

The Influence of Entrepreneurial Leadership in the Performance of Micro and Small Enterprises the Case for Eastern Tigray, Ethiopia

K. Senthilkumar

Assistant Professor, Department of Management, College of Business and Economics, Adigrat University, Ethiopia;
senthilkumar.kalyan@gmail.com

Abstract

Micro and Small Enterprises (MSEs) play a vital role significantly in a country's economic development and employment. But the volatile economic environment with intensified competition makes the survival of the MSEs a tough one. Hence the sustainable performance of the MSEs is an essential need today. Among the many factors that stimulates the performance of the MSEs entrepreneurial leadership and its effect on the performance is not explored well by the researchers. Hence this study attempts to find the relationship between the entrepreneurial leadership and the performance, effect of entrepreneurial leadership on the performance of the MSEs in Eastern Tigray Region of Ethiopia. The study throws a light on the performance of MSEs and how it is influenced by the entrepreneurial leadership of the entrepreneurs which may add values to the entrepreneurs. The respondents are the employees of the MSEs, the total no of enterprises in the region is 19718 and the sample size was derived as 392. Well structured questionnaires were administered to collect the required data. The data were collected during 2017. SPSS software was applied to compute the data. Mean and standard deviation are the statistical tools applied to describe the variables under the study. The statistical tools correlation and regression have been applied to test the hypothesis. The results decipher that there is a positive correlation between entrepreneurial leadership and the performance of the MSEs. The study also has found that the entrepreneurial leadership considerably affects the performance of the entrepreneurs. The study results imply that there is a scope to the entrepreneurs to improve their entrepreneurial leadership which may result in higher level of performance of the MSEs in Eastern Tigray, Ethiopia.

Keywords: Communication, Entrepreneurial Leadership, Micro and Small Enterprises, Motivation and Performance, Personal, Strategy

1. Introduction

Micro and Small Enterprises (MSEs) play significant roles in the global economy by means of contributing to output, employment and income. The role of Micro and Small Enterprises is especially very significant in case of developing countries. MSEs are established in a wider geographical area both in the rural and urban areas. Though the SMEs are smaller in size

but big in numbers, its role in income distribution for a country is vital (Madanchian Mitra, Hussein, Norashikin, Noordin Fauziah & Taherdoost Hamed, 2015). Thurik & Wennekers (2004) affirmed the vital link between the MSEs and the economic development of the nation. MSEs are also vital to employment and poverty reduction. (Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V, 2007). In addition to economic growth MSEs play significant role unsustainable development

and innovation (Katarzyna Szczepańska and Joanna Kurowska, 2016). The role of MSEs is very essential in energizing technological capability building, diffusion of innovations, and capital mobilization (Nabiswa and Mukwa, 2017). Considering the importance of MSEs in the global economy, the performance and sustainable growth of MSEs must be triggered up. In Ethiopia, MSEs have become an increasingly widespread used strategy for economic development due to its' labor intensiveness, suitability to produce more jobs with less capital per job created, its utilization of locally available resources, fostering of linkage within and among various sectors and its resilience to internal and external economic shocks (FMSEDA, 2012). Hence gazing into the influential factors in the performance of MSEs is the need of the day. Entrepreneurial leadership, economic conditions, access to credit, infrastructures, operating cost, employees' skills and government support are found predominating in influencing the performance of MSEs (Idris Isyaku Abdullah and Chindo Sulaiman, 2015). Among such factors, entrepreneurial leadership and its influence on the performance of an organization is more critical (Almaz Sandybayev, 2019). To establish and sustain in a business especially in an MSEs concerned, an entrepreneur should possess exceptional skills and qualities. Specifically, he/she should have attained both entrepreneurial and leadership qualities together (Almaz Sandybayev, 2019), i.e., the entrepreneur should have emerged as a leader. In other words entrepreneurial characteristics and leadership characteristics must have been synchronized to become a successful entrepreneur. In a global economy currently with stagnating growth, the MSEs' entrepreneurs should invest themselves in leadership building programs (Olutade, M., Liefoghe, A., & Olakunle, A.O, 2015). According to Hargreaves (2006), the entrepreneurs should seek a consensus between the objectives of the firm, his collaborators and the environment. The Ethiopia specific concerned, the sector has been bound with various constraints which hinder its performance as well as its contribution to the socio-economic development of the country (FMSEDA, 2012). Though the influence of the other factors such as technological capability, operational efficiency, infrastructure, access to credit, and marketing effectiveness entrepreneurial leadership of the entrepreneurs and its influence on the performance of MSEs have not been deliberated yet in the geographic

study area which motivate the researchers to investigate the influence of Entrepreneurial leadership in the Performance of MSEs.

2. Literature Review

Though entrepreneurial leadership as a concept has a wide and deep root since from the three decades. Lippitt, G. L. (1987), in his conceptual paper, the author affirmed the six characteristics of an entrepreneurial leader. Risk taking, divergent thinking, sharp focus, personal responsibility, economic orientation, and learning from experience are the six characteristics of an entrepreneurial leader according to him. There are many studies define entrepreneurial leadership. Ireland RD, Hitt MA & Sirmon DG (2003) have defined Entrepreneurial leadership as the ability to influence others and, to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviors. Surie & Ashley (2008) have defined it as the capability of sustaining innovation and adaptation in high-velocity and uncertain environments. Idea generation, idea structuring and idea promotion are found as the functional areas of an entrepreneurial leader by Cogliser and Brigham (2004). Gupta, V., MacMillan, I. C., & Surie, G, (2004) have affirmed that entrepreneurial leadership creates visionary scenarios. According to Renko, M., Tarabishy, A. E., Carsrud, A. L. & Brännback, M, (2015) an entrepreneurial leader reacts to changes in the external environment creatively. Entrepreneurial leadership as a concept is appeared by blending the leadership potential with entrepreneurial spirit (Kuru, 2016). Renko et al., (2015) defined entrepreneurial leadership as affecting and directing the performance of employees toward the achievement of organizational objectives that involve recognizing and exploiting entrepreneurial opportunities. Entrepreneurial leadership is described as gaining competitive advantage through value creation based on newly discovered opportunities and strategies (Schulz & Hofer, 1999). Entrepreneurial leaders' communication and conceptual skills to recognize the complexities in the environment is emphasized here. Entrepreneurial leadership has emerged as something distinctive, which takes into consideration the specificities of the exercise of leadership in new and small, rather than large, corporations and the high-velocity

environment of competition and change (Harrison RT, Leitch CM & McAdam M., 2015) The entrepreneurs play a very dominant and significant role particularly in entrepreneurial organizations in terms of establishment and business development (Daily C.M, McDougall, J.G. Covin and D,R Dalton, 2002). Entrepreneurial leadership is infinitely complex which is influenced by a number of variables. Responsibility, accountability, analytical thinking and emotional intelligence are the dominant indicators to measure entrepreneurial leadership (Mohamed Dahlan Ibrahim , Abdullah Al Mamun, Mohd Nor Hakim Yusoff & Tengku Mohd Azizuddin Tuan Mahmood, 2017). Chen (2007) described entrepreneurial leadership as a combined construct of risk-taking, proactiveness and innovativeness. Kenneth C.A, Godday O.O & Zechariahs B.O (2013) also affirmed that Pro activeness, Innovativeness and Risk taking are the determinants of entrepreneurial leadership. Entrepreneurial leaders face two interrelated challenges: first - scenario enactment which means envisaging and creating a scenario of possible opportunities, second - cast enactment that means the challenge to convince both potential followers and the firm's network of stakeholders by assembling resources to accomplish the objectives underlying the scenario (Noor Faizah Mohd Lajin & Fakhrul Anwar Zainol, 2015). Gupta *et al.*, (2004) suggest that aforementioned challenges requires entrepreneurial leaders to play five important roles including framing, absorbing uncertainty, path clearing, building commitment and specifying limits and these five roles under the two dimensions of enactment. Ogundele, J.K., Akingbade, W.A. & Akinlabi, H.B. (2012) specify that entrepreneurial characteristics have a positive impact on both entrepreneurial development and entrepreneurial performance. According to Amir, Hejazi, Maleki & Naeiji (2012) entrepreneurial leadership is in line with the innovational dimension of strategic management. The strategic dimension of entrepreneurial leadership focuses on assigning vision for followers, predicting future problems and crises (Abdul Ismail Mohd Jawi & Tengku Adil Tengku Izhar, 2016). Entrepreneurial leaders communicate effectively with the followers and others to persuade them in business situations (Cogliser & Brigham, 2004; Amir et al., 2012) Agbim (2013) affirmed that communication have significant effects on sustained entrepreneurial success. Entrepreneurial leadership is also influenced by personal factors such

as open mind, creativity, emotional strategy, modesty and humility, courage, proper placement of people and things, candor and ingenuous (Nicholson, 1998; Amir et al., 2012). Entrepreneurial leaders have the motivational qualities such as self-confidence to influence others, enjoys influencing others, ability to understand the needs of followers, tendency to make constant progress and motivation for success (Amir et al., 2012; Agbim, 2013). While analyzing organizations, performance analysis is an indispensable (Herman & Renz, 2004). Organizational performance is exemplified as the organizations ability in attaining the pre determined goals of the organization by Selden and Sowa (2004). However, there is an ambiguity in measuring the performance of organizations (Wiklund & Shepherd, 2005). Fairoz, F. M, Hirobumi, T., & Tanaka, Y. (2010) applied financial variables like return on assets, return on investment, profitability and non financial variables like employees' satisfaction, employees' turnover and so on to measure the firm's performance.

Ricardo and Wade (2001) have related organization's performance with efficiency, affectivity, economy, behavior consistency, normative actions and quail. According to Wood (2002) financial factors alone are not enough to measure the organizational performance. Another dilemma in measuring a firm's performance is about the instrument or how to collect the data pertaining to performance whether subjectively or objectively. According to Covin and Slevin (1989) while assessing SMEs performance subjective measures are better than objective measures. Senthilkumar K (2015) argued that the social capital of the entrepreneurs influence the knowledge and performance of the entrepreneur. The positive relationship between entrepreneurship and organizational wealth creation, profitability and growth has been illustrated empirically by Antoncic and Hisrich (2001). Tresphory Othumary Mgeni (2015) has found a strong positive correlation between Entrepreneurial Leadership style and business performance. In particular the performance of MSEs is highly influenced by entrepreneurial skill and leadership. However, in Ethiopia lack of leadership skills of entrepreneurs is one among the many challenges of MSEs performance. (Desalegn Berhane, 2016). Though various studies focuses on the factors influencing MSEs Performance, the influence of entrepreneurial leadership on the MSEs Performance has not been studied intensively, this study attempts to describe the influence

of entrepreneurial leadership on MSEs performance in Adigrat city of Ethiopia. Hence this study may help the stakeholders especially the entrepreneurs to align their activities to have higher performance.

3. Conceptual Framework

The conceptual framework has been developed to exhibit the relationship between entrepreneurial leadership and performance of the MSEs. The performance is derived as a dependent variable which depends on the independent variables of entrepreneurial leadership. The leading variables of entrepreneurial leadership are categorized into four such as strategic, communicative, personal and motivational adapted from the study of Amir et al, (2012). Strategic dimension is comprised by the variables Vision of the entrepreneurs, Predictability, Holistic view, Flexibility in decisions, willing to take risk, Opportunism, Innovativeness and Dealing with threats. Communication dimension of the entrepreneurs is measured through the variables Persuasion, Empathy, Conflict Management, Openness, Listening, Inspiring Followers, ensuring perfect communication system and recognizing the followers. Motivation dimensions of the entrepreneurial leadership includes the variables such as Ability to influence followers, enjoying influencing followers, motivation in getting success in the business,

motivation to perform hard works, consistent and persistence in efforts, motivation by appropriate compensations, transferring and maintaining the positive environment and Acknowledging and appreciating the efforts of the followers. The fourth-dimension personal factor includes the factors such as emotional intelligence, creativity, hyperactivity, modesty, mapping the competences, ingenuous, discipline and courage. Until now the measurement of an organizational performance is an unsolved issue (Gavrea Corina and Stegorean Roxana, 2011). This study has constructed both operational and financial measures such as profitability, operational effectiveness, growth, managerial effectiveness, and goal attainment as the indicators of the performance of the MSEs. The variables contributing to this study are conceptualized and exhibited below.

4. Methodology

4.1 Research Hypotheses

This study is aimed to test the effect of entrepreneurial leadership on MSEs Performance. Hence the following hypotheses are validated through this study.

H1a. There is a positive relationship between entrepreneurial leadership and the MSEs Performance in Adigrat, Ethiopia

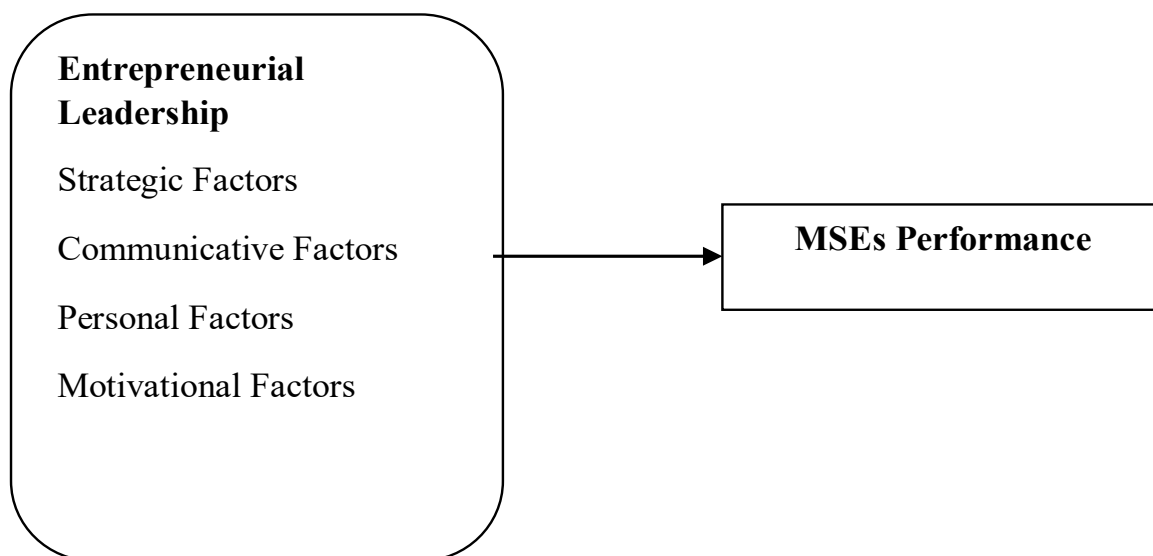


Figure 1. MSEs Performance.

H1b. Entrepreneurial leadership has a significant effect on the MSEs Performance in Adigrat, Ethiopia

4.1 Research Design

The study is descriptive study since it is concerned with finding the effect of entrepreneurial leadership on the performance of MSEs in eastern zone of Tigray Region of Ethiopia. The study was conducted in the aforementioned region during 2017. The study is quantitative research which has collected the required data through self administered structured questionnaires. The required primary data is collected from the employees of the randomly selected MSEs in the geographic study area. The instrument to collect the data has been designed with two sets of questionnaires: one to measure entrepreneurial leadership and the other to measure organizational performance. Objective questions using Likert scale have been applied in the questionnaires. The designed questionnaires were validated with experts for content validity. A pilot study was conducted with fifty respondents and then the questionnaires layout has been redesigned to ease and encourage the respondents' participation. The required appropriate secondary data like profit, sales turnover etc were also collected from the respective enterprises.

4.2 Sampling Design

The geographic study area Eastern Tigray region is comprised of the districts Atsebi, Kilte Awulalo, Frewyni, Wukro and Adigrat. There are 19,718 numbers of MSEs operating in the eastern Tigray region. Hence the total population of the study is 19,718. The sampling frame has been collected from the Urban Eastern zone administrative office annual report, 2018. Considering the huge size of the population the researchers has decided to go for sampling to collect the required data for this study. Hence all the MSE units under the study are similar, simple random sampling technique has been adapted. To derive the sample size, the study has used the sample size determination formula, developed by Yamane (1967).

The formula is

$$n = \frac{N}{1 + Ne^2} \quad (1)$$

Where n- The sample size

N – The target population (total number of MSEs found in the eastern Tigray)

e- The level of precision which is kept as +5.

Using the above formula, the sample size has been deduced as 392 samples. The respondents of this study are the employees of the randomly selected enterprises in the Eastern Tigray region as aforementioned because they are the one, who can promptly judge the entrepreneurial leadership of their entrepreneurial leaders and the performance of the enterprises,

The respondents are the employees of the enterprises. From each MSEs randomly selected from the sampling three numbers of employees' responses were collected, averaged and made as a single response for each MSEs entrepreneur to measure the performance of the organization and leadership level of the entrepreneur during June to September 2017. 420 questionnaires were administered totally and 22 were rejected due to its inadequate level of the data. To test the reliability Cronbach's Alpha is used. It is found that the Cronbach's Alpha for the variables under study is more than 0.9 and hence the reliability of the study is ensured.

4.3 Data Processing and Analysis

The data collected has been codified and edited first. The variables for each dimensions of leadership were measured through the Likert scale ranging from 1 to 5, quantified and computed. Organizational Performance has been measured using a rating scale ranging from 1 to 10. Descriptive statistical tools such as mean, standard deviation were applied initially to demonstrate the variables under study. To test the hypotheses correlation and regression test were applied using SPSS software. Entrepreneurial leadership has been kept as independent variable and MSEs performance has been kept as dependent variable and the effect of Entrepreneurial leadership on the MSEs performance has been found using linear regression model. The results obtained are exhibited and discussed below.

5. Results and Discussions

The demographic characteristics of the respondents are exhibited in the Table 1.

The results obtained shows that many of the employees of the enterprises are male. 72.5 percent of the employees are male and 27.5 percent of the employees are female. The results regarding to the age of the employees shows that the Human resource forces of the MSEs are elicited up with young resources. Only 3 percent of the employees are at the age of above 45 years and 28 percent of the employees are at the age of between 36 to 45 years. More than seventy percent employees are in between the age of 18 to 35 years. It depicts that in general the employees of the MSEs are young enough to carry out their tasks. However, they are supported by matured workforce too. Experience matters when judging a person. The employees were asked to measure the entrepreneurial leadership of

the entrepreneurs of the enterprises they belong hence experience of the employees is an indispensable factor which may lead to a perfect judgment in turn will increase the credibility of the data. The results of the data collected with regard to experience clearly indicate that the employees are capable enough in measuring the entrepreneurial leadership of the entrepreneurs and the performance of the enterprises. It is deduced from the result that only 5 percent of the respondents are in the category of less than three years experience. This further indicates that 95 percent of the employees work with more than three years experience in their respective MSEs. The statistic indicates that the employees are experience enough.

Table 1. Respondents demographics

S.No	Description	Respondents	
		Frequency	%
1	Gender		
	Male	850	72.5
	Female	322	27.5
2	Age in years		
	18 – 25	241	21
	26 – 35	598	51
	36 – 45	302	26
	Above 45	31	3
3	Years of experience in the current organization		
	Less than 3 years	59	5
	3 to 5 years	692	59
	More than 5 years	421	36
	Total	1176	100

5.1 Entrepreneurial Leadership of the Entrepreneurs of the MSEs

As discussed earlier the basic variables that combines as the indicators of the entrepreneurial leadership of the entrepreneurs of the enterprises are strategic dimensions, communication dimensions, motivation dimensions and personnel dimensions of the entrepreneurs have been measured using likert scale and the results have been presented in the following tables.

5.1.1 Strategic Dimensions of the entrepreneurs

The Table 2 shows the descriptive statistics of various factors that build the strategic dimension of the Entrepreneurial leadership. The variables have been measured on a five-point scale. The mean values with standard error and standard deviation obtained are tabulated below.

The primary requirement of any kind of entrepreneurs is the risk taking nature. The MSEs' entrepreneurs of eastern Tigray are do highly risk takers by the highest score 4.2. Vision leads to the success. The role of vision for

an entrepreneur's success is discussed by many scholars this study confirms it with a mean value of 3.3. On a five-point scale, the vision of the entrepreneurs is scaled as 3.3 which indicate that the entrepreneurs of the MSEs are visionaries who lead the enterprises well. Predicting the future is nature of the entrepreneurs and the business success depends on how well the entrepreneurs are in predicting the future. The results depict that the entrepreneurs are good in predicting the future which is inferred from the high score 4.06. The entrepreneurs are good enough as an entrepreneurial leader with the capabilities flexibility, integrating the things holistically, seeking opportunities in the threats and also dealing with threats. This is inferred from the mean statistics 4.01, 3.61, 3.53 and 3.07 respectively. The results are further confirmed by the low score (note - all sd. Deviation statistic - less than 1) of the standard deviations. However, it seems, they are lagging in innovativeness which can be inferred easily from the lowest score 1.98. It is good that if attention may be made to improve this by the entrepreneurs themselves and the aiding agencies

Table 2. Strategic dimensions of the entrepreneurs

S.No	Descriptions	Mean	Std. Error	Std. Deviation
1	Vision of the entrepreneurs	3.3100	.07063	.70632
2	Predictability	4.0600	.06639	.66393
3	Holistic view	3.6100	.07507	.75069
4	Flexibility	4.0100	.08625	.86246
5	Willing to take risk	4.2000	.09000	.90000
6	Opportunism	3.5300	.08343	.83430
7	Innovativeness	1.9800	.07782	.77824
8	Dealing with threats	3.0707	.08525	.84820

5.1.2 Communication Dimensions of the Entrepreneurs

Table 3 shows the descriptive statistics of various factors that build the communication dimension of the Entrepreneurial leadership. Communication is an important tool to achieve the success in business operations. An entrepreneurial leader should be capable enough in good communication which will ease the road to success in business.

The results represent the entrepreneurs' communication capabilities clearly. When comparing with strategic dimensions, the entrepreneurs are lagging slightly in communication which may easily be inferred from the mean statistics which are all less than 4 out of 5. However, they are good enough in communication since all the mean statistics for the variables except communication system lies above 3. When introspecting closely the entrepreneurs recognize the employees well and the recognition is well communicated by them entrepreneurs (mean score 3.91). They are equally good in openness and listening qualities of the communication which is reflected by the mean

scores 3.74 and 3.70 respectively. However, all of them are not good in listening the others' stand which is confirmed by the highest standard deviation 1.21. The mean scores 3.45, 3.43 and 3.28 indicate managerial effectiveness of handling conflicts, empathy level and persuasion ability of the entrepreneurs. Since the scores are above 3, it can be said that the entrepreneurs are empathetic, persuading others well and effectively managing the conflicts for the betterment of the organizations. The entrepreneurs are well inspiring others which are represented by the mean score 3.39. Yet the entrepreneurs do not practice a proper communication system like getting feedbacks, transferring the required information promptly by proper means etc which is decoded by the lowest mean score 2.1.

5.1.3 Motivation Dimensions of the Entrepreneurs

Table 4 portrays how and how much good the entrepreneurs are in motivating others especially the employees. Motivation is in other words by various definitions is influencing others. The MSEs entrepreneurs

Table 3. Communication dimensions of the entrepreneurs

S.No	Descriptions	Mean	Std. Error	Std. Deviation
1	Persuasion	3.2800	.08953	.89533
2	Empathy	3.4300	.09239	.92392
3	Conflict Management	3.4500	.08454	.84537
4	Openness	3.7400	.08363	.83630
5	Listening	3.7000	.12102	1.21023
6	Inspiring followers	3.3900	.09523	.95235
7	Ensuring perfect communication system	2.1000	.08227	.82266
8	Recognizing the followers	3.9100	.11379	.83791

Table 4. Motivation dimensions of the entrepreneurs

S.No	Descriptions	Mean	Std. Error	Std. Deviation
1	Ability to influence followers	4.6800	.09937	.99372
2	Enjoying influencing followers	4.3000	.09482	.94815
3	Motivation in getting success	2.8300	.12065	1.20651
4	Motivation to perform hard works	2.3700	.10222	.52218
5	Consistent and persistence in efforts,	3.7200	.09957	.99575
6	Motivation by appropriate compensations	4.6100	.09200	.91998
7	Transferring and maintaining the positive environment	3.7900	.09022	.90224
8	Appreciating the efforts of the followers.	4.5600	.05563	.55632

influence well the employees and enjoying that in doing so which is comprehended by the mean statistics 4.68 and 4.30 respectively. However, they are at less level of motivation in getting success in the business which is decided by the relatively low mean statistics 2.83.

Though the entrepreneurs are consistent and persistence in putting efforts to get the success (Mean score 3.72) they failed in motivating the employees frequently to perform hard tasks (deduced from the lowest mean score 2.37). The entrepreneurs motivate the employees well with appropriate compensations (Mean score 4.61). They promptly acknowledge, appreciate the efforts of the employees and maintain the positive environment that are reflected by the mean score 4.56 and 3.79 respectively. In a combined manner it can be said that the entrepreneurs motivate the employees by compensations and recounting the efforts made by

the employees yet they are not motivated to step into challenges.

5.1.4 Personal Dimensions of the Entrepreneurs

A good entrepreneurial leader is self governed who is driven personal factors. This is proved by the results obtained from the study which is exhibited in Table 5. By the mean scores for the variables of personal dimensions obtained, it is quite simple to deduce that the MSE entrepreneurs are good personally. The entrepreneurs are extremely courageous that is why they are the risk takers. It is inferred from the highest mean score 4.41. The entrepreneurs are good in identifying and placing the competent persons in their right places which can be inferred from the mean score 4.27. They are very creative (mean score 4.33) and hyperactive too (mean score 4.17). Yet they are good in handling the emotions with

Table 5. Personal dimensions of the entrepreneurs

S.No	Descriptions	Mean	Std. Error	Std. Deviation
1	Emotional intelligence	3.5400	.07826	.78264
2	Creativity	4.3300	.06971	.69711
3	Hyperactive	4.1717	.06741	.67067
4	Modesty	3.7900	.10473	1.04731
5	Mapping the competences	4.2700	.10811	1.08110
6	Ingenuous	3.5051	.06154	.61235
7	Discipline	3.4242	.12275	1.22133
8	Courage	4.4100	.08052	.80522

a mean score 3.54. They are modest (mean score 3.79), ingenious (mean score 3.50) and disciplined (mean score 3.42). It is amazing that personal dimensions are very dominating (note – all the mean scores are above 3.5) than the other dimensions in building entrepreneurial leadership.

5.1.5 Entrepreneurial Leadership of the MSEs Entrepreneurs

Table 6 shows the overall results of the four dimensions which are combined to measure the entrepreneurial leadership level of the entrepreneurs of the MSEs in eastern Tigray Region. From the results it is ample clear

Table 6. Entrepreneurial leadership of the MSEs entrepreneurs

S.No	Descriptions	Mean	Std. Error	Std. Deviation
1	Strategic Dimensions	28.0200	.30120	3.01203
2	Communication Dimensions	29.4800	.41280	5.12795
3	Motivation Dimensions	32.5100	.30086	3.00859
4	Personal Dimensions	30.2400	.29202	2.92022
5	Entrepreneurial Leadership	30.0625	.30120	3.01203

that the entrepreneurs are extremely good in all the dimensions since the score all are at least above 28 out of 40. Comparing the mean statistics of the dimensions, it is substantiated to say that the entrepreneurial leaders are appreciably good in motivating others to achieve the better performance in the organizations with the highest mean statistics 32.51. The mean statistics 30.24 and 29.48 represent the entrepreneurs' leadership in personal and strategic dimensions respectively which describe that they are extremely strong and good in personal and strategic dimensions. The descriptions are confirmed by the standard deviations which are around three in all the above cases discussed. There is a need to improve the communication of the entrepreneurs which can be justified by the lowest mean score 28.02. However, the standard deviation 5.12 for this case indicates some of the entrepreneurs are extremely good and the others are extremely weak. In a nutshell it can be from the mean score 30, 02 said that the MSEs entrepreneurs are good entrepreneurial leaders. However, there is a scope for further improvement since they are lagging by 10 points approximately in a 40-point scale. Focus must be made especially in the areas of communication and strategic orientations.

5.2 Performance of MSEs in Eastern Tigray

The performance of the MSEs have been measured by the variables profitability, Operational effectiveness, Growth,

Managerial effectiveness and goal attainment on a ten point rating scale and the overall performance is summed up. Organizational performance is summation of all the scores of the variables stated. The results regarding performance shown in the Table 7 indicate that the entrepreneurs are extremely goal oriented and achieve the goals fixed in time which is deduced by the highest mean statistics 9.06. They are good in administration and management, indicated by the mean statistics 8.98. Though they operate the business profitably (mean score 7.34) the effectiveness in the operations is very low (mean score 6.55). It shows that the entrepreneurs may give more attention in upgrading the technologies and training the employees in operations. The growth of the organizations in terms of sales turnover and interns of expansion is essential even to survive. But the results obtained for the growth of the MSEs (mean score 5.53) point to the poor concentration of entrepreneurs in generating growth to the MSEs. Overall, the Performance of the MSEs are moderate with the score 37.46 out of 50. The implications from the results may be summarized as more concentration and effort is required in terms of growth and operational effectiveness.

5.3 Relationship between Entrepreneurial Leadership and MSEs Performance

There is only limited empirical evidence exists to prove entrepreneurial leadership's role in improving

Table 7. MSEs Performance

S.No	Descriptions	Mean	Std. Error	Std. Deviation
1	Profitability	7.3400	.13723	1.37231
2	Operational effectiveness	6.5500	.12008	1.20080
3	Growth	5.5300	.11289	1.12887
4	Managerial effectiveness	8.9800	.11975	1.19747
5	Goal attainment	9.0600	.11705	1.17051
6	Organizational Performance	37.4600	2.7254	2.76032

Table 8. Relationship between entrepreneurial leadership and MSEs performance

Pearson Correlation Statistics	Entrepreneurial Leadership	MSEs Performance
Entrepreneurial Leadership	1	0.586**
Sig (2-tailed)	0.000	

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

organizational performance (Lajin and Zainol, 2015). There are studies relates entrepreneurial leadership styles with organizational performances. This study focuses entrepreneurial leadership as a single entity in a holistic way and its relationship with organizational performances. The relationship between the variables is measured using Pearson Correlation Statistics at 95 percent confidence level and tabled in Table 8.

The Pearson correlation statistics between the entrepreneurial leadership is found as 0.586 and hence Hypothesis 1 is accepted i.e there is a positive correlation between entrepreneurial leadership and MSEs performance. The correlation statistics points that when entrepreneurial leadership level increases, the performance of the MSEs will also increase considerably. It is notable that as already stated there is a scope for further improvement in entrepreneurial leadership of MSEs entrepreneurs of eastern Tigray. Hence there is a scope for improvement in the performance of the MSEs too.

5.4 Effect of Entrepreneurial Leadership on MSEs Performance

The effect of entrepreneurial leadership on the MSEs performance is studied using linear regression model. Entrepreneurial leadership is the independent variable and the MSEs performance is the dependant variable. The important indicators of the model are tabled in Table 9.

The model is well fit in a linear way which is justified by 0.343 the R square value of the linear regression model. That means 34 percent of the variables have been fit into the line. The F value is 491.915 which signify the model very well. i.e., the regression model significantly predicts the outcome variable. The standardized coefficient 1.014 indicates that one unit of increment in entrepreneurial leadership will result in 1.014 unit of increment in the performance. The effect of auto correlation is near to nil which is concluded by the Durbin Watson statistics 2.146.

Table 9. Effect of entrepreneurial leadership on MSEs performance

Model	R	Adjusted R square	Anova		Standardized Coefficient				DW
			F	Sig.F	Constant	Beta	t	Sig	
Regression	0.343	0.282	491.915	0.000	-7.74	1.014	22.179	0.000	2.146

Overall, the results depict the influential nature of the entrepreneurial leadership on the organizational performance. At higher level entrepreneurial leadership higher level performance of the MSEs in eastern Tigray region will be ensured.

6. Conclusion

Due to its economic and societal contributions, the MSEs performance is always highly focused everywhere especially in Ethiopia. The study has found that influence of entrepreneurial leadership on the performance is highly remarkable. Hence the MSE entrepreneurs should focus more on improving their entrepreneurial leadership.

7. References

1. Abdul Ismail Mohd Jawi & Tengku Adil Tengku Izhar (2016). Recent Development on Entrepreneurial Leadership Capabilities and Innovativeness in Academic Libraries, *International Journal of Academic Research in Business and Social Sciences*, 6(1), 40–54. <https://doi.org/10.6007/IJARBS/v6-i1/1974>
2. Agbim, K. C. (2013). An Exploratory Study of the Entrepreneurial Leadership Capabilities of Entrepreneurs in Anambra State, Nigeria. *Journal of Business Management & Social Sciences Research*, 2(9), 2319–5614.
3. Almaz Sandybayev (2019). Impact of effective entrepreneurial leadership on organizational performance. *International Journal of Economics and Management*, 1(1), 47–55.
4. Amir, S., Hejazi, M., Maleki, M. M., & Naeiji, M. J. (2012). Designing a scale for measuring entrepreneurial leadership in SMEs. *International Conference on Economics Marketing and Management*, 28, 71–77.
5. Antoncic B., & Hisrich R.D (2001). Intrapreneurship: Construct Refinement and Cross-Cultural Validation. *Journal of Business Venturing*, 16(5), 495–527. [https://doi.org/10.1016/S0883-9026\(99\)00054-3](https://doi.org/10.1016/S0883-9026(99)00054-3)
6. Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2007). Small and Medium Enterprises Across the Globe. *Small Business Economics*, 29: 415–434. <https://doi.org/10.1007/s11187-006-9002-5>
7. Chen, M.H. (2007). Entrepreneurial leadership and new ventures: Creativity in entrepreneurial teams. *Creativity and Innovation Management*, 16(3), 239–249. <https://doi.org/10.1111/j.1467-8691.2007.00439.x>
8. Cogliser, C. & Brigham, K. (2004). The intersection of leadership and entrepreneurship: Mutual lessons learned. *The Leadership Quarterly*, 15(6), 771–799. <https://doi.org/10.1016/j.leaqua.2004.09.004>
9. Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic management journal*, 10(1), 75–87. <https://doi.org/10.1002/smj.4250100107>
10. Daily C.M, McDougall, J.G. Covin & D.R. Dalton (2002). Governance and strategic leadership in entrepreneurial firms, *J. Maqnage*. 28, 387–412. <https://doi.org/10.1177/014920630202800307>
11. Desalegn B.A. (2016). Challenges and Opportunities of Micro and Small Manufacturing Enterprises the Case of Easter Zone of Tigray. *International Journal of Science and Research*, 5(6), 1679–1686. <https://doi.org/10.21275/v5i6.NOV161584>
12. Fairoz, F. M, Hirobumi, T., & Tanaka, Y. (2010). Entrepreneurial orientation and business performance of small and medium scale enterprises of Hambantota District Sri Lanka. *Asian Social Science*, 6(3), 34–46. <https://doi.org/10.5539/ass.v6n3p34>
13. FMSEDA. (2012). Micro and Small Enterprises Development Urban Credit and Saving Service Directive/Manual. Addis Ababa: Federal Micro and Small Enterprises Development Agency.
14. Gavrea C. & Stegorean R. (2011). Determinants of organizational performance: the case of Romania Babeş-Bolyai University, *Management & Marketing Challenges for the Knowledge Society*, 6(2), 285–300.
15. Gupta, V., MacMillan, I. C., & Surie, G. (2004). Entrepreneurial Leadership: Developing and Measuring a Cross-Cultural Construct. *Journal of Business Venturing*, 19, 241–260. [https://doi.org/10.1016/S0883-9026\(03\)00040-5](https://doi.org/10.1016/S0883-9026(03)00040-5)
16. Hargreaves, A. (2006). Sustainable leadership. San Francisco: Jossey Bass.
17. Harrison RT, Leitch CM & McAdam M (2015). Breaking glass: Towards a gendered analysis of entrepreneurial leadership. *Journal of Small Business Management*, 53(3), 693–713. <https://doi.org/10.1111/jsbm.12180>
18. Herman, R. D. & Renz, D. O. (2004). Doing things right: Effectiveness in local nonprofit organizations, a panel

- study. *Public Administration Review*, 64(6), 694–704. <https://doi.org/10.1111/j.1540-6210.2004.00416.x>
19. Idris I.A. & Chindo S. (2015). The Determinants of Small and Medium-sized Enterprises Performance in Nigeria. *Advances in Economics and Business*, 3(5): 184–189. <https://doi.org/10.13189/aeb.2015.030504>
 20. Ireland, RD. Hitt, MA & Sirmon. DG (2003). A model of strategic entrepreneurship: The construct and its dimensions. *Journal of Management*, 29(6): 963–989. https://doi.org/10.1016/S0149-2063_03_00086-2
 21. Katarzyna S. & Joanna K. (2016). Sustainable Business Development Through Leadership in SMEs, *Economics and Management*, 8(3), 57–69. <https://doi.org/10.1515/emj-2016-0024>
 22. Kenneth C.A., Godday O.O. & Zechariahs B.O. (2013). An Exploratory Study of the Entrepreneurial Leadership Capabilities of Entrepreneurs in Anambra State, Nigeria. *Journal of Business Management & Social Sciences Research*, 2(9), 68–75.
 23. Kuru. B. (2016). *Lider Girisimci and Girisimci Lider*. Retrieved October 05, 2016 from <http://www.aristolog.com/lider-girisimci-girisimci-lider>.
 24. Lajin, N.F.M., Zainol, F.A. (2015). The Effect of Entrepreneurial Leadership, Self-Efficacy and Organizational Performance: A Conceptual Paper. *International Academic Research Journal of Social Science*, 1(1), 16–24.
 25. Lippitt, G.L. (1987). Entrepreneurial Leadership: A Performing Art. *The Journal of Creative Behavior*, 21(3), 264–270. <https://doi.org/10.1002/j.2162-6057.1987.tb00483.x>
 26. Madanchian, Mitra & Hussein, Norashikin & Noordin, Fauziah & Taherdoost, Hamed. (2015). The Role of SMEs in Economic Development; Case Study of Malaysia. *International Journal of Academic Research in Management*, 4(3), 77–84
 27. Mohamed D.I., Abdullah Al M., Mohd Nor H.Y. & Tengku Mohd A.T.M. (2017). Validating the Instrument adapted to Measure Entrepreneurial Leadership. *International Business Management*, 11(8), 1620–1628.
 28. Nabiswa, F. & Mukwa, J. (2017). Impact of Credit Financing on Human Resource Development among Micro and Small Enterprises: A Case Study of Kimilili Sub County, Kenya. *Asian Journal of Management Sciences and Economics*, 4(1), 43–53.
 29. Nicholson, N. (1998). Personality and entrepreneurial leadership: A study of the heads of the UK's most successful independent companies. *European Management Journal*, 16(5), 529–539. [https://doi.org/10.1016/S0263-2373\(98\)00030-9](https://doi.org/10.1016/S0263-2373(98)00030-9)
 30. Noor F.M.L. & Fakhrul A.Z. (2015). The Effect of Entrepreneurial Leadership, Self-Efficacy and Organizational Performance: A Conceptual Paper *International Academic Research Journal of Social Science*, 1(1), 16–24.
 31. Ogundele, J.K., Akingbade, W.A. & Akinlabi, H.B. (2012). Entrepreneurship training and education as strategic tools for poverty alleviation in Nigeria. *American International Journal of Contemporary Research*, 2(1): 148–156. <https://doi.org/10.6007/IJARBS/v5-i9/1829>
 32. Olutade, M., Liefoghe, A., & Olakunle, A.O. (2015). Influence of entrepreneurial leadership skills on employees' motivation and job satisfaction: A leader member exchange (LMX) approach. *International Journal of Academic Research In Business and Social Sciences*, 5(9), 188–214.
 33. Ricardo, R., & Wade, D. (2001). *Corporate Performance Management: How to Build a Better Organization through Measurement Driven Strategies Alignment*. Butterworth Heinemann
 34. Renko, M., Tarabishy, A. E., Carsrud, A. L., and Brännback, M. (2015). Understanding and Measuring Entrepreneurial Leadership Style. *Journal of Small Business Management*, 53(1), 54–74. <https://doi.org/10.1111/jsbm.12086>
 35. Schulz, W.C. & Hofer, X. (1999). *Creating value through skill-based strategy and entrepreneurial leadership*. New York: Pergamon.
 36. Selden, S. C. & Sowa, J. E. (2004). Testing a multi-dimensional model of organizational performance: Prospects and problems. *Journal of Public Administration Research and Theory*, 14(3), 395–416. <https://doi.org/10.1093/jopart/muh025>
 37. Senthilkumar, K. (2015), Influence of social factors on the knowledge of entrepreneurs, *International Journal of Applied Engineering Research*, 10(20), 19853–19877.
 38. Surie, G. & Ashley, A. (2008). Integrating pragmatism and ethics in entrepreneurial leadership for sustainable value creation. *Journal of Business Ethics*, 81(1), 235–246. <https://doi.org/10.1007/s10551-007-9491-4>
 39. Thurik, R. & Wennekers, S. (2004). Entrepreneurship, small business and economic growth. *Journal of Small Business and Enterprise Development*, 11(1), 140–149. <https://doi.org/10.1108/14626000410519173>
 40. Tresphory O.M. (2015). "Impact of Entrepreneurial Leadership Style on Business Performance of SMEs

- in Tanzania". *J Entrepren Organiz Manag*, 4(2), 1–9. <https://doi.org/10.4172/2169-026X.1000142>
41. Wiklund, J. & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurationally approach. *Journal of Business Venturing*, 20(1), 70–91. <https://doi.org/10.1016/j.jbusvent.2004.01.001>
42. Wood, E.H. (2002). An analysis of the predictors of business performance in small tourism and hospitality firms. *International Journal of Entrepreneurship and Innovation*, 3(3): 201–210. <https://doi.org/10.5367/000000002101299204>
43. Yamane, Taro. (1967). *Statistics, an Introductory Analysis*. 2nd Ed. New York: Harper and Row.