

## A CONCEPTUAL STUDY OF TRAITS BETWEEN 1<sup>ST</sup> AND 2<sup>ND</sup> GENERATION ENTREPRENEURS OF SELECTED INDUSTRIES IN PUNE DISTRICT WITH REFERENCE TO NEED OF ACHIEVEMENT THEORY

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Mrs. Soniya V Kumbhojkar\*

### ABSTRACT

*Small scale family business has been an integral part of the Indian culture and tradition. It is a major contributor to the Indian economy for growth and development. Family businesses are **the core of the Indian economy**. Without family businesses, there will be an adverse impact on economy because it not only contributes to the GDP, it is also the biggest creator of employment generation. Inheriting a family business and running it successfully is a double-edged sword. Irrespective of the inheritance; talent, knowledge and acumen play a very important role. One of the major characteristics of an entrepreneur is good Human Relations ability. Incompatibility in first generation and second-generation entrepreneurs lead to inappropriate leadership, brain drain, lack of motivation, improper change management and hinders the sustainability of the business. Lot of prejudices and fixed mindsets (stereotyping) leading to misunderstanding and conflicts among the first generation and second generation puts an end to the sustainability of the business. The amalgamation of HR skills can enrich, retain talent, carry forward legacy and come out with a model or chronicle to help budding entrepreneurs develop right type of motivation and HR skills. The objectives of the study are- 1. To identify and compare leadership traits on the basis of Need of Achievement in the first generation and the second-generation entrepreneurs. 2. To come up with a viable and feasible solutions for consensus development between both the generations of entrepreneurs. The Research Paper is based on Secondary data. With help of this comparative analysis on leadership traits and Need of Achievement, we can come up with a model for second generation entrepreneurs which will help us to know whether they are capable to run the family business. This study will also help to achieve National objectives of Make in India and Atmanirbhar Bharat. This will contribute significantly to economic development of the society and nation.*

**KEYWORDS:** *Entrepreneurs, Generations, Leadership, Sustainability.*

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### Introduction

Effective leaders in business build organizations that withstand uncertainty, change, and competition. The sustained impact of leaders on business success can further be realized through examining leadership styles and the types of individuals operating the businesses. Leaders lead themselves and others using leadership styles based on personal experience, background, education, or training. Different styles of leadership impact the level of performance and performance improvement within an organization (Bass, 1985). How an individual leads a business impacts its employees, customers, communities, and other stakeholders. Entrepreneurs operating enterprises function as the leader of their business and need specific leadership skills to launch, grow, and sustain a successful venture.

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\* Assistant Professor in Management, Kaveri College of Arts, Science and Science, Pune, Maharashtra, India.

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Incompatibility in first generation and second-generation entrepreneurs lead to inappropriate leadership, brain drain, lack of motivation, improper change management and hinders the sustainability of the business.

Lot of prejudices and fixed mindsets (stereotyping) leading to misunderstanding and conflicts among the first generation and second generation puts an end to the sustainability of the business. The amalgamation of HR skills can enrich, retain talent, carry forward legacy and come out with a model or chronicle to help budding entrepreneurs develop right type of motivation and HR skills. The objectives of the study are- 1. To identify and compare leadership traits on the basis of Need of Achievement in the first generation and the second-generation entrepreneurs. 2. To come up with a viable and feasible solutions for consensus development between both the generations of entrepreneurs.

The Research Paper is based on Secondary data. The research focused on transactional leadership, specifically contingent reward behaviors, has also been inter-correlated with the transformational leadership of entrepreneurs (Ardichvili, 2001). The entrepreneurial leadership style has been associated with entrepreneurs because of the innovative, risk-taking, and recognition of opportunities characteristic of entrepreneurs (Renko et al., 2015), but it is not required that an entrepreneur utilizes this style in practice. The study of leadership is an ancient practice. Some trace leadership studies to the time of Moses, others to ancient Chinese culture, and still others to the Renaissance period (Grint, 2011; Stogdill & Bass, 1981). Thomas Carlyle, a writer who focused on leadership studies in the 1800s, associated leadership with the 'Great Men' of history who were perceived as influencers and extraordinary individuals (Grint, 2011, p. 8). Modern leadership studies in the 20th century developed theories and examined leaders who led in times of challenge, change, and uncertainty, such as Winston Churchill during World War II (Stogdill & Bass, 1981).

The study of leadership has continued to evolve, as leadership has been noted as a key factor of a successful organization (Landis, Hill, & Harvey, 2014). Management theory has also been foundational in developing leadership theories and strategies for a changing business environment. Maslow's Hierarchy of Needs, McGregor's Theory X and Theory Y, and Hersey and Blanchard's Situational Leadership Theory challenged traditional management and leadership theories that focused on tasks and rewards (Grint, 2011; Landis et al., 2014). Management theory created a foundation to build additional leadership theories focusing on the self-actualization of workers, context, and environment, as well as managing change. Leadership theories have been designated as leader-centric or follower-centric. However, in examining these two categories of leadership, researchers have discovered conflicting data about the effects on performance, while other studies link no significant difference in performance.

Therefore, this distinction did not fully reveal the leadership styles relevant to today's business marketplace. James Downton first used the term transformational leadership in 1973, which was later popularized by James McGregor Burns in 1978 (Diaz-Saenz, 2011). The Full Range Leadership Model, credited to Bass and Avolio, was developed to address transformational and transactional leadership styles of individuals (Avolio, 2011; Diaz-Saenz, 2011). Transformational Leadership Transformational leadership is a leadership style that categorizes leadership characteristics as idealized influence attributed, inspirational motivation, intellectual stimulation, and individual consideration (Heinitz et al., 2005). "For the past 30 years, transformational leadership has been the single most studied and debated idea within the field of leadership studies" (Diaz-Saenz, 2011, p. 299). Transformational leaders transform an organization by helping followers reach their full potential while achieving business goals. Ling, Simsek, Lubatkin, and Veiga (2008a) conducted a study of 121 firms to determine the impact of a transformational leadership style on performance of small- and medium-sized enterprises (SMEs).

The results from their study indicated that chief executive officers' (CEOs) transformational leadership styles positively impacted performance because of the CEOs' direct influence on organizational outcomes in SMEs. Furthermore, their hypothesis of higher business performance for

founder CEOs was supported for SMEs (Ling et al., 2008a). Therefore, founder CEOs, who are also entrepreneurs, impact performance when considering the size of the business. Business failure rates demand that leaders adapt their leadership style to manage change and innovation, while helping employees grasp the overall vision of their businesses. Kouzes and Posner (2012) stated that a leader forms “a relationship between those who aspire to lead and those who choose to follow... a relationship characterized by mutual respect and confidence will overcome the greatest adversities and leave a legacy of significance” These adversities could be environmental uncertainty, lack of funding, or changes in the industry. CEOs, top management teams, and entrepreneurs who are transformational leaders apply their leadership skills by managing organizational or employee changes to lead employees well in the midst of change (Pawar & Eastman, 1997). Yet, managing industry instability, economic factors, opportunity recognition, or risk needed to start and sustain a business may not be fully realized by solely using the transformational leadership style. Transactional Leadership While transformational leadership has been with help of this comparative analysis on leadership traits and Need of Achievement, we can come up with a model for second generation entrepreneurs which will help us to know whether they are capable to run the family business. The gap between family generations causes the biggest challenge for the entrepreneurs. Because they build a unique culture and management style which have a special characteristic such as owner scale, smaller scale and inward looking. The perspective of the entrepreneur becomes an organizational value and structure which is a hurdle in absorbing the others or next generations. This structure can be a serious challenge for the new family members due to the different viewpoint of news for the work. Technology, globalization and other factors lead to change the way of work and management. Accordingly, the elder members tend to behave more conservative and they abstain from the sudden change.

#### Limitations

The limitations for this study will be established using the following parameters:

- This study will be a descriptive study that uses a survey to collect data. The data collected will come from individual entrepreneurs who will voluntarily participate, and the number of responses can limit the results.
- The participants will be limited to entrepreneurs whose organizations operate within the metropolitan service
- This study will be limited to the leadership styles of transformational, transactional, and laissez-faire leadership.

This study will also help to achieve National objectives of Make in India and Atmanirbhar Bharat. This will contribute significantly to economic development of the society and nation.

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