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# Investigating Determinants of Entrepreneurial Leadership Among SMEs and Their Role in Sustainable Economic Development of Saudi Arabia\*

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# Abstract

The current study aims to classify what determines entrepreneurial leadership among small and medium enterprises (SMEs) in the Saudi Arabian context. It also attempted to recognize the role played by entrepreneurial leadership by supporting SMEs in the nation's sustainable economic growth. The study is based on a primary survey administered among SMEs in the Riyadh region of Saudi Arabia. Overall, 152 responses were collected. However, after data cleaning, only 107 were found to be fit for final analysis. Structural Equation Modelling using SmartPLS® Software was applied for analysis. The findings emerged from the study immensely concluded that entrepreneurial leadership is an essential instrument for managers/owners of the SMEs sector who aim to improve the efficiency of tasks and contextual performance in Saudi Arabia. The study came across that "ability to absorb uncertainty," "ability to build commitment," "the ability to frame the Challenge," "the ability of path-clearing," and "ability to specify limits," are the five constructs that help frame the entrepreneurial leadership in the Saudi context. The study suggests that leadership trainers, SME policymakers must focus on precisely these skills to inculcate the ability of entrepreneurial leadership among Saudi entrepreneurs, SMEs owners, and managers.

Keywords: Entrepreneurial Leadership, Small and Medium Enterprises, Task Performance, Contextual Performance, Saudi Arabia

JEL Classification Code: F63, L25, L26

# 1. Introduction

Entrepreneurial leadership (EL) is a step towards creating a work environment for entrepreneurs, new ventures, and Small & Medium Enterprises (SMEs) to move forward with a unified effort and jointly resolve labor market-related issues (Bagheri & Harrison, 2020; Huang et al., 2014; Kim et al., 2017). EL in broad term considered as the combination

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of both entrepreneurs' and leaders' traits, like motivation, creativity, and risk-taking ability, strategic factors, personal traits, etc. (Hejazi et al., 2012; Huang et al., 2014; Soomro et al., 2019). The current literature on EL is evident that it can provide a capacity for the new venture to build the necessary range to cope with its dynamic environmental conditions (Bagheri & Akbari, 2018; Fontana & Musa, 2017; Harrison et al., 2018; Huang et al., 2014; Wang et al., 2012). Entrepreneurial leaders see entrepreneurship as a basis for strategic advantage and outpacing competitors (Hejazi et al., 2012; Lee & Venkataraman, 2006). Through their emphasis on innovation and recognition of opportunities, especially in highly dynamic, volatile, and unpredictable environments, entrepreneurial leaders not only create innovative ideas to resolve their company's challenges but also guide the process of innovation and recognition of opportunities in their company (Bagheri & Harrison, 2020; Soomro et al., 2019).

Entrepreneurial leadership involves organizing and motivating a group of people to achieve a common objective through innovation, risk optimization, taking advantage of opportunities, and managing the dynamic organizational environment. Since entrepreneurial leadership is considered

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a novice branch of leadership (Leitch & Volery, 2017), numerous scholars have identified and explored it in various contexts. Cogliser and Brigham (2004) found both the concepts' conformity by referring to the broad connection between leadership theories and corporate entrepreneurship in diverse environments. Similarly, Fernald et al. (2005) explored the congruence between entrepreneurial traits and leader traits, and the intersection qualities were defined as the characteristics of an entrepreneurial leader. In contrast, Gupta et al. (2004) used GLOBE project data to develop a multicultural assessment instrument to test entrepreneurial leadership. Later, the survey constructs developed by Gupta et al. (2004) has been used by several studies to measure the entrepreneurial leadership in a bunch of countries and context like Huang et al. (2014). Kim et al. (2017) found these constructs explaining entrepreneurial leadership in the Chinese context. Bagheri and Harrison (2020) confirmed the explanatory potential of these constructs on Scotland and Iran data, respectively. Paudel (2019) found these variables to be explaining the entrepreneurial leadership in Nepal. The acceptability of this tool is high among others. It is grounded on the notion that entrepreneurial leadership is a unique form of leadership from other leadership types that empowers entrepreneurs and leaders to handle highly competitive and turbulent environments. On the other hand, the other instruments which have been used in literature, e.g., Hejazi et al. (2012) and Fontana and Musa (2017) based on characteristics like strategic factors, communicative factors, personal factors, motivational factors, etc. Given the use and applicability, the current study has adopted the tool proposed by Gupta et al. (2014) as it is highly acceptable and used to measure entrepreneurial leadership among the academic community.

The current study is developed on data collected from Small and Medium Enterprises (SMEs) in Saudi Arabia. The Saudi economy is one of the emerging economies in the Middle East and the Middle East and North Africa (MENA) regions. Towards diversifying the economy and shifting from oil to a non-oil-based economy, the Saudi government has been giving due importance to Small and Medium Enterprises (SMEs). Further, considering that SMEs comprise ninetynine (99) percent of the private sector in Saudi Arabia, it would be worthwhile to examine entrepreneurial leadership to determine its impact on SMEs in KSA. The current study emerged with the following objectives:

- 1. To find out the determinants of entrepreneurial leadership among SMEs in KSA.
- 2. To come up with suggestions and help in devising policies for entrepreneurship and leadership among SMEs.
- 3. To chart out the skills necessary for entrepreneurial leadership for Saudi entrepreneurs.

The study is designed in a manner that the following section will delve into the literation to ground the theoretical underpinnings of the research. The subsequent section is devoted to the methodological aspects. At the same time, the next section discusses the results of the analysis for the study. And the final section discusses the implications of the results and provides suggestions for actions and the conclusion and future scope of the study.

## 2. Literature Review

Leadership is a highly complex phenomenon. Leadership theories are the explanations of how and why certain people become leaders. They focus on the traits and behaviors that people can adopt to increase their leadership capabilities. The behavioral leadership theory focuses on how leaders behave and assumes that these traits can be copied by other leaders. Sometimes called the style theory, it suggests that leaders aren't born successful, but can be created based on learnable behavior (Larsson & Vinberg, 2010). Power theory looks at the way a leader utilizes their power and influence to get things accomplished. The contingency leadership theory, sometimes called the situational theory, focuses on the context of a leader (Valdiserri, 2009). These theories look at the situational effects of the success or failure of a leader. A leader's effectiveness is directly determined by the situational context. However, an accentuate view of leadership links it with an organization's economic development and profitability (Taylor et al., 2014). Organizations with strong leadership tend to be more successful. On the contrary, poor leadership sometimes causes a complete failure of organizations. This note links leadership with entrepreneurship. New start-ups, ventures, and small businesses become successful and tend to grow with a successful leader (Muijs, 2011).

This view regards entrepreneurship as immensely important not only for businesses but also for the nation's economic development. However, the emergence of entrepreneurship theory and leadership theory seems to take off from one focal point, i.e., personal trait theory (Bull & Willard, 1993; Sundararajan et al., 2012). Entrepreneurial traits and leadership traits both have one resemblance as both are considered personal characteristics of the protagonist (Fernald et al., 2005). However, both concepts have a reasonably broad scope and reach. Similarly, both leadership and entrepreneurship are considered part of the protagonist's behavioral aspects and influenced by contingency factors (DeCarlo & Lyons, 1980; Dess et al., 1997). These two equally vital concepts have combined into a highly comprehensive framework of entrepreneurial leadership. Entrepreneurial leadership is contemporary, highly regarded, and needed leadership style (Fernald Jr et al., 2005).

Chen (2007) and Gupta et al. (2004) stated that entrepreneurial leadership has three common factors:

pro-activeness, innovativeness, and risk-taking ability. Renko et al. (2015) defined entrepreneurial leadership as guiding young entrepreneurs to achieve goals and objectives while availing themselves entrepreneurial opportunities. Entrepreneurial leadership means demonstrating the skills of both entrepreneurs and influential leaders and seems necessary for the survival and growth of new projects (Sundararajan et al., 2012). Apart from this, there are several descriptions of entrepreneur leaders: they have entrepreneurial qualities/ potentials, they are rich in speculation and they watch for opportunities and new ventures, and so on (Soomro et al., 2019). Entrepreneurial leadership may be termed as a transformational leadership style as it builds new leaders by instilling creativity, motivation, and risk-taking abilities (Wang et al., 2012; Naushad, 2018). Fernald et al. (2005) rightly observed that entrepreneurial leaders are known for predicting results, taking risks, resolving problems, and initiating strategic creativities.

In literature, however, there are several components explored by researchers for entrepreneurial leadership. The highly utilized and employed factors that an entrepreneurial leader must have been given by Gupta et al. (2004). These factors include the ability of "framing of challenge," the ability to "absorbing uncertainty," "path clearing" ability, ability to "build commitment," and able to "specify the limits." Entrepreneurial leadership combines both the standard features of an entrepreneur and a leader (Fernald et al., 2005). As per Jones and Crompton (2009) and Huang et al. (2014), the first three constructs propounded by Gupta et al. (2004) enable entrepreneurial leadership to have the entrepreneurial capacity to recognize opportunities to build sustainable competitive advantages framing the challenge and absorbing the uncertainty. While, the subsequent two constructs, namely building commitment and specifying the limits, enable the leader to have the ability to inspire others and generate resources to promote change (Huang et al., 2014). These constructs are reviewed in the sections below:

## 2.1. The Ability to Frame the Challenge

This aspect of entrepreneurial leader explains how much a leader is performance-oriented, ambitious, and well informed (Gupta et al., 2004). As per Gupta et al. (2004), this construct can be traced and calculated whether a leader sets high-performance expectations, sets high targets, works hard, competent, and knows intuitive details. Huang et al. (2014) adopted this scale in their study to determine the performance of Chinese new ventures with data of 168 firms. The study overall concluded that entrepreneurial leadership influences the performance of new ventures. Similarly, Paudel (2019) found that framing the challenge is one aspect that explains the entrepreneurial leadership among Nepali SME owners. On this account, the current study states the hypothesis: *H1:* There is a positive relationship between the ability to framing the challenge and entrepreneurial leadership.

#### 2.2. The Ability to Absorb Uncertainty

An entrepreneurial leader needs to be visionary with foresightedness to build confidence among himself/herself and their followers (Gupta et al., 2004; Fernald et al., 2005). This construct is more inclined towards the risk-taking ability of an entrepreneur. It is defined as "the ability to absorb uncertainty and take the burden of responsibility for the future" (Chen, 2007). The ability to absorb uncertainty is more symbolic of an entrepreneur than a leader (Butler et al., 2010).

If something goes wrong because of followers, leaders assume the risk for an unreliable future (Ranjan, 2018). An entrepreneurial leader's function is well established to absorb uncertainty to promote innovation (Fontana & Musa, 2017; Huang et al., 2014).

*H2:* There is a positive relationship between absorbing uncertainty and entrepreneurial leadership.

## 2.3. Ability to Clear the Path

The path clearing role of a leader is derived from the path-goal theory initially propounded by House (1971). The path-goal theory states that a leader's behaviour is contingent to the satisfaction, motivation and performance of their employees. The manager's job is viewed as guiding workers to choose the best paths to reach both their goals as well as the corporation's goals (Ranjan, 2018). This ability is reflected in the form of an effective leader's diplomatic capability, motivating, convincing, and negotiating strength (Daft, 2014). Therefore, as an effective entrepreneurial leader, a leader tends to foresee and dissolve potential resistance, gain support both from key stakeholders within the organization and from external constituencies, and remove barriers for followers to achieve the goals and objectives of the organization (Gupta et al., 2004; Lajin & Zainol, 2015; Ranjan, 2018; Nguyen et al., 2019). Hence, the research formulates the following hypothesis:

*H3:* There is a positive relationship between the ability to clear the path and entrepreneurial leadership.

#### 2.4. Ability to Build Commitment

Leadership is something that has followers (Daft, 2014). In the same line, followership remains meaningless without commitment. An entrepreneurial leader uses the follower's dedication to mold into a strongly committed team to expand exceptional energy and effort to achieve the scenario he/she outlines (Lajin & Zainol, 2015). Commitment building occurs by inspiring others' feelings, convictions, principles, and habits to work hard together and to pursue continuous improvement in results (Kozłowski, 2014). Kim et al. (2017) observed that building commitment is positively related to other entrepreneurial leadership constructs and explains the entrepreneurial leadership in Chinese public sector units.

*H4:* There is a positive relationship between building commitment and entrepreneurial leadership.

## 2.5. Ability to Specifying the Limits

The entrepreneurial leader reshapes individuals' perceptions of their capabilities by suppressing self-imposed ideas of restriction by defining limits (Gupta et al., 2004). It is something to inspire others intellectually and to integrate people through a shared awareness of what can and cannot be achieved, to firmly and rapidly make decisions to persevere in the face of environmental change and to enable others to learn (Kozłowski, 2014). Amid contingencies and restrictions on behavior, specifying the limit helps keep and preserve the commitment (Huang et al., 2014; Kim et al., 2017). Park et al. (2014) found these constructs to contribute to entrepreneurial leadership, leading to innovativeness.

*H5:* There is a positive relationship between specifying limits and entrepreneurial leadership.

## 2.6. Work Performance

Individual work performance usually measures the individual actions and behaviour necessary to achieve organization goals (Koopmans et al., 2014). A good number of studies were conducted to identify the link of entrepreneurial leadership on firms' performances, Paudel (2019), Huang et al. (2014), Chung-Wen (2008), Hmieleski and Corbett (2006) and Pancasila et al. (2020) among others. Similarly, "how does EL influence individuals' performance?" has been a matter of investigation among researchers. There are many frameworks available in the literature that describes the work performance of individuals. However, among organizations, task performance and contextual performance is highly applied. Task performance can be defined as the effectiveness with which job incumbents. Perform activities that contribute to the organization's technical core either directly. By implementing a part of its technological process, or indirectly by providing it with needed materials or services (Campbell, 1990; Naushad et al, 2020). However, contextual performance describes the activities that promote the technical framework's operation in the organizational, social, and psychological settings (Borman & Motowidlo, 1997). Therefore, the current study's focus is to carve the impact of EL on individual performance,

including task performance and contextual performance. The following hypothesis can be stated to identify EL contribution in employees' performance.

*H6:* Entrepreneurial Leadership positively affects the task performance of followers.

*H7:* Entrepreneurial Leadership positively affects the contextual performance of followers.

The choice of SMEs is based on the fact the SMEs are considered as the engine of growth. In the present era of a competitive environment where big companies are struggling for survival, SMEs are also finding it difficult to survive. However, the critical and common success factors found behind enterprises' success are their leadership pattern. New venture performance is impacted by entrepreneurial leadership concluded by Huang et al. (2014). The hypothesized model for the current study could be understood from Figure 1.

Despite its significance, however, entrepreneurship has not been accepted in critical studies as a new leadership model. In entrepreneurial leadership, there is entrepreneurial perception and entrepreneurial management, entrepreneurial orientation, and entrepreneurial commitment. Still, these are mostly individuals who have the proficiencies to become successful entrepreneurs. This phenomenon makes entrepreneurial leadership more ideal for mentoring and supporting individuals than forming a hierarchical structure in an organization.

# 3. Research Methodology

A primary survey among small and medium enterprises (SMEs) in the Riyadh province of Saudi Arabia was undertaken to achieve the current study's objectives. The survey tool to measure Entrepreneurial Leadership (EL) was adopted from Gupta et al. (2004). The work performance scale (task performance & contextual performance) was adopted from Koopmans et al. (2014). The questionnaire was prepared on a five-point Likert scale varying from strongly disagree to agree strongly. Where one represents "Strongly Agree" and 5 for "Strongly Disagree." The questionnaire was administered in both English and Arabic language. The final questionnaire was uploaded to google forms, and the link was communicated through email and WhatsApp. Overall, the link was shared with more than 200 people working in different positions in various sectors of SMEs. However, responses from 152 people were received. The data thus received was screened for final analysis. Incomplete data were obliterated. The rest of the data were scanned for outliers. Outliers were detected and deleted. The final data of 107 responses were analyzed for final analysis. For path coefficient analysis, SmartPLS® software was used. The characteristics of the sample used in the study are presented in Table 1 below.



Figure 1: Hypothesized Research Model

Table 1: Demographics for Study Sample

Demographics	Descriptions	Frequency (N)	Percentage (%)	
Gender	Male	100	93.50	
	Female	7	6.50	
Age	20–25 Years	12	11.20	
	25–30 Years	34	31.80	
	30–35 Years	18	16.80	
	35–40 Years	19	17.80	
	40–45 Years	12	11.20	
	> 45 Years	12	11.20	
Nationality	Saudi	42	39.30	
	Non-Saudi	65	60.70	
Highest	Below Bachelor	14	13.10	
Education	Bachelor	61	57.00	
Levei	Masters	32	29.90	
Leader's	Male	95	88.80	
Gender	Female	12	11.20	
Industry	Production	18	16.80	
Surveyed	Services	24	22.40	
	Food & Beverages	20	18.70	
	Materials	2	1.90	
	Real Estate	3	2.80	
	Any Other	40	37.40	

The overall sample of 107 consists of 6.50% female respondents while 93.50% were male respondents. Around 40% of respondents are Saudi nationals, while 60% were from other nationalities. Other characteristics of the sample are presented in Table 1 which discern the diverse nature of data collected. Analysis results are discussed in the next section.

# 4. Results

## 4.1. Descriptive Statistics

Descriptive statistics reported in Table 2 suggest that specifying the limit by the leader is considered as the most preferred construct among the respondents for a leader (M = 2.42, SD = 0.77). Other constructs of entrepreneurial leadership (EL) are also found to be on a positive scale where the mean value ranged from 2.30 to 2.42 (M = 2.30 to 2.42, SD = 0.77 to 0.96). Moreover, the contextual performance and task performance are found to be low (M = 1.83, SD = 0.61) & (M = 1.93, SD = 0.52). This means that respondents were of the strong opinion that EL seems to contribute to their task and contextual performance.

#### 4.2. Correlation Analysis Results

The Pearson correlation was conducted to show the relationship between variables. The results of the correlation analysis were reported in Table 3. The correlation coefficient of the correlation between Entrepreneurial Leadership (EL) and Contextual Performance (COPE) is 0.388. It is found to be positively low correlated and statistically significant

(r = 0.388, p < 0.01). This means that an increase in entrepreneurial leadership will lead to a higher level of contextual performance. In line with this, Task performance (TAPE) also followed the same trend, which is also found to be positively low correlated and statistically significant (r = 0.457, p < 0.01). However, all other variables/constructs of entrepreneurial leadership, namely Absorbing Uncertainty (ABUC), Building Commitment (BUCT), Framing the Challenge (FRTC), Path-Clearing (PTHC), and Specifying Limits (SPGL) found to be highly correlated and statistically significant with entrepreneurial leadership. Where, ABUC (r = 0.888, p < 0.01), BUCT (r = 0.797, p < 0.01), FRTC (*r* = 0.897, *p* < 0.01), PTHC (*r* = 0.886, *p* < 0.01) and SPGL (r = 0.831, p < 0.01). This means that all the constructs are positively & statistically significant and correlated with each other. Overall, the correlation results indicate that any increase in the inter-related constructs will counter an increase in the value of the related construct.

### 4.3. Measurement Model

Partial Least Square (PLS) Structural Equation Modelling (SEM) using SmartPLS software was applied to evaluate the current problem. We are interested in validating the entrepreneurial leadership questionnaire and drawing its impact on employees' performance. The hypothesizes model discussed above was run in the software. The validity and assessment of the model will be done with a set threshold and predefined test parameters. The model's internal consistency reliability is commonly established by exploring three major indicators: Cronbach's  $\alpha$ , rho A ( $\rho$ A), and Composite Reliability (CR) values. These indicators' values must vary between 0.70 and 0.95 (Hair et al., 2016). Here we can easily see that all the constructs taken for the study easily satisfy the mentioned threshold limit for all three parameters of internal consistency reliability except the last construct, i.e., Task performance. But In this case, the factors' loadings of the items are moderately

## Table 2: Descriptive Statistics

Constructs	Code	Ν	Min	Мах	М	SD	σ²	Skew	Kurt
Entrepreneurial Leadership	EL	107	1	5	2.33	0.74	0.54	0.46	0.22
Absorbing Uncertainty	ABUC	107	1	5	2.37	0.96	0.92	0.57	0.19
Building Commitment	BUCT	107	1	4	2.36	0.86	0.74	0.33	-0.46
Framing the Challenge	FRTC	107	1	4	2.30	0.78	0.61	0.15	-0.34
Path-Clearing	PTHC	107	1	5	2.34	0.93	0.87	0.49	0.06
Specifying Limits	SPGL	107	1	5	2.42	0.77	0.59	0.27	0.48
Contextual Performance	COPE	107	1	3	1.83	0.61	0.37	0.09	-0.37
Task Performance	TAPE	107	1	3	1.93	0.52	0.27	-0.09	0.76

Annotations: M = Mean, SD = Standard Deviation,  $\sigma^2$  = Variance, Skew = Skewness, Kurt = Kurtosis.

#### Table 3: Correlation Matrix

No	CODE	1	2	3	4	5	6	6	8
1	EL	1							
2	ABUC	0.888**	1						
3	BUCT	0.797**	0.685**	1					
4	FRTC	0.897**	0.785**	0.684**	1				
5	PTHC	0.886**	0.747**	0.650**	0.757**	1			
6	SPGL	0.831**	0.711**	0.645**	0.689**	0.647**	1		
7	COPE	0.388**	0.353**	0.423**	0.347**	0.385**	0.276**	1	
8	TAPE	0.457**	0.468**	0.433**	0.469**	0.417**	0.355**	0.414**	1

\*\*Correlation is significant at the 0.001 level (2-tailed).

above the threshold limit, i.e., 0.70, and CR values are above the threshold limit of 0.70, i.e. (CR > 0.70). Hence, it can also be considered valid and accepted. Thus it is established that the sample is un-bias and the group response is reliable.

The second most crucial step in the measurement model is to test for Convergent Validity. The Convergent Validity of the model can be further verified with three critical parameters: the value of factor loadings for each item, the value of CR, and the value of Average Variance Extracted (AVE). Table 2 mentioned below indicates that all item loadings exceeded the recommended value of 0.6 (Chin et al., 2008). Factor loadings are correlation coefficients between observed variables and latent common factors Factor loading shows the variance explained by the variable on that particular factor. In the SEM approach, as a rule of thumb, 0.7 or higher factor loading represents that the factor extracts sufficient variance from that variable. However, for the purpose of this study, items having loading values less than the threshold limit of 0.60 only have been deleted. The Composite reliability (CR) which is thought of as being equal to the total amount of true score variance relative to the total scale score variance, the CR value as such surpassed the suggested value of 0.70. While its Average Variance Extracted (AVE) value, reflecting the total amount of variance in the latent construct indicators, exceeded the recommended value of 0.50 (Hair et al., 2013). All the parameters of CV are reported in Table 4.

The next step in model measurement is to assess the discriminant validity. Discriminant validity is demonstrated by evidence that measures of constructs that theoretically should not be highly related to each other are, in fact, not found to be highly correlated to each other. The defined value of discriminant validity indicates that the constructs are independent (Sarstedt et al., 2019). In other words, the degree to which the measurements do not represent any other factors is tested (Ali et al., 2016). This is generally interpreted as the low correlation between the interest measured and the other constructs' measurements. According to the criterion, if the square root of the AVE of each latent variable is greater than the correlation coefficients between that latent variable and other latent variables in the measurement model, then the model satisfies the discriminant validity criterion. Table 5 shows the square root of AVE for each construct (in the diagonal matrix). The results presented indicate that all the values are higher than the correlations between constructs, which points towards adequate discriminant validity.

### 4.4. Structural Model Assessment

If a structural model is consistent and reliable based on the criterion discussed above, the next step is to assess the structural model. The assessment of the model is looked upon by three important criteria, i.e.,  $R^2$ ,  $Q^2$ , and SRMR values (Hair et al., 2016). However, the decision upon hypotheses is based on beta value and corresponding t values. These values are obtained by running the final model bootstrapping technique and blindfolding test. The bootstrapping is run upon 107 data points with 5,000 valid sub-samples. The main model fit indices are presented in Table 6. The values shown in the table are found to be statistically significant.

The structural model as shown in Figure 2 indicates that entrepreneurial leadership among SMEs in the Kingdom of Saudi Arabia (KSA) is to be constituted by all other factors of entrepreneurial leadership. These factors were found to be a highly significant predictor of EL among SMEs in KSA. Almost 100 percent change in EL among SMEs can be attributed to all the five components propounded by Gupta et al. (2004). However, change in the task performance is attributed by 20.5 percent by EL. And the change in the contextual performance is attributed to almost 30 percent by EL. To establish the model's predictive relevance, the  $Q^2$  value should be greater than zero, where Predictive Relevance =  $(Q^2 > 0)$ . The results of  $Q^2$ , as presented in Table 6 show that all the values of given  $Q^2$  are found to be greater than zero. Therefore, the given model has predictive relevance as well. Furthermore, the model fit was assessed using the SRMR value. The value of SRMR was 0.090 below the required value of 0.10, indicating a good model fit (Hair et al., 2016).

#### 4.5. Hypothesis Testing Results

Furthermore, the assessment of the goodness of fit of hypotheses is done. Hypotheses were tested to ascertain the significance of relationships drawn in the study. The results and decisions of hypotheses are shown in Table 7. Hypothesis 1 (H1) evaluates whether absorbing uncertainty (ABUC) significantly contributes to forming Entrepreneurial Leadership. The results revealed that ABUC has a significant impact on EL ( $\beta = 0.168$ , t = 13.659, p < 0.001). Hence, H1 was supported. The second hypothesis (H2) evaluates whether building commitment (BUCT) significantly impact Entrepreneurial Leadership. The results revealed that BUCT has a significant impact on EL ( $\beta = 0.228$ , t = 13.413, p < 0.001). Therefore, H2 was also supported. The third hypothesis (H3) considers the enormous influence of Framing the Challenge (FRTC) on Entrepreneurial Leadership.

The findings showed an important effect of FRTC on EL ( $\beta = 0.251$ , t = 16.340, p < .001). Therefore, H3 is supported. Hypothesis 4 (H4) assesses the significant impact of Path-clearing (PTHC) on Entrepreneurial Leadership (EL). The findings showed an important PTHC effect on EL ( $\beta = 0.271$ , t = 17.271, p < .001). H4, therefore, is supported. The fifth hypothesis (H5) evaluates whether Specifying limits (SPGL) significantly impact Entrepreneurial Leadership. The results revealed that

Constructs	ltems	Items Code	Loadings	CA	rho_A	ся	AVE
Absorbing	"He is sensitive to department employees' responsibilities."	ABUC1	0.746	0.787	0.812	0.875	0.702
uncertainty	"He holds department employees to high ethical standards."	ABUC2	0.889				
	"He does what he promises."	ABUC3	0.870				
Building	"He encourages us to express ideas or suggestions."	BUCT1	0.768	0.832	0.840	0.882	0.600
commitment	"He listens to our ideas and suggestions."	BUCT2	0.851				
	"He listens to our suggestions to make decisions that affect us."	BUCT3	0.729				
	"He gives us opportunities to voice our opinions."	BUCT4	0.791				
	"He listens to our ideas when he disagrees with us."	BUCT5	0.726				
Contextual	"I started new tasks myself when my old ones were finished."	COPE2	0.605	0.842	0.864	0.884	0.561
performance	"I took on challenging work tasks, when available."	COPE3	0.803				
	"I worked at keeping my job knowledge up-to-date."	COPE4	0.837				
	"I worked at keeping my job skills up-to-date."	COPE5	0.768				
	"I came up with creative solutions to new problems."	COPE6	0.720				
	"I kept looking for new challenges in my job."	COPE7	0.739				
Framing the	"He balances concerns for day-to-day details."	FRTC1	0.653	0.857	0.871	0.894	0.588
Challenge	"He displays wide-ranging knowledge and interests."	FRTC2	0.640				
	"He makes me feel like I work with him, not for him."	FRTC3	0.812				
	"He works hard to find ways to help."	FRTC4	0.843				
	"He encourages employees to be involved."	FRTC5	0.827				
	"He emphasizes the importance of giving."	FRTC6	0.799				
Path-	"He encourages us to express ideas or suggestions."	PTHC1	0.857	0.892	0.900	0.918	0.654
clearing	"He listens to our ideas and suggestions."	PTHC2	0.850				
	"He listens to our suggestions to make decisions that affect us."	PTHC3	0.831				
	"He gives us opportunities to voice our opinions."	PTHC4	0.862				
	"He listens to our ideas when he disagrees with us."	PTHC5	0.783				
	"He makes decisions that are not based only on his or her own ideas."	PTHC6	0.646				
Specifying	"He discusses business ethics or values with us."	SPGL2	0.732	0.763	0.785	0.850	0.589
limits	"He sets an example of how to do things."	SPGL3	0.859				
	"He defines success by more than results."	SPGL4	0.823				
	"When He makes a decision, he asks to me, "What is the right decision?"	SPGL5	0.638				
Task	"I managed to plan my work so that it was done on time."	TAPE1	0.818	0.668	0.675	0.818	0.601
performance	"My planning was optimal."	TAPE2	0.754				
	"I kept in mind the results that I had to achieve in my work."	TAPE3	0.752				

Table 4: Constructs' Validity and Reliability

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# Table 5: Discriminant Validity

	ABUC	BUCT	CON_PERF	EL	FRTC	PTHC	SPGL	TASK_PERF
ABUC	0.838							
BUCT	0.807	0.774						
CON_PERF	0.521	0.516	0.749					
EL	0.915	0.869	0.547	1.000				
FRTC	0.81	0.692	0.452	0.912	0.767			
PTHC	0.81	0.736	0.473	0.926	0.806	0.808		
SPGL	0.765	0.725	0.477	0.903	0.816	0.818	0.768	
TASK_PERF	0.385	0.374	0.552	0.453	0.463	0.407	0.394	0.775

# Table 6: Model Fit Indices

	R <sup>2</sup>	<b>Q</b> <sup>2</sup>	SRMR	NFI	Chi-Square
CON_PERF	0.299	0.161	0.090	0.577	1603.562
EL	0.997	0.979			
TASK_PERF	0.205	0.114			



Figure 2: Final Structural Model

	Targeted Hypotheses	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	Hypothesis Decision
$ABUC \rightarrow EL$	H1	0.168	0.167	0.012	13.659***	Supported
$BUCT \rightarrow EL$	H2	0.228	0.227	0.017	13.413***	Supported
$FRTC \rightarrow EL$	H3	0.251	0.253	0.015	16.340***	Supported
$PTHC\toEL$	H4	0.271	0.270	0.016	17.271***	Supported
$SPGL \rightarrow EL$	H5	0.183	0.183	0.017	10.449***	Supported
$EL \rightarrow CON\_PERF$	H6	0.547	0.554	0.073	7.466***	Supported
$EL \rightarrow TASK\_PERF$	H7	0.453	0.465	0.069	6.551***	Supported

Table 7: Final Results on Hypotheses

Notes: N = 107, Significant at \*\*\*0.01 level (p < 0.01).

SPGL has a significant impact on EL ( $\beta = 0.183$ , t = 10.449, p < 0.001). Hence, H5 was supported. The sixth hypothesis (H6) tests whether Task Performance (Task Perf) is significantly affected by Entrepreneurial Leadership (EL. The results revealed that EL has a significant impact on EL ( $\beta = 0.453$ , t = 6.551, p < 0.001). H6, therefore, supported it. The seventh hypothesis (H7) tests whether Contextual Performance (Con-Perf) is substantially affected by Entrepreneurial Leadership (EL). The results revealed that Con\_Perf has a significant impact on EL ( $\beta = 0.547$ , t = 7.466, p < 0.001). Hence, H7 is supported.

# 5. Discussions and Conclusions

The results of this study add to the current body of knowledge by offering empirical evidence for the significance of Entrepreneurial Leadership in the success of the task and the contextual performance of SMEs in KSA. Moreover, the study also investigates the components of entrepreneurial leadership among SMEs in the Saudi context. The concept of entrepreneurial leadership gained prevalence globally with the emergence of start-ups and SMEs that needed support and guidance from the more experienced players in entrepreneurship. Therefore, this study can be considered one of the first attempts to describe the interconnections of entrepreneurial leadership, task performance, and contextual performance among SMEs in Saudi Arabia. Besides, this study also examined the components of Entrepreneurial leadership in the Saudi context, "What determines the EL in Saudi Context."

Overall, seven hypotheses were tested to fulfill the purpose and goals of the current study. The outcomes of structural equation modeling confirm all the hypotheses, so we infer that entrepreneurial leadership affects SMEs' performance. It is highly evident that the performance of SMEs positively leads to the economic development of any country. Moreover, the results also confirmed that the EL determinants align with highly utilized components, as propounded by Gupta et al. (2004). The results of the study ensure that the determinants of EL are valid in the Saudi context as well. This supports the constructs' generalization nature and adds one more meaningful context to validate Gupta et al. (2004) leadership scale.

The results also demonstrate that entrepreneurial leadership is an essential instrument for managers trying to increase tasks and contextual performance among SMEs in KSA. These findings suggest that companies reflect on how entrepreneurial leadership's behavior leads to creating identical characteristics within the organization's followers (the workforce). For example, an organizational leader's encouragement towards expressions of ideas or suggestions could lead to employee idea generation and creativity. Therefore, organizations could capitalize on training programs that generate EL among leaders' antecedents, and that could be replicated in the employees. Policymakers could use the study results for devising the entrepreneurial policies and promotion of leadership among SMEs. It might help educators develop training & development programs, industry consultation, short-term courses, eLearning modules, etc. It might help to sort out the skills needed for effective management of the business or entrepreneurial development for entrepreneurs. The proper management and leadership of SMEs will help them gain superior business performance and a sustainable competitive advantage. In Saudi Arabia, there is a need to introduce entrepreneurial leadership for mentoring and supporting individual entrepreneurs, who would further work towards accomplishing the nations' economic goals.

Saudi Arabia has a potentially substantial, entrepreneurially motivated adult population capable of running start-ups and businesses. According to Global Entrepreneurship Saudi Arabia National Report (2018–19), 83% of Saudi adults, highest in the MENA region, have expressed their confidence in running a business. This is evidence of developing a positive culture for entrepreneurship in the Kingdom and emphasized the need to strengthen entrepreneurial activities within the Kingdom and gain a competitive advantage. It was revealed that the number of entrepreneurs has doubled (46%), including women entrepreneurs. The overall success rate of entrepreneurship is found more in the older age groups and in Saudi the average age of entrepreneurs is about 37 years. Therefore, there is a need to provide entrepreneurship leadership and share the rich expertise with the younger entrepreneurs, three-fourths of whom have a post-secondary qualification.

The study will develop entrepreneurial awareness and create an entrepreneurial ecosystem that will help to create jobs, provide services and products needed in the Policymakers - such as governments, private country. enterprises, and NGOs - will benefit from this study and can come forward to lead young SME entrepreneurs. They will launch training and mentoring programs to provide leadership to entrepreneurs, helping stimulate the national economy. The study's findings are expected to be of high value to the Kingdom as it would enhance the leadership and entrepreneurial skills required essentially for the nation's economy. The results of the study are expected to be of deep interest to business administrators and academicians. It will also stimulate further interests among researchers. With the Saudi government aiming high with its Vision 2030, there is a definite need to have the SMEs sector capable of taking on the future challenges. Last but not least, this research will provide future directions to entrepreneurial leadership in the Kingdom. The study is not free from limitations as the results are drawn on a relatively low sample. In the future, the current findings could be tested upon a large sample.

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