

## EFFECTS OF GENDER ON LEADERSHIP, ENTREPRENEURIAL ORIENTATION AND ORGANISATIONAL PERFORMANCE

Ahmad Fadhly Arham<sup>1\*</sup>, Nor Sabrena Norizan<sup>1</sup>, Nurliza Haslin Muslim<sup>2</sup>, Azwin Aksan<sup>3</sup>

<sup>1</sup>Faculty of Business & Management, Universiti Teknologi MARA, Melaka  
<sup>2</sup>Kuala Lumpur Metropolitan University College

<sup>3</sup>Faculty of Hotel & Tourism, Universiti Teknologi MARA, 78000, Melaka

Corresponding author's e-mail: [ahmad490@uitm.edu.my](mailto:ahmad490@uitm.edu.my)

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### ABSTRACT

*There are two streams of literature regarding relationship between gender and various organisational outcomes and variables affecting performance. Some scholars have found that there are significant differences between males and females regarding their leadership behaviours, entrepreneurial orientation and how organisations perform. Thus, the focus, development and assistance provided to male and female entrepreneurs are different. However, findings also indicated that there is no significant difference between genders. In this study, data were taken from 395 respondents representing either the owners or top managers of various SMEs organisations operating within the manufacturing and services sector in Malaysia. Within the context of SMEs in Malaysia, the result failed to recognise any significant differences between male and female respondents with regards to their leadership behaviours, entrepreneurial orientation and organisational performance. Male and female owners and top managers of SMEs in Malaysia were perceived to be the same in their leadership orientation, entrepreneurial approach and outcomes for organisations. The novelty of this research lies in its attempt to explore gender differences of leaders of SMEs in Malaysia.*



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## INTRODUCTION

Mars vs. Venus? The debate based on gender can instantaneously attract attention. Statistics explain that gender parity has nearly been equalised in the areas of education achievement and share of workforce (Schuh *et al.*, 2014). But some researchers still found that the role of women holding leadership positions are still under-represented (Joy, 2008).

With many efforts from the Malaysian government and related entrepreneurial development agencies to encourage more participation from women entrepreneurs, their numbers are now increasing and significant to the entrepreneurial development in the country. Thus, to sustain the performance of SMEs in Malaysia, the country requires contribution from both male and female entrepreneurs. But research on gender related studies especially in Malaysian SMEs is still minimal.

This study is important especially for sustaining entrepreneurial development in the country. Many studies have established that entrepreneurial orientation and leadership are important predictors for performance of SMEs (Arham *et al.*, 2015). The outcomes of this study may indicate if there are any significant difference between male and female entrepreneurs towards the selected variables being studied. The findings of the study may add to the gender-based study in leadership and entrepreneurship literature.

## LITERATURE REVIEW

Studies about gender and leadership did not present a conclusive result. Many researchers have established that different leadership behaviours are being practiced between male and female (Eagly, 2013; Eagly & Carli, 2003; Kim & Shim, 2003; Grant, 1988). Males are reported to practice transactional, autocratic, structural and business-focus leadership behaviour, whereas females are claimed to be transformational, participative, considerative,

and people-oriented leaders (Appelbaum *et al.*, 2003; Merchant, 2012). Druskat (1994) indicated that female leaders significantly possess higher transformational qualities than their counterparts, and male leaders are portrayed as having significant transactional behaviours than female leaders.

Eagly and Carli (2003) conducted a meta-analysis of 45 studies comparing leadership behaviours between male and female managers. They concluded that females tend to significantly display more of transformational leadership attributes and also contingent reward behaviour than male leaders. On the other hand, management-by-exception (transactional leadership attribute) and laissez-faire leadership are attributes that are highly associated with male than female leaders.

A study examining gender differences toward EO was conducted by Recio *et al.* (2014). The analysis of the mean differences indicated that there are significant differences in entrepreneurial behaviours due to gender differences. It indicates that male and female respond differently towards their entrepreneurial approach.

With regards to performance, some researchers claimed that female leaders might have an edge over male leaders. Females scored higher on every component of leadership efficacy and workplace satisfaction (Smith & Smits, 1994; Eagly & Carli, 2003). These studies suggested that women may, in fact, be better suited than men to managerial roles.

Based on the above literature, the following hypotheses were proposed:

- H1 : There is a significant difference in the leadership behaviour scores for male and female entrepreneurs.
- H2 : There is a significant difference in the entrepreneurial orientation scores for male and female entrepreneurs.
- H3 : There is a significant difference in the organisational performance scores for male and female entrepreneurs.

## METHODOLOGY

This study adopted a quantitative approach. There were two approaches used to collect the data. First, SME Corporation Malaysia was contacted to obtain permission to access into their database. Based from the database, 1000 potential respondents were randomly selected from the manufacturing and services industry. Invitation e-mails, reminder e-mails and follow-up telephone calls were made to encourage participation from potential respondents. Due to anticipation that there would be a low response rate from potential respondents via this recruitment strategy, a second approach was initiated. Several agencies that conduct and organise training and seminars for leaders of SMEs were contacted and some of them agreed to assist with the distribution and collection of the survey questionnaire. Thus, additional 700 questionnaires were also distributed through those agencies registered under SME Corporation Malaysia.

The targeted respondents were owners or top managers of SMEs establishments. It is assumed that they are the best candidates who understand the economic performance and strategic direction of their organisations.

For the questionnaire design, there were four sections in the questionnaire. The first section covered questions relating to the demographic characteristics of respondents. The second section covered questions relating to the leadership orientation of respondents. The instruments used were adopted from Bass and Avolio (2004).

The third section covered questions relating to entrepreneurial orientation of respondents. The instruments used were adopted from Covin and Slevin (1989) and Wang (2008). The final section covered questions relating to organisational performance and the items were adopted from Matzler *et al.* (2008). Except for items in the first section of the questionnaire, all items were measured on a 5-point Likert scales ranging from strongly disagree (0) to strongly agree (4).

Of 1700 questionnaires distributed through online and self-distribution, 395 data were finalised for data analysis representing a 23% response rate. Only respondents operating within the manufacturing and

services industry were involved since these industries have had the most contribution towards economic development in the country (National SME Development Council, 2011).

## RESULT

The Cronbach's alpha coefficients for all three variables were above 0.70. This indicated an acceptable measure of internal reliability for all variables (Nunnally, 1978; Pallant, 2011).

### Descriptive Analysis

Data were analysed based on 395 valid questionnaires. A total of 52.2% of the respondents were from the manufacturing industry. Owners represented 45.8% of the sample and the remaining were top managers. In terms of gender distribution, there were 62.5% male respondents. Malay represented 84.3% of the sample population.

### t-Test Analysis

An independent samples *t*-test was conducted to compare the mean between male and female respondents towards studied variables. If there is any significant difference, effect size will be calculated. Effect size measures if the statistical differences found is truly sufficient and not by chance. Eta squared is one common measure of effect size. Cohen (1998) guidelines on how to interpret the strength is followed.

Table 1: *t*-Test Analysis

|                          | Mean Scores |        | T-value | Significant |
|--------------------------|-------------|--------|---------|-------------|
|                          | Male        | Female |         |             |
| Transactional leadership | 2.94        | 2.85   | 1.78    | 0.076       |
| Transactional leadership | 2.35        | 2.29   | 1.49    | 0.138       |
| EO                       | 2.62        | 2.59   | 0.64    | 0.523       |

|                            |      |      |       |       |
|----------------------------|------|------|-------|-------|
| Organisational performance | 2.64 | 2.64 | -0.02 | 0.986 |
| N (395)                    | 247  | 148  |       |       |

Note: Rating Scale: 0-4

Based from the above table, male respondents scored higher in both forms of leadership behaviours and EO than female respondents. Based on Table 1, the respondents perceived that they are practising more of transformational leadership than transactional leadership. Results also indicated that there was no statistical difference in the mean scores of leadership, EO and performance between male and female respondents. Thus, all three hypotheses were not accepted.

Further analyses were tested to examine if there is any significant difference in the mean scores between male and female respondents towards each individual dimension for transformational and transactional leadership and EO. The results are as follows.

**Table 2: Gender vs Transformational Leadership (N=395)**

|                              | Mean M | Mean F | T-value | Significant |
|------------------------------|--------|--------|---------|-------------|
| Idealised influence          | 2.91   | 2.83   | 1.5     | 0.115       |
| Intellectual stimulation     | 3.14   | 3.04   | 1.51    | 0.132       |
| Inspirational motivation     | 2.85   | 2.79   | 0.83    | 0.406       |
| Individualised consideration | 2.74   | 2.68   | 0.92    | 0.316       |

Note: Rating Scale: 0-4

**Table 3: t-Test: Gender vs Transactional Leadership (N=395)**

|                                  | Mean<br>M | Mean<br>F | T-value | Significant | Effect Size<br>$\eta^2$ |
|----------------------------------|-----------|-----------|---------|-------------|-------------------------|
| Contingent reward                | 2.97      | 2.81      | 2.33    | 0.021       | 0.003                   |
| Management-by-exception (active) | 2.75      | 2.76      | -0.2    | 0.845       |                         |
| Management-by-exception (active) | 2.75      | 2.76      | -0.28   | 0.783       |                         |

Note: Rating Scale: 0-4

**Table 4: t-Test: Gender vs EO (N=395)**

|                | Mean<br>M | Mean<br>F | T-value | Significant | Effect Size<br>$\eta^2$ |
|----------------|-----------|-----------|---------|-------------|-------------------------|
| Innovativeness | 2.81      | 2.81      | 0.09    | 0.926       |                         |
| Proactiveness  | 2.56      | 2.41      | 2.28    | 0.023       | 0.013                   |
| Risk-taking    | 2.45      | 2.52      | -0.87   | 0.383       |                         |

Note: Rating Scale: 0-4

Based from additional analyses conducted, there is no statistical difference found in the means scores of transformational leadership dimensions for male and female respondents (refer Table 2). The results only found statistical significant difference in the mean scores between males and females respondents for one dimension of transactional leadership (contingent reward) and one dimension of EO (proactiveness). The magnitude of the difference in the mean score for contingent reward is considered as very small whereas the magnitude of the difference in the mean score for proactiveness is considered as small to medium.

## DISCUSSION

Results based on Table 1 indicated that gender is not a factor of leadership effectiveness. Additional analyses on transformational leadership (Table 2.0) revealed that there is no statistical significance difference in the mean scores

for any of the dimensions between male and female leaders. With regards to transactional leadership, there is some statistical significant difference in the mean scores among the gender for contingent reward dimension, with a very small effect size.

The same results were obtained for the remaining two variables, EO and organisational performance. Gender is not a factor for entrepreneurial action and organisational effectiveness within the context of SMEs in the country. However, at the dimension level of EO, results indicated that there is a significant difference in the mean proactiveness scores between male and female leaders (refer Table 4.0). Thus, male leaders perceived themselves to be significantly more proactive than female leaders did.

The findings of gender and leadership behaviours in this study seem to support findings from Anderson *et al.* (2006), Morgan (2004) and Kent *et al.* (2010) found there is no difference in the self-reported outcomes between men and women leaders. It shows that within the context of SMEs is Malaysia, neither a male nor female entrepreneur is better than the other.

With regards to EO, the findings concur with that of Bertoneclj and Kovac (2009). Based on a study of 183 Slovene top and middle managers, they found that there are no gender differences towards capturing opportunities, taking risks and innovating. For organisational performance, Watson (2003) also indicated that within the context of Australian SMEs, performance of organisation was not being influenced by gender.

## **CONCLUSION**

Thus, the outcome of this study concludes that gender is not a factor towards leadership orientation of leaders, gender is not a factor of entrepreneurial action and gender is not related to organisational effectiveness.

In the context of Malaysian SMEs, female entrepreneurs tend to express similar perceptions to the main variables in this study. This can be due to more women holding managerial positions. Besides, the mean scores between the two groups were quite close between male and female leaders.



Finally, this study would like to highlight that, interestingly, female leaders of SMEs in Malaysia perceived themselves to be risk-takers, more than the male leaders. Even though it does not indicate any significant difference in the mean scores, it shows that female entrepreneurs in Malaysia are willing to take risks. Perhaps with support from the relevant agencies, this perception could be transformed and utilised into more promising entrepreneurial ventures by females in the future.

In addition, this study attempts to fill the gap in the literature with regards to gender related studies among SMEs leaders in Malaysia. To sustain the development of SMEs in Malaysia, SME leaders need to be more resilient to global challenges. For women entrepreneurs, they should not be intimidated to compete against their male counterparts. The results of this study indicated that neither men nor women are better in any of the studied variables. Perhaps leadership effectiveness is dependent upon various group structures and organisational environments (Foels *et al.*, 2000). As Riggio (2008) suggested that effectiveness of a leader depends on the interaction between leader's behaviour and the situation. However, more training needs to be given for women entrepreneurs to build up their confidence, skills and knowledge about running businesses and entrepreneurship.

This study is not without limitations. First of all, this study represents only a snapshot of the variables at one particular time. Perhaps, a longitudinal study may eliminate this shortcoming. The use of self-reported measures may be biased and perhaps the use of multiple respondents from different individuals may reduce this. Employees may perceive leaders differently and thus a comparative study is recommended and might further enhance the contribution towards gender related literature.

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