

# TRANSFORMATIONAL LEADERSHIP: ENHANCING CORPORATE ENTREPRENEURSHIP FOR FOSTERING COMPETITIVENESS

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## Abstract

This study examines the influence of transformational leadership on corporate entrepreneurship, and analyzes the impact of the different dimensions of both constructs on each other. A quantitative research method was employed, and data was collected via a questionnaire. The participants of this study were 300 employees working in private hospitals in Pakistan. The findings revealed that intellectual stimulation, idealized influence, inspirational motivation and individual consideration have substantially significant and insignificant impact on new business ventures, self-renewal and innovativeness. Transformational leadership dimensions seem to exist within the corporate entity, which need to be synergized with new business ventures, innovativeness, and self-renewal to enhance corporate entrepreneurship. Thus, we examine the relationship between transformational leadership and corporate entrepreneurship in private hospitals in Pakistan, which has implications for current leadership issues such as diversity and competitiveness in the workplace.

**Keywords** – *Transformational leadership, Corporate entrepreneurship, Private hospitals of Pakistan, Structural equation modeling*

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## 1. INTRODUCTION

In today's dynamic and competitive business environment, organizations are constantly seeking innovative ways to foster corporate entrepreneurship. Fast-technological advancement has been shaping current global business and changing the economic environment (Pereira & Romero, 2017), resulting in debates over several management issues, such as leadership and diversity in workplaces, or leadership effectiveness. The need for an entrepreneurial mindset in organizations is overwhelming. Hampel et al. (2020) and Niemann et al. (2020) explained entrepreneurship as a unique process of thinking and a deliberate attitude that offers opportunities to reduce business risks. Rae and Carswell (2001, p. 150) “acknowledged that entrepreneurship is a process of identifying opportunities for creating or releasing value and of forming ventures which bring together competitive resources to exploit those opportunities.” To this end, the desire for entrepreneurship has gone beyond individuals, as it is becoming a new corporate endeavor. Mohezar et al. (2020) and Naderi et al. (2019) viewed corporate entrepreneurship as a typical approach to solving economic problems, which cuts across disciplines and businesses rooted in particular processes and values common to each corporate entrepreneur regardless of their focus area. Considering the nature of the healthcare industry, it seems clear that corporate entrepreneurs are important and relevant actors with whom to be reckoned (Mumaraki, 2020). The importance of transformational leadership in the healthcare industry has recently increased, associated with sustainable development and driving innovation and efficiency (Głód, 2018), enhancing human capital (Khan et al., 2018), knowledge sharing and team performance (Anselmann & Mulder, 2020), as well as corporate entrepreneurship (Chang et al., 2019).

Several researchers (e.g., Moriano et al., 2011; Serinkan et al., 2013; Baruah & Ward, 2014) defined corporate entrepreneurship as an orientation towards entrepreneurial activities within the organization that facilitate and motivate employees on applying innovative ideas in their job undertakings. One of the main focuses of corporate entrepreneurial literature is on the managerial innovation system and promoting enterprise strategies globally (Antoncic & Hisrich, 2001; Serinkan et al., 2013; Baruah & Ward, 2014). Moriano et al. (2011), Serinkan et al. (2013) and Baruah and Ward (2014) have admitted

that corporate leaders play a significant role in enterprise management, entrepreneurship development and practical performance. In reality, corporate managers are truly responsible for the provision of the desired environment to motivate their subordinates towards corporate entrepreneurship engagements (Lounsbury, 1998). The primary issue for the companies is not only to attain a high level of performance but to sustain the position in the global market while competing with all upcoming unpredictable challenges (Chen & Kim, 2023). Transformational leadership offers an opportunity for organizations to be competitive in the global market.

Shafique and Kalyar (2018) assessed the nexus between transformational leadership and corporate entrepreneurship in medium-sized enterprises. They also stressed that less attention has been paid to such a type of study in the health sector of Pakistan. Moreover, Gartner et al. (1992) and Soriano and Urbano (2010) also stated that only few research studies have been conducted on the corporate entrepreneurial system. In the aforementioned studies, the connections between transformational leadership and corporate entrepreneurship, both as multidimensional constructs, are still unclear and not yet validated in the context of developing countries. This study contributes by examining the performance of leaders in the development of corporate entrepreneurship among private hospitals' employees in Pakistan. Furthermore, this work is of interest in the area of corporate entrepreneurship development because it was found that few scholars have studied the relationship between the various components of transformational leadership and corporate entrepreneurship in developing countries. This is one of the first studies to examine the relationship between transformational leadership and corporate entrepreneurship in private hospitals in Pakistan, bearing implications in current leadership issues such as diversity and competitiveness in the workplace.

## 2. LITERATURE REVIEW

### 2.1 Corporate entrepreneurship

Corporate entrepreneurship is decisive for the survival, profitability, competitiveness and growth of a firm. According to Mumaraki (2020), corporate entrepreneurship in a health institution leads to improved performance regarding reduction of maternal and neonatal mortality and the development of new business plans. Mumaraki (2020) and Soomro and Shah (2022) further stressed that corporate entrepreneurship activities tend to stimulate creativity and innovation as well as to encourage a culture of calculated risk-taking throughout the healthcare sector's operations, and thus have a positive impact on healthcare performance and on organizational innovation.

Several scholars have emphasized the significance of corporate entrepreneurship for business progress (Antoncic & Hisrich, 2001; Soriano & Urbano, 2010; Boone, et al., 2019; Schönwälder & Weber, 2023). Corporate entrepreneurship leads to long-term competitive advantage for firms by inducing innovative ideas and plans within the organization (Beh & Shafique, 2016). Likewise, Mumaraki (2020) identified consensus regarding corporate entrepreneurship's positive impact on organizational performance improvement. Mumaraki further argued that there is still disagreement on the actual dimensions of the corporate entrepreneurship constructs. Furthermore, different scholars have provided varying definitions of corporate entrepreneurship based on their industrial affiliation, environment and theoretical bases. Moriano et al. (2011) referred to it as an entrepreneurial orientation, (Soriano & Urbano, 2010; Sinha and Srivastava, 2015) and as a collective form of activities, which corporations adopt for the enhancement of innovation, risk-taking culture and prompt response to environmental changes. Serinkan et al. (2013) and Menzel et al. (2007) postulated that corporate entrepreneurship is also called collective entrepreneurship, business venturing, corporate internal enterprises facilitating business product, ideas and process innovation inside the organization while engaging in new business activities and taking advantage of available opportunities. Corporate entrepreneurship acts as a process that exists within the organization and creates new business opportunities and innovative ideas, products and services, like advanced technology, new products and services, management strategies, competitive knowledge and postures (Antoncic & Hisrich, 2001; Ratten, 2022).

In this regard, Comeche and Loras (2010) stated that corporate entrepreneurship has a unique and different approach from the general entrepreneurship because the innovation is raised and developed collectively from an internal setup. Consequently, corporate entrepreneurship is a process by which new business activities are successfully created and developed (Soriano & Urbano, 2009). Moriano et al. (2011) maintained that corporations may range from small business units to a global level organization. Hence, corporate entrepreneurship has emerged as a shared and collective effort moving towards the achievement of professional excellence. Consequently, corporate entrepreneurship acts as a knowledge accumulator and intelligence collaborator between the manager and workers of an organization. Similarly, new business ideas, products, services or processes are the outcome of successful corporate entrepreneurial activities (Baruah & Ward, 2014), which finally maximizes business profits. On the other hand, Baruah and Ward (2014) perceived corporate entrepreneurship as an action-based performance, which steers an organization in the direction of new business plans. Scholars like Antoncic and Hisrich (2001), Moriano et al. (2011) and Beh & Shafique (2016) accepted that corporate entrepreneurship is a holistic idea consisting of three major dimensions: a) new business venturing, which involves the starting of innovative products or services in the existing business and market (Antoncic & Hisrich, 2001); (b) innovation, i.e., the development of innovative and unique goods, services and technologies (Beh & Shafique, 2016); (c) self-renewal, which focuses on long-term reforms, rearrangement and business changes (Antoncic & Hisrich, 2001). Ozdemirci (2011, p. 613) defined self-renewal “as the fundamental change which brings innovative ideas, product and process while focusing the strategic goals.” Leaders motivate and guide their subordinates to think in a productive and experimental way (Jung et al., 2003) to overcome the likelihood of failure and the traditional mindset (Moriano et al., 2011).

## 2.2 Transformational Leadership

Yukl (2012), Cyert (2006), and Franco and Gonçalves Matos (2015) have noted that leadership theory is a diverse concept, ranging from behavior, attitude and practical actions influencing and motivating employees in achieving the desired goals and objectives of the organization. Leadership is also perceived as a process that supports and facilitates the achievement of group goals and the organizational vision (Shortell and Kaluzny, 2006). Leadership can also be seen as an action that motivates the subordinates to perform in a desired way that brings affirmative changes and fruitful organizational outputs (Hughbank & Horn, 2013). Franco and Gonçalves Matos (2015, p. 426) stated that “leadership is the art of motivation, guidance, direction and management of employees towards achieving the desired goals effectively.” Leadership is an important determinant that shapes organizational culture and environment, and the personality traits of the employees (Menzel et al., 2007).

Transformational leadership has remained the most influential leadership theory over the past two decades (Avolio et al., 2009; Sosik & Jung, 2010). It is a leadership style that inspires employees towards the attainment of a common goal in line with the organization’s broad vision (Bass, 1985; Bass & Riggio, 2006). It includes characteristics such as listening to the employees, getting employees’ feedback, communicating with them and establishing healthy relationships (Men, 2014). The success of transformational leadership occurs when leaders and followers raise each other to a higher level of motivation and values (Naderi et al., 2019). Eagly and Johannesen-Schmidt (2001) argued that positive behaviors of transformational leaders include equal treatment and motivating employee participation in the decision-making process. They warmly allow and encourage their subordinates to discuss and share emotions, feelings, and suggestions for the organization's wellbeing. Yang (2007) posited that transformational leaders also try to understand and solve the needs of the subordinates and facilitate them to work in a flexible and healthy environment. Avolio et al. (1999) and Bass and Avolio (2004) characterized transformational leadership into four major categories, the first being idealized influence. Idealized leaders have charisma and the ability to convince their followers. They also trust, respect and care for their subordinates (Beh & Shafique, 2016). Soomro and Shah (2022) suggested that idealized influence, in terms of behavior, emphasizes that transformational leaders should engage in actions that enable them to serve as positive role models for their groups. Additionally, these leaders need to exhibit sincerity and respect while also embodying dedication and confidence. The second category is inspirational motivation, the main focus of which is on the dissemination of the organizational goal and vision. Vision is the demonstration of an organization's future ideal picture considering the norms, values

and culture (Rafferty & Griffin, 2004). “Leaders present the organization mission in a such a wonderful way [and] hence their employees voluntarily sacrifice their self-interest for the greater interest of the organization.” (Jung et al., 2003, p. 445). Consequently, they build long-term and strong relationship with their followers by interactive communication and sharing of ideas (Franco & Gonçalo Matos, 2015). These leaders apply “emotion-laden” requests that motivate the followers (Rafferty and Griffin, 2004). The third category is intellectual stimulation, which involves fostering employees' interest and awareness of organizational issues to inspire creativity, innovation, and problem-solving. Leaders play a crucial role in motivating and guiding employees to think beyond the ordinary, encouraging them to challenge their own interests and incorporate new ideas. Leaders who support intellectual stimulation do not openly criticize their followers' mistakes, which boosts morale and performance (Nasir et al., 2022). Shafique and Kalyar (2018) believed that intellectual stimulation fosters a sense of curiosity and a love for learning. When you actively seek out new knowledge and engage in intellectually challenging activities, you are more likely to explore different aspects of yourself and the world. This ongoing process of learning and discovery contributes to personal growth and self-awareness. Moreover, workers' interest and awareness towards organizational issues are sensitized and developed by the support of intellectual stimulation (Rafferty and Griffin, 2004), to inspire creativity, novelty and resolution of hard tasks (Beh and Shafique, 2016) while applying intellectual knowledge, skills and capabilities. “Leaders motivate, guide and prepare their employees for extraordinary thinking, and to challenge their own interest, (Jung et al., 2003, p. 445), while incorporating new ideas and providing business solutions (Avolio & Bass, 2001, p 25).” Mostly these leaders do not openly and publicly object to their follower's mistakes, which enhances their moral and performance (Franco & Gonçalo Matos, 2015). The final category is individual consideration, which facilitates and supports people needs and wants. This type of leadership is also called a supportive leadership style (Rafferty & Griffin, 2004). Leaders must give special consideration to the personal and professional development of their employees while observing their needs (Beh & Shafique, 2016). “They focus individually with every employee to seek feedback, monitor and communicate” (Beh and Shafique, 2016, p 146). Individual consideration enhances new business ventures by creating an environment that supports risk-taking and entrepreneurial behavior. It promotes innovativeness by aligning employees' skills and interests with their assigned tasks and providing the necessary support and feedback. Lastly, it fosters self-awareness among employees, enabling them to make informed decisions and capitalize on their strengths (Boukamcha, 2019). Accordingly, this means that a transformational leader creates self-awareness, which allows the followers to perform, enhance individual skills and make business achievements (Franco & Gonçalo Matos, 2015). In this regard, transformational leadership is a relationship-oriented concept that has an affirmative impact on the employee's behavior and attitudes (Men, 2014; Ribeiro et al., 2018).

### **2.3 Corporate entrepreneurship and transformational leadership**

Yang (2007), Menzel et al. (2007), Moriano et al. (2011), and Men (2014) argued that transformational leadership has a strong predictive ability on the promotion of corporate entrepreneurship within the organization. Indeed, transformational leaders have the capability of gaining innovative ideas from the external environment (Yang, 2007) and can also promote entrepreneurial spirit among the employees of the organization. Furthermore, transformational leaders fully support their followers in skill development programs such as training and development, innovative decision making and supporting their ideas, building an entrepreneurial corporate culture (Antoncic & Hisrich, 2001). Corporate leaders enable decisions and innovative ideas, which are the feature of corporate entrepreneurship (Eyal & Kark, 2004). Jung et al. (2003) supported the view that transformational leaders effectively communicate an organization's vision, which highlights the strategic business decisions and directs workers to embrace the vision. These leaders try to minimize the gap between the workers and managers; hence, this motivates the workers towards initiating new business activities and ventures. Furthermore, literature on the topic emphasizes the significance of corporate entrepreneurship in the survival, growth and profitability of a firm, especially in the healthcare sector. Corporate entrepreneurship is known to reduce maternal and neonatal mortality, stimulate the creation of new business plans, stimulate creativity and innovation, and encourage a culture of calculated risk-taking. In view of the foregoing, we propose the following hypotheses:

*H1; Intellectual stimulation has a positive and direct effect on new business venturing.*



- H2; Intellectual stimulation has a positive and direct effect on innovativeness.*  
*H3; Intellectual stimulation has a positive and direct effect on self-renewal.*  
*H4; Idealized influence has a positive and direct effect on new business venturing.*  
*H5; Idealized influence has a positive and direct effect on innovativeness.*  
*H6; Idealized influence has a positive and direct effect on self-renewal.*  
*H7; Inspirational motivation has a positive and direct effect on new business venturing.*  
*H8; Inspirational motivation has a positive and direct effect on innovativeness.*  
*H9; Inspirational motivation has a positive and direct effect on self-renewal.*  
*H10; Individual consideration has a positive and direct effect on new business venturing.*  
*H11; Individual consideration has a positive and direct effect on innovativeness.*  
*H12; Individual consideration has a positive and direct effect on self-renewal.*

### **3. METHODOLOGY**

A quantitative research approach was employed to empirically measure the model of the study. Therefore, measurements and data collection were employed.

#### **3.1 Measures**

To measure the study constructs, seven scales were adopted from previous empirical studies. A five-point Likert scale (1-strongly disagree; 5-strongly agree) was used to measure all the retained scales of the study. The decision to use a five-point Likert scale was influenced by Zeb et al.'s (2020b) suggestion that scales with fewer than seven points are more reliable because humans struggle to consistently make distinctions beyond seven points. The aim was to prevent excessive focus on the midpoint (moderate), hence the choice of a five-point Likert scale.

Transformational leadership is a multidimensional construct (Bass & Avolio, 2004), and it is combinations of four dimensions such as idealized influence, inspirational motivation, intellectual stimulation and individual consideration. Previously tested leadership questionnaire traits were selected, developed by Bass and Avolio (2004). For this study, a more-extensive scale of transformational leadership traits developed by Avolio et al. (1999) was used. The scale has four dimensions and 11-items (each dimension has 3-items, while only individual consideration has 2-items). Corporate entrepreneurship is a multidimensional construct (Zahra, 1993), which is conceptualized by new business ventures (measured by 3-items), innovativeness (by 4-items) and self-renewal (4-items), a scale which was developed by Zahra (1993). Gender was specified as a control variable.

#### **3.2 Data collection**

The sample of this study is a non-probabilistic convenience sample collected using a structured questionnaire and following the best recommendations of Zeb et al. (2021) and Javaid et al. (2018) regarding the use of survey questionnaires. This type of sampling technique allows quick and easy data gathering, as we can select participants who are readily available and accessible. This can be useful when resources and time are limited (Zeb et al., 2019). The data collection was carried out in 2019 in seven private hospitals in the Islamabad and Rawalpindi regions of Pakistan. The data is being truly used for the first time, presenting the current dynamics of transformational leadership and corporate leadership dimensions.

The collection procedure was made by communicating with human resource offices. Respondents were instructed to read the survey forms and anonymously record answers of their choice so as to avoid related bias. The survey forms had cover letters and used understandable language to ensure effective responses. Furthermore, all questions were numbered and coded, precisely organized for convenience and clarity, and spaced to minimize eye-strain.

A total of 350 surveys were distributed among employees. In return, 300 surveys (85.72 percent) were accepted while 50 (14.28 percent) were rejected due to missing data. Table 1 specifies the characteristics of the sample, showing that 265 (88.34 percent) were male, 35 (11.67 percent) were female, and those under age 29 were 112 (37.34 percent), 30 to 39 years were 94 (31.34 percent), and 40 to 49 or above were 54 (18 percent). For level of education, high school was 25 (8.34 percent), Bachelor/Master's degrees were 130 (43.34 percent), and MS/Ph.D. was 145 (48.34 percent) respectively.

Tab. 1 - Demographic profile of respondents

Demographic Characteristics	Frequency	Percentage
Gender:		
Male	265	88.34
Female	35	11.67
Respondents' age:		
Under 29	112	37.34
30-39	94	31.34
40-49 or above	54	18
Respondents' education:		
High school	25	8.34
Bachelor/Master	130	43.34
MS/Ph.D.	145	48.34

### 3.3 Exploratory factors analysis

Exploratory factors analysis (EFA) was carried out to assess the dimensionality of the factors. Cronbach's alpha values and factor loading of all constructs ranged from 0.72 to 0.84 and 0.522 to 0.867 as earlier recommended by Zeb et al., (2019) (refer to Table 2). The EFA results indicated that all the constructs are reliable and have high internal consistency, and thus were retained for further analysis. All the reported communalities were high (0.516 to 0.839). Acceptable cutoff values for communalities range from 0.25 to 0.4, while communalities of 0.7 or higher are considered ideal (Zeb et al., 2020a).

Tab. 2 - Exploratory factors analysis

Constructs items	Factorsloadings	Cronbach's alpha		Factors loadings	Cronbach' salpha
Intellectual stimulation		0.72	New business venturing		0.75
IST1	0.711		NBV12	0.726	
IST2	0.812		NBV13	0.708	
IST3	0.849		NBV14	0.851	
Idealized influence		0.73	Innovativeness		0.84
IDI4	0.838		INN15	0.522	
IDI5	0.778		INN16	0.694	
IDI6	0.753		INN17	0.716	
Inspirational motivation		0.81	INN18	0.619	
IM7	0.867		Self-renewal		0.76
IM8	0.693		SR19	0.792	
IM9	0.644		SR20	0.749	
Individual consideration		0.75	SR21	0.663	
IC10	0.632		SR22	0.619	
IC11	0.702				

## 4. RESULTS

### 4.1 Measurement model

Partial Least Square Structural Equation Modelling (PLS-SEM) was employed as recommended by Hair et al. (2011). The results of all construct item factor loadings, alpha, average variance exerted and

composite reliability are presented in Table 3. The factor loadings of all constructs are ranging from 0.503 to 0.903, at a 0.01 level of significance. The alpha values of all constructs are ranging from 0.71 to 0.82, falling within the acceptable range. The values of AVE are ranging from 0.54 to 0.74, which are greater than the 0.5 threshold, and C.R values of all constructs were ranging from 0.72 to 0.89, greater than 0.6, signifying high-level internal consistency of the measurement model.

Tab. 3 - Results of the measurement model

Constructs	Items	Factor Loadings	Alpha value	AVE	C.R
Intellectual stimulation			0.82	0.74	0.89
	IST1	0.811			
	IST2	0.912			
Idealized influence	IST3	0.849	0.77	0.68	0.86
	IDI4	0.738			
	IDI5	0.878			
Inspirational motivation	IDI6	0.853	0.72	0.54	0.78
	IM7	0.667			
	IM8	0.793			
Individual consideration	IM9	0.744	0.74	0.55	0.72
	IC10	0.533			
	IC11	0.903			
New business venturing			0.78	0.68	0.86
	NBV12	0.896			
	NBV13	0.808			
Innovativeness	NBV14	0.760	0.71	0.54	0.82
	INN15	0.596			
	INN16	0.794			
	INN17	0.816			
Self-renewal	INN18	0.719	0.71	0.55	0.82
	SR19	0.796			
	SR20	0.849			
	SR21	0.763			
	SR22	0.503			

#### 4.2 Discriminant validity

Discriminant validity as recommended by Fornell and Larcker and HTMT criterion are shown (refer to Table 4). As per the Fornell and Larcker criterion, discriminant validity values show that the square root of all respective constructs' AVE values are greater than the respective correlation of other latent constructs, which shows adequate discriminant validity (Fornell & Larcker, 1981). As per HTMT criterion, all values were less than the 0.85 criterion, thus further proving the achievement of discriminant validity.

#### 4.3 Coefficient of determination

The coefficient of determinations (R<sup>2</sup>) in the measurement model proposes that 33.2% of the total variance in new business ventures, 6.5% in innovativeness and 17% in self-renewal can be explained by transformational leadership dimensions (refer to measurement model Figure 2).

Tab. 4 - Discriminant validity of constructs

Constructs	Fornell-Larcker Criterion						
	1	2	3	4	5	6	7
1 Idealized influence	0.83						
2 Individual consideration	0.11	0.74					
3 Innovativeness	0.17	0.21	0.74				
4 Inspirational motivation	0.51	0.15	0.12	0.74			
5 Intellectual stimulation	0.56	0.18	0.13	0.28	0.86		
6 New business venturing	0.13	0.57	0.16	0.06	0.10	0.82	
7 Self-renewal	0.26	0.32	0.25	0.27	0.18	0.28	0.74
HTMT Criterion							
1 Idealized influence							
2 Individual consideration	0.38						
3 Innovativeness	0.21	0.54					
4 Inspirational motivation	0.78	0.64	0.20				
5 Intellectual stimulation	0.72	0.47	0.16	0.42			
6 New business venturing	0.17	0.72	0.23	0.14	0.12		
7 Self-renewal	0.35	0.63	0.32	0.39	0.23	0.14	

#### 4.4 Structural path evaluation

The path coefficient values of intellectual stimulation on new business ventures ( $\beta = -0.056$ ,  $t = 1.012$ ,  $p = 0.31$ ) have shown a non-significant effect, thus, not supporting H1. On the other side, path coefficient values of intellectual stimulation on innovativeness and self-renewal ( $\beta = 0.156$ ,  $0.282$   $t = 2.135$ ,  $3.021$ ,  $p = 0.00$ ,  $0.01$ ) have shown substantially significant effects, thus supporting H2 and H3. Furthermore, path coefficient values of idealized influence on new business ventures and self-renewal ( $\beta = 0.130$ ,  $0.147$ ,  $t = 2.27$ ,  $2.29$   $p = 0.02$ ,  $0.01$ ) have shown substantially significant effects, supporting H4 and H6. As for path coefficient values of idealized influence on innovativeness ( $\beta = 0.126$ ,  $t = 1.651$ ,  $p = 0.10$ ) they have shown a non-significant effect, thus not supporting H5.

Tab. 5 - Summary results of hypothesis

Relationships	$\beta$ values	t values	p values	Decision
Intellectual stimulation -> New business venturing	-0.056	1.012	0.31	Not supported
Intellectual stimulation -> Innovativeness	0.156	2.135	0.00	Supported
Intellectual stimulation -> Self-renewal	0.282	3.021	0.01	Supported
Idealized influence -> New business venturing	0.130	2.27	0.02	Supported
Idealized influence -> Innovativeness	0.126	1.651	0.10	Not supported
Idealized influence -> Self-renewal	0.147	2.29	0.01	Supported
Inspirational motivation -> New business venturing	0.175	2.113	0.01	Supported
Inspirational motivation -> Innovativeness	0.153	1.982	0.02	Supported
Inspirational motivation -> Self-renewal	0.018	0.221	0.54	Not supported
Individual consideration -> New business venturing	0.074	1.112	0.45	Not supported
Individual consideration -> Innovativeness	0.184	2.71	0.01	Supported
Individual consideration -> Self-renewal	0.281	4.80	0.00	Supported

The path coefficient values of inspirational motivation on new business ventures and innovativeness ( $\beta = 0.175$ ,  $0.153$ ,  $t = 2.113$ ,  $1.982$ ,  $p = 0.01$ ,  $0.02$ ) have shown substantially significant effects, thus supporting H7 and H8. On the other side, path coefficient values of inspirational motivation on self-renewal ( $\beta = 0.018$ ,  $t = 1.221$ ,  $p = 0.54$ ) have shown a non-significant effect, thus not supporting H9. Furthermore, path coefficient values of individual consideration on new business ventures ( $\beta = 0.074$ ,  $t = 1.112$ ,  $p = 0.45$ ) have shown a non-significant effect, thus not supporting H10. Path coefficient values of individual consideration on innovativeness and self-renewal ( $\beta = 0.184$ ,  $0.281$ ,  $t = 2.71$ ,  $4.80$   $p = 0.01$ ,  $0.00$ ) have shown substantially significant effects, thus supporting H11 and H12.



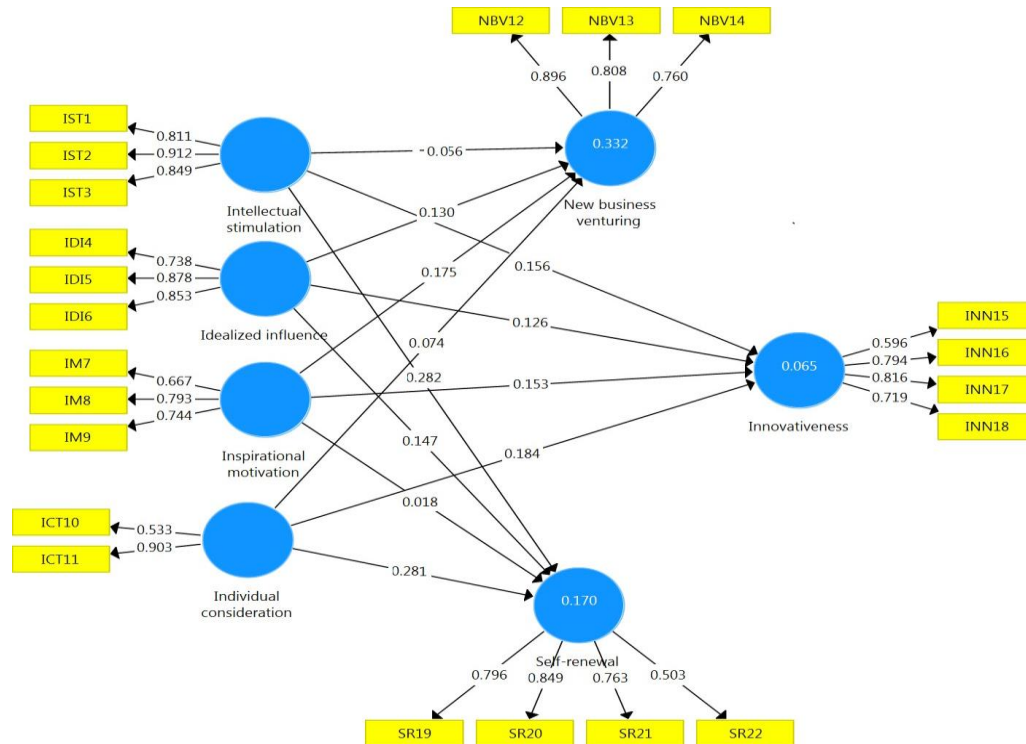


Fig. 2 Measurement model

## 5. DISCUSSION

In this study, we have examined the influence of transformational leadership on corporate entrepreneurship in a health sector (private hospital) sample. Transformational leadership has been manifested as a diverse concept built upon motivational, inspirational, idealization, intellectual and personal considerations. It further facilitates emerging business activities, new innovative products and services, and individual competitiveness. Our empirical research revealed the relative importance of transformational leadership dimensions in developing corporate entrepreneurship. The research conclusions are also in line with previous studies and theories of entrepreneurial leadership (Bass, 1999; Bryman et al., 1996). The findings also seem to support the past research studies of Sharma et al. (2012), Bass (1999) and Chang et al. (2018), recognizing that employees' thoughts, working styles, behaviors and mindsets can be directed towards innovative ideas and products with the support of transformational leaders. As far as the employees of health institutions and other companies are concerned, most lack some innovative skills, despite being motivated by their leaders. Accordingly, the findings seem to be contrasting past studies of Avolio and Bass (2001), Li et al. (2019) Rafeea (2022) and Suryano (2023), concluding that employees are motivated towards innovative and new activities by the support of transformational leaders. They further stressed that health institutions should prioritize the development of each section of the hospital collective efficacy to optimize implementation of managers' transformational leadership behaviors in order to focus on innovation.

To this end, intellectual guidance is limited to the organization's current problem creative solutions (Jung et al., 2003; Beh & Shafique, 2016; Rafferty & Griffin, 2004). Similarly, it seems the charismatic and admirable leaders may only create new business motivation in their subordinates but cannot produce the skill and thinking of innovations. Although this research somehow supports Johannesen-Schmidt (2001), Men (2014) and Yang (2007) found that transformational leaders motivate their employees towards organizational changes and redirect them towards eventual new changes. Most leaders support and motivate their subordinates to develop their knowledge, skills and capabilities to perform organizational activities (Afsar & Umrani, 2019, Zeb et al., 2020b). The study results have also revealed that young managers of private hospitals are more inclined to the application of new business ideas when their leaders inspire, guide, and encourage them. This is related to the findings of previous studies by Hughbank and Horn (2013) and Jung et al. (2003), which testified that transformational leaders can effectively guide their subordinates in achieving organizational goals and objectives. In these situations,

transformational leaders mostly develop personal interactions and healthy communication with their subordinates. The subordinates are provided necessary training, support and rewards by the transformational leaders to accomplish their targets (Antoncic & Hisrich, 2001; Zeb et al., 2018). Charismatic leaders, however, usually do not focus on the self-analyzing aspect of their subordinates, although it seems important. Indeed, past studies reported the need for inspirational motivation from the transformational leaders in the self-analyzing process of their subordinates (Jung et al., 2003; Moriano et al., 2011), which is inconsistent with the results. Lastly, workers' innovativeness and self-renewal can often be enhanced and developed when their leaders fulfill their needs and expectations. The personal interest and guidance of the leaders can play a vital role in creating motivation among their subordinates, resulting in the introduction of new goods and services (Antoncic & Hisrich, 2001; Beh & Shafique, 2016). It further enhances the abilities of the subordinates in formulating, changing, recognizing and prioritizing their tasks. The results concur with the previous studies of Ozdemirci (2011) and Pham (2023), who noted that transformational leaders try to fulfill the desires of their subordinates to prepare them for organizational changes and innovations.

## 5.1 Conclusion

The basic objective of this paper was to study the role of leadership style, mainly focusing on the effect of transformational leadership on corporate entrepreneurship. The findings of the study were as follows: (a) Intellectual stimulation has significant relationships with innovativeness and self-renewal but has an insignificant relationship with new business venturing. (b) Idealized influence has significant relationships with new business venturing and self-renewal but an insignificant relationship with Innovativeness. (c) Inspirational motivation has significant relationships with new business venturing and innovativeness, but an insignificant relationship with self-renewal. (d) Individual consideration was found to have significant relationships with innovativeness and self-renewal, while its relationship with new business venturing was insignificant. This study recommends that policy and decision makers should adopt transformational leadership and enhance absorptive capacity to promote entrepreneurial culture and improve the survival rate of healthcare employees. The policy maker is advised to focus on training and education programs for healthcare employees to enhance transformational leadership and corporate skills. However, the study acknowledges its boundaries, such as the limited scope of sectors and the need for further research to include other industries and factors.

## 5.2 Theoretical and managerial implications

The findings of this study provide a series of theoretical and managerial contributions for healthcare institutions. As for theoretical contributions, this study incorporates a deductive approach, and entrepreneurship-related theories seem to be suitable for developing countries. The concept of leadership by Burns (1978), which was further developed by Bryman et al. (1996) and Bass (1999), enabled the development of a theoretical framework of transformational leadership enhancing corporate entrepreneurship. Furthermore, this study theoretically enabled some dimensions of transformational leadership as a configuration of corporate entrepreneurship. Other dimensions of transformational leadership, however, cannot configure corporate entrepreneurship. Additionally, this study contributes to the body of existing knowledge on leadership roles in corporate entrepreneurship development. Managerial contribution is the influence of inspirational motivation on innovativeness, and new business ventures should encourage young leaders to be involved in the delivery of long-term shared visions to improve innovative projects. The leaders should perceive different trainings and developments to stimulate their employees' intellectual skills, abilities and competencies. These skills and abilities will expand their self-renewing innovative behaviors. Furthermore, leaders should develop mutual communication with their subordinates, to encourage and motivate good performance and self-renewing.

Moreover, this study indicates that the instigation of new business ventures by organizations independently contributes to their profitability and competitiveness, regardless of the effects of transformational leadership behaviors. It also found that the intellectual stimulation and individualized consideration dimensions of transformational leadership directly enhance profitability and growth. These findings imply that leaders who can identify problems, utilize innovative approaches to solve

them, and maximize the capabilities of their subordinates significantly contribute to business opportunities.

### 5.3 Limitations and future studies

This study has its limitations. The use of previous scales of transformational leadership and corporate entrepreneurship could have increased the positive results. To minimize this kind of shortcoming, a scale for different constructs from other sources could be used. The data were collected from a particular period of time from a single source; this might create bias due to common method variance (Podsakoff et al., 2003). However, future research could avoid a cross-sectional study and collect data from multiple ways and techniques. The links between transformational leadership and corporate entrepreneurship that may be mediated by staff collaboration, collective communication and work environment have not been mentioned in the study model. This gap should be addressed in future studies. Additional elements such as a company's reputation, tangible resources, and financial stability should be incorporated to assess the ongoing impact of transformational leadership on corporate entrepreneurship. Furthermore, this study only addressed private hospitals of Pakistan. It would be beneficial to apply the model of this study to other corporate establishments because private hospitals of Pakistan only provide healthcare services.

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