



Research Paper

## An empirical study of the impact of leadership on profitability and competitiveness-from the perspectives of intrapreneurs

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### Abstract:

Changing leadership styles will impact the profitability of the business. Organizations need to have effective leaders who can bring some change in the attitude of the employees. It is all the employee commitment that makes a successful organization. Hence it is important to have motivated employees. Leaders are employees' motivation sources (Saad Al Altheeb, 2020). As it is said anything which cannot be measured cannot be controlled, a leader should have control over cost also to increase profitability (Roy et.al 2019). The current study was conducted with objectives to know the impact of changing leadership on profitability and competitiveness of the company, to study how profitability and competitiveness will impact a leader's effectiveness. As a dimension reduction technique factor analysis was used. The developed parameters were grouped into two broad areas: Competitiveness and Profitability. These two components were put for further analysis.

**Key words:** Employee commitment, Changing leadership styles, Effective leaders, Competitiveness and Profitability, dimension reduction.

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### I. Introduction:

Leaders are the coaches who bring in some changes in organizational performance. The performance of the organizations can be linked to the style of leadership (Akram et.al. 2020). Effective leadership style can bring some difference in organizational performance on the positive side. Without an effective leader, decision-making will be a tough task. It is a timely decision that can make organizations stay ahead of the competition. The leaders are change agents (Meera Shankar et.al. 2012). Leaders who are innovative and who can embrace changing scenarios well can be more effective. The adaptability of the leader can make organizations achieve success amidst competition (Martin reeves et.al. 2011). Adaptability implies the capability to understand the signals of the market and be proactive in it. Those who can sense the changes well are the ones who can bring in some changes in the organizations. According to Tiina et.al 2016, transformational leadership impacts profitability. Overall leadership qualities influence organizational performance. Being competitive should be the mantra of the organizations. getting good leaders is equally challenging. Having proper control over all aspects of the firm is a better strategy for the leader. Irrespective of the size of the organization, the importance of leadership is being realized. Especially, large organizations should have sensible leaders to take care of the organizational profitability and growth. Strategic leadership will enhance profitability (Barnard yaw, 2019). A

leader should have an overall organizational picture to progress. The various environmental aspects demand a leader to adapt to the changing circumstances. A good leader would be more adaptive. The adaptable leader can accept the required challenge and progress well. A leader who is taking care of the organizational environment well can be more productive. The SR strategies of the leader will contribute to high organizational performance (Parvaneh Saeidi et.al 2021).

**Objectives:**

1. To know the impact of changing leadership on profitability and competitiveness of the company
2. To study how profitability and competitiveness will impact a leader’s effectiveness.

**Hypotheses:**

1. H<sub>0</sub>: There is no impact of Competitiveness and profitability on leader effectiveness.
2. H<sub>02</sub>: There is no relationship between competitiveness and profitability of the organization
3. H<sub>03</sub>: The ability of the leader to read and act on signals has no impact on leader effectiveness.
4. H<sub>04</sub>: There is no difference between the perception of respondents based on the position occupied by them on the component ‘adaptable leader is more competitive’

**Research Technique:** The respondents are selected based on their Job description and demographic background. The study was conducted by taking the perception of respondents who reside in India and the US. The parameters developed for the analysis would study the Perception of intrapreneurs on changing leadership styles and their impact on profitability and competitiveness. An empirical study was conducted to analyze the intrapreneur’s perception. In total 228 respondents interviewed who are from different demographic and professional backgrounds.

**Tools for data analysis:** By and large the study used the following statistical techniques.

1. **Correlation analysis.**
2. **Two-Way ANOVA.**
3. **Regression analysis.**

**Limitations of The Study:**The study covered those aspects to know how changing leadership styles impact the competitiveness and profitability of the companies. But it is not out of limitation. Various components impact profitability. Only a few factors are selected for the study. Time is another limitation that restricted the scope of data collection.

**Data Analysis:**

An adaptive leader is more effective. Various factors influence the effectiveness of the leader. Various components were developed to assess the impact on effectiveness. To group, the various parameters were developed to assess the respondent’s perception of the impact of changing leadership styles on organizational performance, factor analysis was conducted. The following tables will give the results of the factor analysis.

*Table 1: Rotated Component Matrix<sup>a</sup>*

	Component	
	1	2
Learning new things	.921	.057
To unlock their greatest resources	.915	.072
Ability to read and act on signals	.949	.056
Ability to experiment	.919	.131
Ability to tolerant failure	.932	.100
Meeting changing customer requirements	.114	.981
To retain customers	-.003	.969
To provide absolute customer service	.110	.989
To Make effective employee engagement	.102	.990
Leadership development increases alignment at the top	.101	.992

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 3 iterations.

From the above table, depending on the factor loadings, they are grouped into two components.

1. Impact on Competitiveness: The parameters like learning new things (0.921), Unlockingthe greatest resources (0. 915), Ability to read and act to signals (0.949), Ability to tolerate experiments (0.919), and ability to tolerate failure (0.932) have large positive loadings on factor 1. Hence, they are grouped under this.
2. Impact on Profitability: Meeting changing customer requirements (0.981), Retaining customers (0.969), Providing absolute customer service (0.989), To Make effective employee engagement (0.990) and

Leadership development increases alignment at the top (0.992) have larger positive loading on the second factor. Hence, they are described as so.

**H<sub>0</sub>: There is no impact of Competitiveness and profitability on leader effectiveness.**

The various parameters developed to study the respondents’ perceptions are grouped under two components. To know the impact of changing leadership on the leader’s effectiveness, these two components are put for further analysis. To know the nature and extent of the impact, regression analysis was conducted. The test results are as follows:

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.942 <sup>a</sup>	.887	.886	.357

a. Predictors: (Constant), Profitability, Competitiveness

From the model summary, it can be interpreted that predictor variables are influencing the dependent variable significantly. The R<sup>2</sup> is explaining 94.2% of the impact on the dependent variable. Hence it can be said that there is an influence of competitiveness and profitability on Leader effectiveness. Adaptable Leaders can be more effective. To know whether this impact is significant or not ANOVA test was conducted.

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	224.291	2	112.146	878.383	.000 <sup>b</sup>
	Residual	28.599	224	.128		
	Total	252.890	226			

a. Dependent Variable: An adaptive leader can influence competitiveness and profitability

b. Predictors: (Constant), Profitability, Competitiveness

With the p-value being less than 0.05, it can be said that there is a significant impact of the predictor variable on the dependent variable. Hence, we had to reject the null hypothesis stating that there is an impact of Competitiveness and profitability on leader effectiveness.

**H<sub>02</sub>: There is no relationship between competitiveness and profitability of the organization**

To know the relationship between these two variables correlation analysis was conducted. The following are the test results of the correlational analysis.

Table 4: Correlations

		Competitiveness	Profitability
Spearman's rho	Competitiveness	Correlation Coefficient	1.000
		Sig. (2-tailed)	.
		N	227
	Profitability	Correlation Coefficient	.190**
		Sig. (2-tailed)	.004
		N	227

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above test shows the correlation between competitiveness and profitability. There is a 0.190 correlation between the two. This shows a positive low correlation between the two. Hence it can be said that there is no correlation between competitiveness and profitability. Those leaders who are competitive may not influence the profitability of the organizations. Various factors might influence profitability and not only being competitive.

Though there is a low correlation between these two variables, the significant results with a P-value less than 0.05 and the null hypothesis are rejected.

**H<sub>03</sub>: The ability of the leader to read and act on signals has no impact on leader effectiveness.**

Regression analysis was conducted for the same. The predictor variable is a sensible leader who acts upon the signals received from the business environment and the dependent variable is leader effectiveness. The following table shows the test results. Leaders’ effectiveness is measured in terms of competitiveness and profitability.

Table 5: Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	<b>.893<sup>a</sup></b>	<b>.797</b>	<b>.796</b>	<b>.483</b>

a. Predictors: (Constant), An adaptive leader can influence competitiveness and profitability

b. Dependent Variable: Ability to read and act on signals

From the above table, it can be interpreted that  $R^2$  explains 0.797 i.e. 79.7% of the impact on the dependent variable. It means if the leader can act and proact to the signals which are received from the business environment, then it would be possible for the leader to be more effective comparatively.

To know the significance of the impact of the predictor on the dependent ANOVA test was conducted. The following table explains the same.

Table 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	<b>205.560</b>	<b>1</b>	<b>205.560</b>	<b>881.976</b>	<b>.000<sup>b</sup></b>
	Residual	<b>52.440</b>	<b>225</b>	<b>.233</b>		
	Total	<b>258.000</b>	<b>226</b>			

a. Dependent Variable: Ability to read and act on signals

b. Predictors: (Constant), An adaptive leader can influence competitiveness and profitability

From the above, it can be said that there is a significant impact of the predictor on the dependent. Since the P-value is less than 0.05 we had to reject the null hypothesis and say that the ability of the leader to read and act on signals has an impact on leader effectiveness measured in terms of competitiveness and profitability.

H<sub>04</sub>: There is no difference between the perception of respondents based on the position occupied by them on the component 'adaptable leader is more competitive'

To know the relation between the two, an ANOVA test was conducted. The test results are as follows.

Table 7: ANOVA

Competitiveness	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	<b>22.092</b>	<b>4</b>	<b>5.523</b>	<b>6.235</b>	<b>.000</b>
Within Groups	<b>196.659</b>	<b>222</b>	<b>.886</b>		
Total	<b>218.751</b>	<b>226</b>			

From the above, the high F value (6.235) and low P-value explain that there is a significant difference in the perception of the respondents depending on the different positions occupied by them.

Findings of the study:

The study was conducted to know the impact of leadership on profitability and competitiveness. Different tests were conducted to understand the impact. Various components were developed to know the impact of effective leadership on profitability and competitiveness. To know the correlation between the different components developed and to group these variables into different groups, factor analysis was conducted which is the dimension reduction analysis. Based on the factor loadings, the given parameters are grouped into two different components Competitiveness and Profitability. Different tests were conducted to know the impact of leadership on these two components. Regression analyses were conducted to know the impact of the predictor variable profitability and competitiveness on leaders' effectiveness. The  $R^2$  explained a higher impact on the dependent variable. From this, it was interpreted that a leader who is competitive and able to sense the signals received from the environment and those strategies which are profitable for the organization makes the leadership more effective. To study the level of significance of this impact, an ANOVA test was conducted. The lower P-value made us reject the null hypothesis since there was a significant impact of predictor competitiveness on the effectiveness of leadership.

Tests were conducted whether competitiveness and profitability go hand in hand i.e., whether these two are interrelated. Correlational analysis was conducted to test the same. But there was a very less correlation which is established between these two components. We had to conclude by saying that profitability and competitiveness are different perspectives of a leader. So it could be interpreted that all competitive leaders may not bring in more profits to the concern. The organization may be benefitted from increased market share or more popularity. But the significant value was less than 0.05. Hence we had to reject the null hypothesis stating that there is a relationship between competitiveness and profitability.

A leader should be proactive to the signals received from the business environment. To know whether the sensible leader will be more effective, regression analysis was conducted. The predictor variable was the

parameter that was developed for the study. A leader, who reads and acts on signals will be more effective. For analyzing this, regression analysis was conducted. The  $R^2$  explained sufficient impact on the dependent variable 'effectiveness of a leader'. Hence it was interpreted that the leader who can catch market signals well, can be more effective.

ANOVA test was done to study whether there is any difference in the perception of the respondents on whether the adaptable leader is more effective. From the P-value, it was concluded that those who are adaptable can be more effective leaders.

### **Suggestions:**

The effectiveness of the leader depends on various criteria. A leader has to be sensible enough to understand the market changes or environmental changes. The more the leader is competent to face challenges, the more effective leadership will be. If the leader has strategies to bring in more profits for the organization,

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