scenario has pushed the need to push for a solution through entrepreneurship leadership that will enhance performance of this sector and help reduce pressure on non-renewable energy sources and provide environment friendly energy which will improve the economy and ensure a sustainable environment. Despite the aforementioned there are very limited studies that have been conducted locally, thus, creating a contextual gap. To this effect the current study sought to determine the influence of strategic dimension of entrepreneurship leadership on organizational performance among the solar energy firms in Kenya.

III. LITERATURE REVIEW

Studies have been done in the subject around the strategic dimension and its influence on organizational performance across different sectors. Espino-Rodríguez and Ramírez-Fierro (2018) did a study in the hotel industry to examine the link between strategic orientation dimensions and how it affects organizational performance through hotel outsourcing. The study examined six strategic dimensions as conceptualized by Venkatraman (1989). The analyzed dimensions included the aggressiveness dimension, defensiveness dimension, futurity dimension, proactiveness dimension, and riskiness dimension.
The organizational performance was measured from both the financial and non-financial performance perspective. The findings suggested that defensiveness, proactiveness, competitive analysis, competitive aggressiveness, and riskiness influence the hotel’s outsourcing level. Their study established that organizational performance is significantly influenced by strategic dimension through their significant relationship with hotel outsourcing. While the findings confirmed that the strategic dimension influences organizational performance, the study did not consider the direct effect of strategic dimension on organizational performance; rather, they consider how strategic dimension through influencing hotel outsourcing affected organizational performance. The researcher in this study addressed this gap by looking at the strategic dimension’s direct impact on organizational performance.

Moreover, the study was conducted outside East Africa and more so Kenya. Thus, the need to conduct a similar study in Kenya to compare the findings. Furthermore, the findings focused on the six strategic dimensions as identified by Venkatraman (1989), while this study only focused on three (adaptive capability, resourceful innovation, and risk-taking) dimensions as identified by Musa and Fontana (2014). Additionally, this study focused on the solar energy sector, which is different from the hospitality industry. From a methodology point of view, this study tested the study hypothesis using correlation analysis instead of partial least squares applied by Espino-Rodríguez and Ramírez-Fierro (2018). In another study of Iran's food industry, Ghorbaninia and Aligholi (2016) sought to explore the influence of strategy orientation dimensions on organizational performance. They examined six strategic dimensions, including the analysis dimension, aggressiveness dimension, defensiveness dimension, futurity dimension, proactiveness dimension, and riskiness dimension as conceptualized by Venkatraman (1989). The dimensions chosen matches those selected by Espino-Rodríguez and Ramírez-Fierro (2018) in their study. They used a descriptive design, and data were analyzed utilizing a structural equation modeling technique. The questionnaire was used for data collection. They established that aggressive, analytical, defensive, futurism, and proactiveness dimensions positively and significantly impacted organizational performance. However, the risk-taking dimension had no significant effect on organizational performance.

Ghorbaninia and Aligholi’s (2016) study applied proactiveness and risk as dimensions of strategy orientation while this study will apply them as sub-dimensions of entrepreneurial leadership. Hence, it is important to establish the impact that has from an entrepreneurial leadership lens. Further, this study adopted a five-point Likert scale similar to Ghorbaninia and Aligholi. The study was carried out in the hotel industry, which is a service industry; the current study was carried out in the manufacturing and retail industry that might present a different view than the service industry. Supporting the notion that resourceful innovation as an element of strategic dimension plays a role in ensuring organizational performance, Mafini (2015) conducted a study on predicting organizational performance through innovation, quality, and Inter-organizational systems in the Public Sector of South Africa. A quantitative approach using the survey method was used in which a questionnaire was administered to 272 randomly selected managers and employees of a South African government department. Respondents were selected using the simple random sampling technique. The study found out that there is a positive and significant relationship between innovation and organizational performance. However, it was studied outside Kenya and in the Public Sector while this study focused on majorly the upcoming private sector. It also collected data from managers and applied Spearman’s correlation, which also applied to this study.
In Kenya, Mwangi and Ngugi (2014) studied the effect of entrepreneurship orientation on MSMEs in Kenya. They viewed entrepreneurial orientation as the process and decision-making activities employed by entrepreneurs to support business performance. Mwangi and Ngugi (2014) examined how innovativeness, risk taking, and proactiveness affect the growth of MSMEs. Their results showed that innovativeness, risk taking, and proactiveness in entrepreneurship orientation accounts for 95.3% of MSMEs growth. Their study used a quantitative approach with a sample size of 136 respondents and regression analysis was used in evaluating the influence of innovativeness, risk taking, and proactiveness on MSMEs growth. The current study is set up in a solar energy sector and considers organizational performance rather than enterprise growth. While most of the studies that link strategic dimension to organizational performance have been conducted in the food industry, the public sector and countries outside Kenya while employing Venkatraman (1989) concepts, the researcher will take a different conceptual approach by looking at adaptive capability, resourceful innovation and risk-taking as fronted by Mishra (2017), Wang and Wang (2008), Tipu and Fantazy, (2018), and Rauch et al. (2009). Additionally, the researcher sought to fill the geographical gap by conducting this study in Kenya and the contextual gap by conducting the study in the private sector, the Solar Energy Sector to be precise.

IV. METHODOLOGY

This study adopted a descriptive correlational research design. The design was preferred due to its robust effect on testing direction and effect of independent variables on the dependent variable, which this study sought to establish. The study's population comprised 11 solar energy firms registered with the Global Off-Grid Lighting Association (GOGLA), that have been operational for more than five (5) years, adding up to a population of 289 managers. Stratified random sampling technique was applied in selecting the study participants. A stratified sampling technique was used because the respondents are from different solar sector energy firms. The sample size used for the study included 165 respondents. Primary data was collected from the respondents through the use of a questionnaire. Data was subjected to both descriptive and inferential statistics.

V. RESULTS

A. Demographic Characteristics

The findings show that the study sample comprised 68.8% males and 31.2% females. According to the findings, Kenya’s Solar Energy has a higher number of managers in the 30-39 range taking up 50%. Very few managers were in the 40-49 (18.2%) age bracket, while 31.8% were in the 20-29 age bracket. The study's findings indicated that 70.1% of the respondents possessed a bachelor's degree, while 29.9% had master's Degrees. From the study's findings, 51.3% of the senior managers indicated to have worked in the organization for 3 to 4 years. Additionally, 26% indicated that they had worked in their organizations for 0 to 2 years, while 22.7% indicated they had worked in their organizations for five and above years. Data collected on the management level indicates that 54.5% of the respondents are heads of a unit or a team in their organizations, while 22.7% are heads of sub-departments. Further, 13.6% indicated they are heads of departments while 9.1% indicated they are heads of sections in the subject organizations in the Solar Energy sector.
B. Inferential

In order to further examine the relationship between strategic dimension and organizational performance, a correlational and regression analysis were carried out. The result on correlational analysis in Table 1, demonstrated that the strategic dimension constructs recorded positive correlations with all organizational performance measures except for resourceful innovation and leader effectiveness which had a p-value >.868. This indicated that there existed a statistically significant relationship between the strategic dimension and organizational performance. The study findings further captured low positives in the relationship between adaptive capability, risk-taking, and the overall strategic dimension with leader effectiveness with correlation coefficients below r<.200.

Table 1: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Perceived Financial Performance</th>
<th>Employee Satisfaction</th>
<th>Leader Effectiveness</th>
<th>Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>154</td>
<td>154</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Adaptive Capability</td>
<td>Pearson Correlation .764**</td>
<td>.782**</td>
<td>.191*</td>
<td>.723**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.017</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>154</td>
<td>154</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Resourceful Innovation</td>
<td>Pearson Correlation .287**</td>
<td>.362**</td>
<td>.013</td>
<td>.349**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.868</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>154</td>
<td>154</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>Pearson Correlation .709**</td>
<td>.671**</td>
<td>.179*</td>
<td>.649**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.026</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>154</td>
<td>154</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Strategic Dimension</td>
<td>Pearson Correlation .747**</td>
<td>.752**</td>
<td>.176*</td>
<td>.712**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.029</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>154</td>
<td>154</td>
<td>154</td>
<td>154</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

A multiple regression analysis was performed to determine the influence of strategic dimension on organizational performance. Table 2 presents the model summary for the regression analysis between strategic dimension constructs and organizational performance. Findings indicate that the combined strategic dimension constructs explained 52.5% of the variability in the organizational performance in Kenya's solar energy sector (Adjusted - R² = .525).

Table 2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.731a</td>
<td>.534</td>
<td>.525</td>
<td>.24924</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Risk Taking, Resourceful Innovation, Adaptive Capability

The regression ANOVA was used to assess whether there existed a linear relationship between combined strategic dimension constructs and organizational performance. Table 3 indicates that there existed a statistical and significant linear relationship between the combined strategic dimension constructs and organizational performance in Kenya's solar energy sector ($F (3,150) = 57.328, p<.05$).
Table 3: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>10.683</td>
<td>3</td>
<td>3.561</td>
<td>57.328</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>9.318</td>
<td>150</td>
<td>.062</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20.001</td>
<td>153</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Risk Taking, Resourceful Innovation, Adaptive Capability

The findings from Table 4 shows that adaptive capability can statistically and significantly influence organizational performance ($\beta = 0.287$, $t (150) = 5.96$, $p<.05$) and that with a 1 unit increase in adaptive capability, the organizational performance was improved by 0.287 units. Resourceful innovation positively influenced organizational performance though not statistically significant ($\beta = 0.069$, $t (150) = .968$, $p>.05$). Risk-taking positively influenced organizational performance though not statistically significant ($\beta = 0.065$, $t (150) = 1.336$, $p>.05$). As shown with the standardized coefficient, adaptive capability ($\beta = 0.586$) had a greater influence on organization performance, followed by Risk-Taking ($\beta = 1.336$) and lastly, Resourceful Innovation ($\beta = 0.968$). Table 4 shows the results.

Table 4: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.106</td>
<td>.282</td>
</tr>
<tr>
<td>Adaptive Capability</td>
<td>.287</td>
<td>.048</td>
</tr>
<tr>
<td>Resourceful Innovation</td>
<td>.069</td>
<td>.071</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>.065</td>
<td>.048</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

C. Discussion

The study established that strategic dimension has a statistically significant positive relationship with organizational performance ($r (154) = .712, p < .000$). This corresponds to the finding of Espino-Rodríguez and Ramírez-Fierro (2018), who did a study to examine the link between strategic orientation dimensions and organizational performance through hotel outsourcing. Their study established that the strategic dimension under defensiveness, proactiveness, competitive analysis, competitive aggressiveness, and riskiness aspects statistically significantly affects organizational performance through hotel outsourcing. This is because strategic planning steps are geared towards achievement of certain goals set by the organization and hence there has to be some relationship. According to results, adaptive capability significantly influences organizational performance ($\beta = 0.287$, $t (150) = 5.96$, $p<.05$). Again, adaptive capability had a strong positive significant relationship with organizational performance ($r (152) = .723$, $p<.000$). In line with this observation, Akgün et al. (2012) established that adaptive management capability played a big role in informing product innovativeness in an organization. This is because when organizations adapt to the new environment they tend to perform better.
Contrary to results here, Wei and Lau (2010), indicated that adaptive capability partially mediated high-performance work systems' effect on organizational performance. Results also showed that resourceful innovation does not have a significant influence on organizational performance ($\beta = 0.069, t (150) = .968, p > .05$). On the other hand, the correlational analysis showed that resourceful innovation has a weak positive significant relationship with organizational performance ($r(n) = .349, p < .000$). This result corresponds to the observation made by Zhang et al. (2019) who noted that management innovation and technological innovation significantly and positively contribute to sustainability and organizational performance. In agreement with the results here, Yunis et al. (2018), pointed out that innovative use of ICT resources has the potential of resulting in enhanced performance. However, the results contradict the findings of Werlang and Rossetto (2019), who established that organizational innovativeness does not significantly affect organizational performance. This may be due to the fact that probably the management of the innovative process is not aligned to organizational strategy and thus even if an organization comes up with a new innovation it may not spur organizational performance. Further, results were indicative that risk-taking does not statistically significantly influence organizational performance ($\beta = 0.065, t (150) = 1.336, p > .05$). Still, the correlational analysis showed that risk-taking behavior had a strong positive and statistically significant relationship with organizational performance ($r(152)=.649, p<.000$). This result reflects Kitigin's (2017) finding, which ascertains a significant connection between risk-taking and business performance. However, the finding here does not agree with the finding of Olaniran et al. (2017), who determined that risk-taking has a negative relationship with organizational performance. This is because of the fact that the risks that organizations take, may not necessarily lead to better outcomes.

VI. RECOMMENDATIONS AND AREAS FOR FURTHER STUDY

This study recommends that entrepreneurial leaders in the energy sector should develop a strategic direction for the organization. The strategic dimension should be underlined by adaptive capability, which shows a strong association with organizational performance. Risk-taking and resourceful innovation should be pursued in a strategic dimension since they positively correlate with organizational performance. This study recommends that entrepreneurial leaders in the solar energy sector should frequently develop adaptive strategies to inform organizational practices. The leaders should evaluate organizational resources and realign their operational model to match their objectives to sustain continued organizational performance. It is also important that the leaders identify and nurture key capabilities in the organization that will spur performance.

VII. CONCLUSIONS

Findings led to the conclusion that it is was important for the solar energy organizations to consider the strategic dimension of entrepreneurial leadership in their operations. It was conclusive that adaptive capability positively influenced organizational performance; resourceful innovation had a positive influence on organizational performance though not statistically significant, while risk-taking also had positive influence on organizational performance though not statistically significant. Hence the adaptability of the strategies being adopted should also be considered in the organizations. Consequently, in as much as organizations consider adopting the strategic dimension of the entrepreneurial leadership in their operations, they should also consider how those strategies can be easily adapted in the organization.
VIII. REFERENCES


