

## Entrepreneurial Leadership: Shooting for the Stars

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### Abstract

Entrepreneurial leadership is vital to ensure the sustainability and growth of any organization. This case study presents the challenges faced by a small company in sustaining its competitive advantage and supporting its target growth. Being small has its advantages, as a small organization is said to have an excellent platform to develop talents for succession. The founder and owner had started his succession program by providing staff training. The staff also were given opportunities to lead projects with close supervision. However, the company is struggling to grow due to a lack of competent employees to support its growth mission. As the driver of the company, Azlan felt that he had provided opportunities to his employees to improve themselves, but their competencies are still below Azlan's expectations. Based on the innovation audit, overall, the company is on an excellent track. The company capitalizes on its strengths in linkages, learning, and process; however, it needs to improve its strategy and innovation. The future of the company is in the hand of its people.

**Keywords:** *Entrepreneurial Leadership, talents development, young company*

### ARTICLE INFORMATION

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## INTRODUCTION

Mohamad Azlan Mohamad Shafiee is ready to submit a proposal that would bring a substantial windfall for his company. Winning the proposal will strengthen his position as one of the leading bio-health equipment suppliers and service providers in Malaysia. He is satisfied with the proposal and has high expectations that Summit Features will be selected again for the project based on his company's previous performances. Then he remembered his predicament; he quickly grabs a stack of files on his desk, flipping it one by one and trying to figure out who is most competent and reliable to be given the next tasks and responsibilities.

Azlan, the owner of Summit Features Sdn Bhd, has gone through a high-rollercoaster journey of good times and tough times during his first five years in business to establish Summit's current position in the market. Since its inception in 2005, Summit has shown

impressive sales growth every year despite being small and new in the market. Summit is operating with only eight employees who are most technically competent but lack paper qualifications. However, the increasing demand for bio-health services and the emergence of substantial opportunities due to technological advancement post more significant challenges for Azlan. He needs to explore those opportunities to grow his company and to keep up with the technology. Hence, he needs to delegate more essential tasks to his employees to explore those opportunities. He needs the staff to be more entrepreneurial as well to help him drive the company further. However, he is contemplating his decision to invest in coaching and mentoring his employees. What if they decided to leave Summit once they are well trained and qualified? What if they create another company to compete with him later after

knowing all the trade secrets? With competitors chasing him hard and increasing demands and opportunities in the market, Azlan needs to decide quickly because investing in his people will take many of his resources. In contrast, not investing means he will face tremendous difficulties in moving forward.

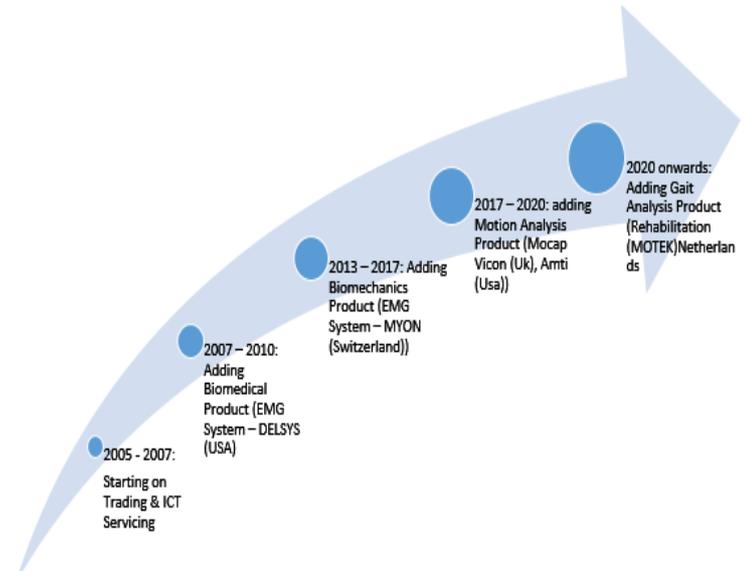
## 2.0 THE JOURNEY

When he first started investing in the business, the bitter experience of being cheated by his business partner taught Azlan a good lesson about the critical importance of establishing trust and business relationships. Instead of wallowing in self-pity after losing all his capital, Azlan decided to establish Summit Features Sdn Bhd in 2005 and his wife as a silent partner and a friend as a full-time employee. For almost eleven years, Azlan runs the business while still working with XY Company, an information technology service provider, to ensure that he can put food on his family table. Despite his frequent travel and busy schedule as an engineer in XY Company, Azlan still managed to develop a business network for Summit, his own company. Of course, he had to make many sacrifices as he recalled: “I did it at night...I was always exhausted ... pity my wife and kids... my work at the XY Company involved much travel.. I was always away for work”.

However, Azlan was very determined to make Summit a success. His travel for XY Company exposed him to many opportunities to develop his business networks, like killing two birds with one stone. Eventually, he established substantial networking and formed strategic collaborations with foreign and local suppliers to ensure a long run business partnership. The local and international collaborations were proven fruitful efforts as the revenue and profit soaring upwards over the years. Finally, in 2016, Azlan decided to quit his day job and focus on growing Summit. Since then, the company has grown from one employee to eight employees and tripled its revenues from the last three years (2016 to 2019).

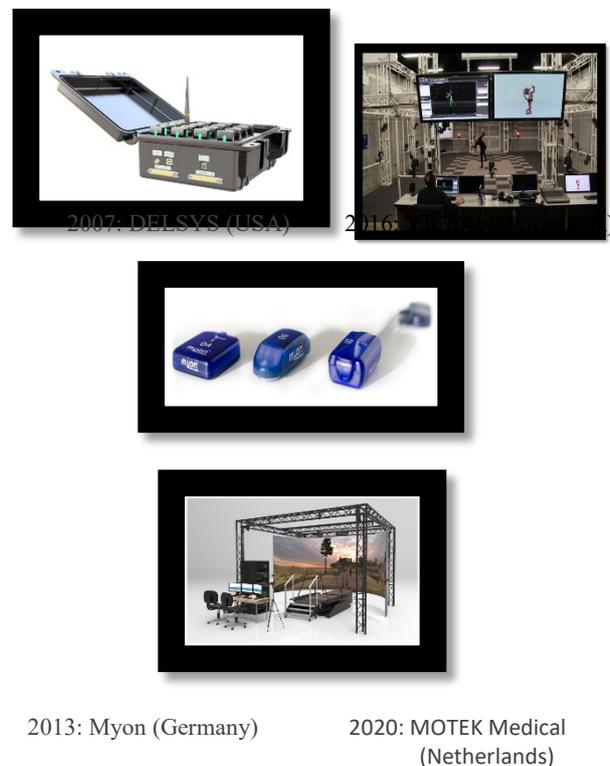
In 2005, Summit was set-up as a general information communication and technology (ICT) service provider. From 2007 to 2010, Summit began actively exploring new opportunities. The company introduced biomedical products of EMG System to the market by building essential networking with DELSYS, a well-established company in the USA. The Biomechanics Product of EMG System helped the company to strengthen its position in the market. Then,

in 2013-2017, Summit added more product lines through its collaboration with a Switzerland company, MYON. Subsequently, the company successfully collaborated with two more companies from the USA; MOCAP VICON and another company MOTEK which is from the Netherlands.



**Figure 1: Summit Features Journey**

Picture 1 presents product lines of the company and Chart 1 shows the revenue and profit of Summit since its interceptions.



**Picture 1: Product Lines of Summit Features**

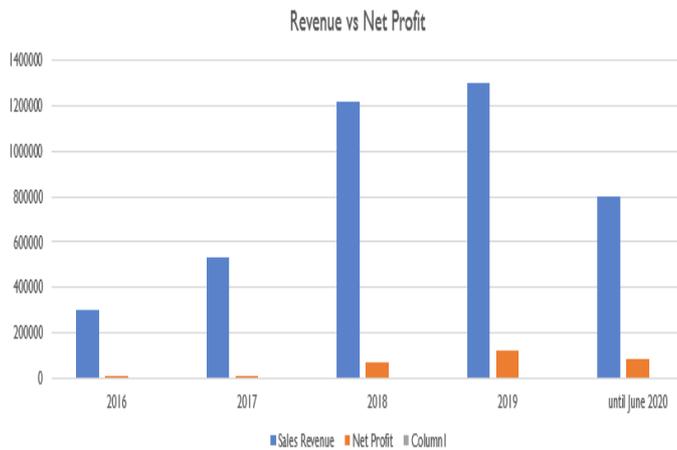


Chart 1: Revenue and Net Profit

### 2.1. Innovation Management Capability

A self-assessment test was carried out among employees to assess how they deal with the challenges of managing innovation (Tidd & Bessant, 2013). Figure 1 shows the result of the innovation audit of Summit Features.



Figure 1: Innovation Audit

The results revealed that the company is committed and supports the company's learning, processes, and linkages to gain its competitive advantage. On the other hand, the results also showed weakness in strategy and innovation. These should be given more attention to ensure its survival in the long run.

### 3.0 ENTREPRENEURIAL LEADERSHIP

Entrepreneurial leadership is essential in a business organization to ensure its growth and sustainability. Entrepreneurial leadership consists of actions towards establishing a business at the individual level, steps towards

following the innovations at the organizational level, and actions towards benefiting from the opportunities that are distinguished at the market level (Esmer & Dayi, 2017; Al Mamun et al. 2018)

According to Cover and Slevin (2002), there are six main characteristics of entrepreneurial leadership:

#### 1. Supporting entrepreneurial skills

Good entrepreneurial leaders place the importance of human capital as the source of entrepreneurial behaviour and support these behaviours' development

#### 2. Defining opportunities

Entrepreneurial leaders can set the goals for the organization and share the opportunity.

#### 3. Focusing on innovations to gain a competitive advantage

The entrepreneurial leader encourages innovation and creativity in the organization.

#### 4. Continuously searching for new value propositions

Entrepreneurs always searching for a unique value proposition to strengthen the company position in the industry

#### 5. Reviewing the simple questions

Entrepreneurial leaders review the questions about identifying the opportunities and employment of the resources needed to sustain the life of the organization, the definition type of organizational goals and achievements, and relationships continuously developed with the stakeholders

#### 6. Associating entrepreneurship with strategic management

Influential entrepreneurial leaders believe that an organization should strategically develop entrepreneurship skills to create the highest value. (Esmir & Dayi, 2017).

As the founder of Summit, Azlan has demonstrated many of those qualities. He started the company without having much capital and strived to develop it despite having to hold his day job for many years to ensure a steady income for the family. He managed to secure small but many projects from his networking initiatives to ensure his new start-up sustainability. He was quick to identify the opportunity gap in the market and acted upon it as he explained:

*“In medical engineering, most suppliers (in Malaysia) do trading ... they buy (referring to the customer) ... and there was no (technical) support.... They must source support services from*

*either Singapore or Australia.... This is where I come in (opportunities for Summit)”*

To equip the company, Azlan knew that he needed to invest in learning the technology because, without knowledge, he would not be able to introduce innovation in his services to the customers. As he shared:

*“I was offered (to go) to Boston for training.... At that time, no other companies were capable (to provide the service), so I took the challenge... I only had RM ten thousand at that time (after being cheated)”*

The decision to go to Boston was financially very challenging for him. *“.. with a little bit of savings from my day job, and I applied for a loan from MARA and TEKUN (both are government support agencies) ... so I managed”*

Renko et al. (2015) stated that entrepreneurial leadership refers to affecting and directing employees' performance toward the achievement of organizational objectives that involve recognizing and exploiting entrepreneurial opportunities. Leaders need to be nurtured in the organization. The founder or owner needs to recognize talents that can think bigger and provide impact to the organization. Azlan realized that developing leaders amongst his employees is not an overnight task given their current managerial competencies and leadership qualities. According to Professors W.Earl Sasser (Lagace, 2006), small companies' employees have a better leadership development opportunity as the founder can identify talents due to its small size and closeness to the founder.

In Summit, Azlan tried to make sure that all employees are offered the opportunity to thrive. As the company's founder, he provides all the necessary supports for them to improve their knowledge, skills, and talent. Individual and group incentives are offered as motivations for the employees to secure new projects, which is one of his strategies to identify potential leaders for him to groom. For example, for each successful project, the employee is given an agreed percentage of bonuses, and as a team, they will also receive bonuses.

*“I (always) encouraged them... whoever managed to secure a project will be entitled to ten percent of*

*the profit .... now I also give bonuses for team efforts.”*

Azlan wanted to develop his employees to be more competent to take more significant responsibilities in the business. He wanted to delegate more of his tasks to them, enabling him to explore new and more business opportunities.

*“I want to focus on other things, such as build networking with important people in the industry.”*

*“I wanted my employees to be capable, especially in preparing and winning a tender.*

*“Those who (managed) to get more (projects) ... I will push them (for challenging tasks) ...if they are successful, I plan to offer them shares (in the company).”*

No doubt that Azlan motivates his employees to improve their competencies and support their career development.

*“I always encourage my employees to explore their areas to strengthen their knowledge and skills. I even offer salary increment if they can prove themselves”*

The company offers to pay for their tuition fees and give them time off from work to follow their education, hoping to improve their self-confidence.

*“Most of my employees started their career with a Diploma. Over the years, I will sponsor them to further their studies in developing their competencies and capabilities... so they will be more confident.”*

Another issue in grooming his future leaders is empowerment:

*“They still need (a lot of) guidance. Most of the time, (even) in preparing the proposal, they tend to neglect many important elements ... I felt that I have to be with them all the time. I cannot delegate 100% to them yet.”*

Azlan admitted that certain information like his company trade secrets is not shared with the employees; thus, employees must seek his advice in preparing the proposal. However, employees' empowerment is vital to grow and develop talents. He knows that he needs to share some of his business's trade secrets with his employees, but he is still contemplating its consequences later.

Another essential quality of an entrepreneur is being a visionary. An essential characteristic of being an entrepreneurial leader is to develop a vision for the company, which should be communicated with all employees. Azlan knows where he wants to drive Summit and plans on how to achieve his target. He communicated his vision to the team and work with them to make the vision a reality.

*"Every year, I set a new vision or goal for the company. I will share the vision or goal with employees to understand the direction of the company."*

Together they have laid down the following strategies to drive Summit to be a market leader in scientific fields, specifically in human movement and performance:

- i. developing local expertise and strengthen partnerships with foreign experts for technology transfer
- ii. collaborating with institutions of higher learning for research, testing, and training
- iii. setting up a technology centre and laboratory with field experts and the latest equipment.

#### 4.0 MOVING FORWARD

Summit Features is looking forward to intensifying its services in the biomedical engineering field. For now, Azlan is slowing down his phase to mitigate the risk of not being able to fulfill new contracts and allowing his employees to catch up with the exponential growth of the company. Azlan is identifying potential leaders amongst his current employees and planning to recruit more people to support the company's growth. Summit will continue to compete in the market by capitalizing on its vital networking and strategic partnerships with local and international partners. Summit has a high aspiration to develop and empower local talent and expertise through its collaborations with several higher learning institutions. The logical step for Azlan is to start developing those talents amongst his employees.

#### 5.0 CONCLUSION

Regarding the entrepreneurial leadership values, as the founder Azlan has demonstrated many

characteristics of an entrepreneurial leader. He has tremendous belief in himself and has confidence gained from years of experience and learning. He continues to drive his employees by encouraging and supporting them to improve themselves. Instead of punishing employees for their mistake, he analyzed what went wrong and work with them to correct the mistakes. His passion, perseverance, and determination helped to sustain the company position in the market. He managed to lead the company well with an impressive record of revenue and profit and a promising future based on the results of the innovation management capability assessment.

Azlan has identified a few employees that can be further developed to take over some of the company's main tasks and responsibilities. Reflecting on his journey, how he had struggled in the earlier years without proper guidance, and searching for suitable mentors, he decided to give his willing employees every opportunity to develop themselves as future leaders to drive Summit to achieve its missions. He tried to eradicate the interpersonal barriers between him and the employees, hoping it would accelerate the learning process. Nevertheless, deep down, he is still contemplating: would they be loyal and committed to growing Summit Features? Would the employees commit as he does? En Azlan must brave himself in deciding who can be his protege.

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