Transformational Leadership, Servant Leadership, and Strategic Leadership of Women Entrepreneurs: A Case of Restaurant Owners

K. Sarojini Krishnan, Nazatul Shima Abdul Rani, Zurinah Suradi

Abstract: Women entrepreneurs or female entrepreneurs play critical roles in the rapid development of economic activities, while contributing to the increasing number of SMEs in Malaysia. However, not many studies have been conducted on the elements of leadership among women entrepreneurs in Malaysia. This study aims to identify the critical elements of leadership among women entrepreneurs that play an important role for business survival during the period of economic crises and after the crises. The types of leadership that are investigated include transformational leadership (10 items), servant leadership (9 items), and strategic leadership (3 items) of women entrepreneurs. The target population of this study consists of female restaurant owners who fall under the category of SMEs around Klang Valley, Malaysia. About 100 questionnaires were distributed to the sample to explore the critical elements of transformational leadership, servant leadership, and strategic leadership of women entrepreneurs in facing challenges during and after economic crises. The findings show that the most important dimensions of leadership styles employed by women entrepreneurs are transformational leadership, servant leadership, and strategic leadership.

Index Terms: Keywords: Strategic Leadership, Servant Leadership, Transformational Leadership, Women Entrepreneurs, Restaurant.

I. INTRODUCTION

The revolution of industrialization in Malaysia has resulted in an increase in the number of women entrepreneurs in Malaysia. The sectors which were previously dominated by male entrepreneurs such as services, manufacturing and agriculture (The Department of Statistics of Malaysia, 2005) have now attracted women entrepreneurs to become involved and these endeavors have been much encouraged by the government as well. As such, NAWEM, the National Association of Women Entrepreneurs of Malaysia has been established by the government which aims at forming an association with the purpose of providing help to women to expand their businesses. The setting up of the Ministry of Entrepreneurs and Cooperative Development (MECD) in 1995 and the Ministry of Women, Family and Community Development (MWFC) in 2001 have proven to be further measures taken by the government to assist women entrepreneurs in Malaysia by overseeing and providing help where necessary in terms of developing their businesses. Furthermore, assistance in the form of grants and funding to women entrepreneurs are also provided through the Small and Medium Industries Development Corporation (SMIDEC).

Leadership style and behaviors in women have become a topic of debate over a long period of time, because style is perceived as a relatively stable pattern that is apparent by leaders. The increasing importance in the role played by women entrepreneurs has raised an argument that their leadership style is different from their male counterparts. Past research has shown that women entrepreneurs are different from their male counterparts in terms of leadership style. Nevertheless, Baker and Aldrich (1994) noted that significant differences are more common in smaller organizations where the owners have the liberty to act under less formal role requirements. On the other hand, larger organizations that impose formal rules and practices, gender differences in terms of leadership may be less significant.

When both male and female entrepreneurs’ management styles are compared, Bruni, Gherardi and Poggio (2004) claim that women entrepreneurs’ display marked characteristics and abilities that are more aligned to “transformational leadership”. Under transformational leadership, entrepreneurs interact positively and build trust-based relationships by sharing of power and information with their subordinates. In other words, Gundry, Ben-Yoseph and Posig (2002) state that women entrepreneurs engage themselves in practices which are ‘relational’ that include collaborating and making decisions by subordinates-empowered team atmosphere. Their management style emphasizes open communication and “their business goals reflect a concern for the communities in which their businesses resided” (Gundry, Ben-Yoseph and Posig, 2002). Moreover, previous research has suggested that the leadership style of women is mainly along the line that women is less hierarchical, more cooperative and collaborative, and more oriented to enhancing others’ self-worth (Book, 2000; Helgelsen, 1990; Rosener, 1995). Boz and Ergeneli (2014) stated that the need to maintain good interpersonal relationship with others is important for the success of business.

The literature has suggested there has been very limited research which has been conducted on women
entrepreneurs’ leadership styles and organizational performance in both developing and developed countries (Mahvesh Ali Khan, & Muhammad Nounan, 2012) and what is more, in particular in Malaysia. Thus, this research aims to study women entrepreneurship leadership styles in Malaysia in relation to the more recent leadership types, namely transformational, servant and strategic leadership styles and also their management techniques and their relationship with organizational performance. The main research question of the present study is as follows:

Research Question: What is the most important leadership style adopted by women restaurant owners in managing their business?

II. LITERATURE REVIEW

This section discusses the definitions of ‘leadership’ and types of women entrepreneur leadership styles adopted in the management of business.

A. Leadership and Women Entrepreneur

Chemers (2002) defines leadership as the process by which the social influence plays an important role whereby an individual is able to engage others to assist and support him/her in accomplishing a common task. Other concise and clear definitions and understanding of leadership have also been proposed, for example, Davis (2003) describes the term leadership is referring to the action, taking the organization or some part of it in a new direction, solving problems, being creative, initiating new programs, developing structure of the company, and quality improvement. On the other hand, Kellerman perceives leadership as an equilateral triangle in which there are three parties involved namely, the leader, the followers, and the context (Volckmann, 2012). In short, there will be no leader without followers, and the context is critical to ensure the leadership roles within the context.

As for women entrepreneurs, according to Buttner (2001) their leadership styles have most often than not been explained in terms of relational dimensions and these include mutual empowerment, information sharing, having empathic feelings and the urge to nurture others. These dimensions are also related to women from various professions have an impact on their organizational performance. As compared to men, women entrepreneurs’ negotiating styles have been noted to vary while having a long-term positive effect on the success of the business (Heffernan, 2003). In terms of women entrepreneurs, females in general are characterized as empathetic and good listeners and they are highly skilled in communication, negotiation and conflict resolution (Brinia, 2011; Cinar Altintas, 2010). These characteristics contribute to their ability in handling people. In fact, in a most recent study investigating genetic attributes of women entrepreneurs, the findings showed that their abilities to communicate better and feel empathy for subordinates resulted in better company performance.

B. Types of Leadership

Three types of leadership which will be discussed in this section comprise of Transformational Leadership, Servant Leadership, and Strategic Leadership and these may prove useful to women entrepreneurs to practice in the management of their businesses.

1) Transformational Leadership

In Transformational leadership, the leader is driven to provide or make changes in their organizations (Tucker & Russel, 2004). Changes may include transforming the current structure while influencing subordinates or followers to accept a new vision and possibilities. Power is used by transformational leaders in influencing others to instill their trust to the leaders, and followers use their leader as examples to follow.

The benefits of transformational leadership styles include adding quality of life to the subordinates and the organization performance increased via motivation. The organization are bound with energetic characteristics instilled by the leaders which promote innovations in the organizations. Additionally, people with low levels of basic needs, as specified in Maslow’s hierarchy of needs, will be elevated to a higher level through the satisfaction of most basic human needs such as safety, sense of belonging, and etc (Feinberg, Strope & Burke, 2005).

Nevertheless, according to Mandell and Pherwani (2003), the transformational leadership trait is more prevalent among women entrepreneurs is mainly due to their emotional intelligence and not so much related to gender differences. Furthermore, female leaders have a higher tendency to manage according to the economic and organizational conditions than their male counterparts (Eagly & Carli, 2003). The high level of human relations and personal competencies among women entrepreneurs are also linked to the adoption of transformational leadership style (Bamiatzi, Jones, Mitchelmore & Nikolopoulos, 2015). This is due to the fact that Transformational leaders are inclined to empower, motivate, stimulate intellect, and encourage cooperation among employees (Boehm, Dwetman, Bruch, and Shamir, 2015) which in turn have an impact on organizational success.

2) Servant Leadership

The concept of servant leadership, which was formulated by Robert Greenleaf (1977) in the contemporary era, has received considerable focus in the area of leadership. A quick glimpse of transformational leadership and servant leadership suggests that both types of leadership are rather similar. As has been examined above, transformational leaders are inclined to focus more on organizational goals, however, servant leaders pay more attention on the people, or in other words, their followers. This is the main difference that distinguishes between transformational leadership with servant leadership.

Greenleaf (1977), asserts that in servant leadership, leaders will put other people’s needs, aspirations and interests before their own interest, as the main intention is to serve others first rather than to lead. Further, servant leader must place prior importance on the needs of others than attempting to meet their needs. In other words, servant leadership places much emphasis on others rather than upon oneself and accepting the role played as a servant and not leader. Self-interest does not prevail in servant.
leadership; rather, it should ascend to a higher plane of motivation (Greenleaf, 1977; Pollard, 1996). The servant leader’s primary aim is to serve and meet the needs of others, which optimally emerges as the prime motivation for servant leadership (Russell and Stone, 2002).

Servant leaders help people to develop themselves while, helping them to work hard and flourish (McMinn, 2001). Servant leaders provide a vision for followers to drive at, besides gaining their subordinates as well as influencing others. Despite the fact that servant leadership has become a concept that has become increasingly popular, it has not been defined systematically in the literature, but still it lacks empirical support (Rachmawati & Lantu, 2014; Farling, Stone, & Winston, 1999).

Past research on servant leadership is scarce especially those related to women entrepreneurs’ leadership style and in particular servant leadership style adopted by them in managing their firms. In a study conducted by Erkutlu and Chaffra (2015), the findings showed that employee acceptance on servant leadership is positively related to employees’ innovative behaviour in the company. In another study conducted by Hsiao, Lee, and Chen (2015), on servant leadership they focused on customer preference, and entrepreneur leadership styles might influence behaviour, status, attributes, and cultural contexts of a company.

3) Strategic Leadership

Strategic leadership consists of an organizational leadership approach team building capability, and supportive organizational environment building capability (Kazmi & Naaranoja, 2015). Notwithstanding the past studies showing the participative and democratic style among women entrepreneurs, Bamiatzi, Jones, Mitchelmore, and Nikolopoulos, (2015) revealed contrary results in their research. The female business owners reported that they did not consult employees in making decisions and were unwilling to delegate to others. However, the study also showed that this was due to the vast experience and ample knowledge among the female entrepreneurs.

C. Women Entrepreneurs’ Leadership Style and Business Success

In business, success can be measured using economic or financial measures such as profits, sales, employee commitment and customer satisfaction (Masuo, Fong, Yanagida & Cabal, 2001). Business success is highly influenced by managerial competence, leadership style and business commitment (Ehiugie and Umoreni, 2003). In a study among women entrepreneurs in India, management competence that includes leadership skill was found to be the second major critical success factor in their business (individual factor being the first). The study also revealed that strong relationships with the subordinates as the most important factor for success. This finding provides stronger support to the findings in prior research that support the idea that participative leadership style contributes to business success.

III. METHODOLOGY/MATERIALS

A. Questionnaire Development

A set of questionnaire was used to elicit information on the types of leadership styles adopted by women entrepreneurs operating in Klang Valley, around the city of Kuala Lumpur. The questionnaire consists of two parts, namely Part A and Part B. The first part consists of demographic questions on the respondent profiles and information regarding their business, while the second part focuses on items relating to leadership styles adopted by women entrepreneurs in their business, namely, transformational leadership, servant leadership, and strategic leadership. For Part B, each item is measured using a 5-point Likert scale, with 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree, and 1=Strongly Disagree.

B. Respondent Profiles

About 100 questionnaires were distributed to a sample of 100 women restaurant owners in Klang Valley, Malaysia. Out of 100 respondents, about 34% of them were aged between 31 and 40 years old, 33% between the age of 41 and 50 years old, 22% were more than 50 years old, 11% at the age of between 20 and 30 years old, while none were below 20 years old. About 30% of the sample had PMR qualification, 30% with SPM qualification, 25% with a Diploma, 7% with a Bachelor degree, and 8% had other qualifications. Out of 100 women entrepreneurs, about 86% had taken loans to finance their business, and about 14% have not received any loans to help them with their businesses.

C. Business Information

In terms of information with regard to their businesses, out of 100 restaurant owners, about 40% of the business have been in operation between 11 and 15 years, 22% had been operating from 6 to 10 years, 17% from 16 to 20 years, 15% from 1 to 5 years, and only 6% have been in operation for more than 20 years. About 85% operated as sole proprietorship, while 15% of them operated on a partnership basis. About 75% of the restaurants had around 6 to 10 employees working for them, 20% had more than 10 employees, while 5% had between 1 and 5 employees.

IV. RESULTS AND FINDINGS

The findings on the types of leadership styles as adopted by women entrepreneurs around Klang Valley, Kuala Lumpur are discussed below during the times of economic crises and after the economic crises. The three main types of leadership styles investigated consist of transformational leadership, servant leadership, and strategic leadership. The findings are based on the responses by the sample to the items in the questionnaire as mentioned above.

A. Transformational Leadership

During economic crises, women entrepreneurs agreed that cooperating with customers, to increase team spirits among employees, ability to identify the value or worth of every section in the business, increasing efforts, improving cooperation with partners,
committed in running the business, self-efficacy among employees, and giving power and space for employees to make decision (refer to Table I). After crises most women entrepreneur agreed that increasing team spirits among employees, intellectual capacity in running the business, increasing effort, motivated in running the business, ability to identify every sections in the business and its values, self-efficacy among employees, cooperate with customers, cooperating with business partners, and committed in running the business (refer to Table I).

Table I. Transformational Leadership

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>DURING</th>
<th>AFTER</th>
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<tbody>
<tr>
<td>N</td>
<td>Mean</td>
<td>Std. Deviation</td>
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<tr>
<td>----</td>
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</tr>
<tr>
<td>Give power and space for my employee to make decision</td>
<td>10</td>
<td>4.03</td>
</tr>
<tr>
<td>Efficacy perception of employees on the business is critical</td>
<td>10</td>
<td>4.06</td>
</tr>
<tr>
<td>Motivated to manage my business</td>
<td>10</td>
<td>3.97</td>
</tr>
<tr>
<td>Committed to run my business</td>
<td>10</td>
<td>4.08</td>
</tr>
<tr>
<td>Always increase my effort to run the business*</td>
<td>10</td>
<td>4.09</td>
</tr>
<tr>
<td>Have intellectual drive in running my business</td>
<td>10</td>
<td>3.97</td>
</tr>
<tr>
<td>Can identify every section and its value to the business</td>
<td>10</td>
<td>4.02</td>
</tr>
<tr>
<td>Always increase team spirits with my employees</td>
<td>10</td>
<td>4.25</td>
</tr>
<tr>
<td>Always cooperate with my customers*</td>
<td>10</td>
<td>4.28</td>
</tr>
<tr>
<td>Always improve cooperation with my business partners</td>
<td>10</td>
<td>4.17</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>13</strong></td>
<td><strong>4.24</strong></td>
</tr>
</tbody>
</table>

Table I shows that for Transformational Leadership, the women entrepreneurs overall mean for 10 items is 4.13 during crisis and 4.15 after the economic crisis. Both means are almost the same value (with a slight difference of 0.02) with a slightly higher mean for the transformational leadership strategies implemented after economic crises. These values indicate that the women entrepreneur’s responses were between Strongly Agree and Agree.

Among the 10 transformational leadership strategies adopted during the economic crises, the highest mean is 4.28 (s.d.=0.74) for the strategy *Always cooperate with my customers*. This is followed by the second most important strategy, *Always increase team spirits with my employees*, that is with a mean of 4.25 (s.d.=0.69) and the third most important strategy, *Can identify every section and its value to the business*, with a mean of 4.24 (s.d.=0.64).

As for after the economic crises, the most important strategy adopted to ensure business success is *Always increase team spirits with Building good relationship with my employees*, that is with a mean of 4.30 (s.d.=0.67). The second and third most important strategies adopted are *Have intellectual drive in running my business* with a mean of 4.27 (s.d.=0.71) and *Motivated to manage my business* with a mean of 4.24 (s.d.=0.64) respectively.

In short, the common strategy adopted during and after economic crises is *Always increase team spirits with my employees*. On the other hand, the least important strategy adopted during the crises is *Give space and power for my employees to make decisions* (mean=3.94, s.d.=0.98).

B. Servant Leadership

As shown on Table II below, the strategies of servant leadership adopted during the economic crises that are regarded as important for female restaurant owners consist of: to empower employees, to upgrade employee skills, provide value added contribution to the society, giving recognition to employees on their achievement, enforce ethical conduct in the workplace, and building good rapport with business partners, employees, and customers. However, after the economic crises most female restaurant owners agreed that there is a need to upgrade employee skills, building good rapport with business partners and customers, to empower employees, conceptual skills, provide value added contribution to the society, ethical conduct enforce in the business premise, give recognition on employees achievement, and build good relationship with the employees.

The findings show that the overall mean for during the crises and after the crises, have only slight differences, that is 4.14 and 4.16 (with a difference of 0.02) indicating that the strategies adopted under servant leadership are almost as important as those under transformational leadership. During the economic crises, the most important strategy adopted is *Empowering employee is important*, that is with a mean of 4.29 (s.d.=0.66) and this is followed by *Opportunities for employees to upgrade skills* with a mean of 4.22 (s.d.=0.63), and *Give recognition on employee achievement* with a mean of 4.16 (s.d.=0.65). However, the least important strategy used is *Using conceptual skills in running business*.

After the crises, the women entrepreneurs claimed that the most important strategy adopted is *Opportunities for employees to upgrade skills*, that is with a mean of 4.33 (s.d.=0.56); the second most important strategies adopted are *Building good relationship with customers* (mean= 4.23 , s.d.=0.65) and *Building good relationship with business partner* (mean=4.23 , s.d.=0.62). The least important strategy used is *Building good work relationship with employees*. 

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Table II. Servant Leadership

<table>
<thead>
<tr>
<th>ITEMS</th>
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<tbody>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Mean</td>
</tr>
<tr>
<td>Building good work relationship with employees</td>
<td>10</td>
<td>4.11</td>
<td>0.723</td>
<td>4.0</td>
</tr>
<tr>
<td>Building good relationship with customers*</td>
<td>10</td>
<td>4.08</td>
<td>0.706</td>
<td>4.2</td>
</tr>
<tr>
<td>Building good relationship with business partner*</td>
<td>10</td>
<td>4.12</td>
<td>0.686</td>
<td>4.2</td>
</tr>
<tr>
<td>Empowering employee is important*</td>
<td>10</td>
<td>4.29</td>
<td>0.656</td>
<td>4.2</td>
</tr>
<tr>
<td>Opportunities for employees to upgrade skills**</td>
<td>10</td>
<td>4.22</td>
<td>0.629</td>
<td>4.3</td>
</tr>
<tr>
<td>Enforce ethical conduct in business operation</td>
<td>10</td>
<td>4.15</td>
<td>0.757</td>
<td>4.0</td>
</tr>
<tr>
<td>Using conceptual skills in running business</td>
<td>10</td>
<td>3.98</td>
<td>0.778</td>
<td>4.1</td>
</tr>
<tr>
<td>Give recognition on employee achievement.</td>
<td>10</td>
<td>4.16</td>
<td>0.647</td>
<td>4.0</td>
</tr>
<tr>
<td>Provide value added to the society*</td>
<td>10</td>
<td>4.19</td>
<td>0.692</td>
<td>4.1</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>4.14</td>
<td>6</td>
<td></td>
<td></td>
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</tbody>
</table>

Table III. Strategic Leadership

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>DURING</th>
<th></th>
<th>AFTER</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Mean</td>
</tr>
<tr>
<td>Thinking process is used for strategic planning</td>
<td>1</td>
<td>3.0</td>
<td>0.797</td>
<td>4.0</td>
</tr>
<tr>
<td>Wise action for strategies implementation.</td>
<td>1</td>
<td>4.0</td>
<td>0.626</td>
<td>4.0</td>
</tr>
<tr>
<td>Inspire employees.</td>
<td>0</td>
<td>0.520</td>
<td>0.78</td>
<td>2</td>
</tr>
</tbody>
</table>

D. Summary of the Findings on Transformational Leadership, Servant Leadership, and Strategic Leadership

As shown in Fig. 1 below, it shows that during and after the economic crises, the women entrepreneurs claimed that they adopted strategies related to transformational, servant and strategic leadership styles, although they found that the important strategies were related to transformational leadership, followed by servant leadership and strategic leadership respectively.

For **Transformational Leadership**, it can be seen that most of the strategies adopted are critical especially during the crises of economy rather than after the crises. During the economic crises, some of the strategies which are regarded as very important for transformational leadership are Always cooperate with my customers, Always increase team spirits with my employees, Can identify every section and its value to the business. The least important strategy used is Motivated to manage my business. After the crises, the most important strategies used are Always increase team spirits with Building good relationship with my employees, Have intellectual drive in running my business and Motivated to manage my business respectively. While after the crises, the women entrepreneurs preferred the least to Give space and power for my employees to make decisions.

For **Servant Leadership**, the most important strategies adopted during the crises are **Empowering employee is important**, **Opportunities for employees to upgrade skills** and **Give recognition on employee achievement**. However, the least important strategy used is Using conceptual skills in running business.

After the crises, the women entrepreneurs claimed that the most important strategies adopted are **Opportunities for employees to upgrade skills** are Building good relationship with customers and Building good relationship with business partner. The least important strategy adopted is Building good work relationship with employees.

For **Strategic Leadership style**, the most important
strategies adopted during the economic crises are Inspire employees, followed by Wise action for strategy implementation, while the least important strategy is Thinking process is used strategic planning. After the crises, the most important strategy adopted is Thinking process is used for strategic planning followed by Wise action for strategies implementation. On the other hand, the least important strategy used is Inspire employees.

When the strategies adopted are compared across the three leadership styles, the findings suggest that the women entrepreneurs are more inclined towards implementing strategies under Transformational and Servant Leadership styles rather than adopting strategies under Strategic Leadership style.

V. CONCLUSION

From the results, it is clear that there are slight differences in terms of the importance of strategies adopted under Transformational and Servant Leadership styles as compared to Strategic leadership styles which are regarded as less important than the former two leadership styles. These findings are consistent with past research findings as mentioned in the literature review above (Bruni, Gherardi, & Poggi, 2004; Gundry, Ben-Yoseph, & Posig, 2002). This implies that women entrepreneurs around the vicinity of Klang Valley, Kuala Lumpur prefer to adopt strategies which are more inclined to Transformational and Servant leadership styles in times of crises and after the crises. It is recommended that future studies should be conducted using larger samples across different areas in both urban and sub-urban and a comparative analysis be done to verify the results obtained in the present study. Furthermore, qualitative research methods may be carried out as a triangulation method to check and confirm the results obtained through the quantitative approach. The findings of this study are significant and have implications on women entrepreneurs to learn about adopting the right strategies for the survival of the business and this may also prove useful to them during the period of economic crises and after the phase of the crises in the upcoming future.

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