

# THE IMPACT OF LEADERSHIP QUALITY ON PREFERENCES FOR YOUTH ENGAGEMENT IN ENTREPRENEURSHIP

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## ABSTRACT

The mindset of young individuals aspiring to become entrepreneurs plays a crucial role in the economic development of any nation. This study seeks to explore the impact of various leadership factors—such as leadership, creativity, accountability, responsibilities, influencing quality—on the inclination of young people to engage in entrepreneurial activities. The study aims to objectively examine how leadership quality influences young people in North-east India who are inclined to pursue entrepreneurship as a profession. The research is based on data collected from 500 young students with diverse educational backgrounds. The findings from the analysis indicate that leadership quality has a positive role for, encouraging youth in the region to participate in entrepreneurial activities.

**Key words:** entrepreneurship, leadership, youth, economic development, north-east India

## 1. INTRODUCTION

Entrepreneurial activities play a crucial role in reducing unemployment and fostering economic development within a region. As one of the richest sources of job creation and economic growth, youth entrepreneurship has become a significant area of focus for nations. In its simplest form, it involves operating one's own business. However, when viewed more broadly, entrepreneurship represents initiative, innovative thinking, and the ability to organize social and economic systems to transform human and natural resources into tangible outcomes. Entrepreneurs take on the challenge of managing risks and accepting the possibility of failure, all while aiming for long-term profits.

Governments and educational institutions across the country recognize the importance of promoting youth entrepreneurship to accelerate regional growth. However, young people's inclination toward entrepreneurship is influenced by a variety of factors. This study seeks to explore the factors related to leadership quality that motivate youth in the north-eastern parts of the country to engage in entrepreneurial activities. The research finds that some of the leadership qualities significantly influence young people's decisions to pursue entrepreneurship.

## 2. REVIEW OF LITERATURE

According to Atef & Balushi (2015), entrepreneurship holds immense potential for individuals and economies by reducing the number of job seekers. The three core traits of entrepreneurship—innovativeness, risk-taking, and proactivity—were explored in the study by Covin & Slevin (1990). Carsrud & Brannback (2007) emphasize that entrepreneurship is vital for the economic prosperity of individuals, communities, and nations. Miller et al. (2013) assert that entrepreneurs face complex decisions when building their businesses, decisions that are neither linear nor dependent on a limited set of variables. By applying human capital's creative ideas to new ventures, entrepreneurship represents a platform for innovation and the introduction of fresh, untested concepts. Various scholars and experts have used terms such as innovator, risk-taker, organizer, creative thinker, risk-bearer, opportunity-taker, and resource-creator to describe entrepreneurship (Knight, 1965; Huefner & Hunt, 1994). These entrepreneurial activities are driven by various factors, with Goel et al. (2007) noting a generally positive attitude towards entrepreneurship among the youth in both India and China.

The success of founding and growing an entrepreneurial venture often hinges on the entrepreneurial behaviors of the organizational team members (Zaech & Baldegger, 2017). Kabui & Maalu (2012) observed that youths with self-employed parents or guardians were less motivated to pursue entrepreneurship as a means to continue a family business. Saikia (2001) identified financial challenges as one of the primary issues faced by entrepreneurs in managing their businesses.

Although Obembe et al. (2014) found no significant gender-related differences in students' perceptions of entrepreneurship; they concluded that gender does not play a significant role in shaping entrepreneurial intentions. Butt et al. (2014) highlights that leaders possess significant power and influence, enabling them to exert pressure to improve productivity and performance among employees and staff. These leaders are often resilient and are not easily deterred by external pressures.

Despite the treasure of research conducted globally on the factors influencing young people's intentions to start their own businesses, there remains a gap in studies focusing on entrepreneurship in the north-eastern states of India. This

study aims to contribute in the said field by exploring the factors influencing the aspirations of young people in the region to pursue entrepreneurship and their perceptions of leadership qualities. The primary hypothesis is:

H<sub>0</sub>: Youth leadership does not have a positive relationship with entrepreneurial activity.

H<sub>1</sub>: Youth leadership has a positive relationship with entrepreneurial activity.

### 3. OBJECTIVE OF THE STUDY

This study aims to examine the relationship between young people's aspirations to start their own businesses in the north-eastern region and their leadership quality.

### 4. RESEARCH METHODOLOGY

To achieve the specific objectives, primary data was collected through a questionnaire from 500 selected respondents, representing various educational backgrounds studying in Degree College and universities from the north-eastern state Assam and Tripura. Descriptive statistics along with binary logistic regression have been applied to analyse the data.

### 5. DATA ANALYSIS AND FINDINGS

The survey (Exhibit-1) reveals that 89% of the respondents prefer to pursue Government or Private sector jobs, while the remaining 11% express a preference for engaging in business or entrepreneurial activities.

**Exhibit-1:** Job preference of the youths

Preference	Respondents	In percentage	Cumulative Percent
Preference towards Government/ Private Job	445	89.0	89.0
Preference towards Business/ Entrepreneurship	55	11.0	100.0
Total	500	100.0	

**Source:** Author's Calculation from Primary Data (2024)

The study intends to find out the impact of leadership quality on preferences for youth engagement in entrepreneurial activities in the North-eastern region. The binary logistic regression analysis uses six factors as independent variables- accountability, leading quality, creativeness, responsibilities, influencing quality, and overall leadership quality- where the dependent variable is preferences to start a business in recent future.

**Exhibit-2**

#### Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step	7.518	6	.026
Block	7.518	6	.026
Model	7.518	6	.026

**Source:** Calculation, using SPSS, from Primary Data (2024)

The Omnibus Tests of Model Coefficients provide a general test of the overall significance of the model, assessing whether the predictors as a whole significantly contribute to explaining the variation in the dependent variable. Chi-square (7.518) represents the test statistic used to evaluate the significance of the model. A higher Chi-square value indicates that the predictors are likely to be significantly related to the outcome variable. This p-value indicates the level of significance for the test. Since the p-value is less than 0.05, it suggests that the model is statistically significant and the predictors included in the model do have a significant relationship with the dependent variable.

**Exhibit-3**

#### Summary of the model

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	338.997 <sup>a</sup>	.015	.030

**Source:** Calculation, using SPSS, from Primary Data (2024)

The model summary (exhibit-3) demonstrates that the model can explain between 1.5 % and 3% of the variation in the dependent variable.

#### Exhibit-4

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	9.528	8	.300

**Source:** Calculation, using SPSS, from Primary Data (2024)

Since the p-value (0.300) is greater than 0.05, we fail to reject the null hypothesis. This suggests that there is no significant difference between the observed and expected frequencies, indicating that the model fits the data well.

The display (Exhibit-5) shows that there is no significant relationship between the dependent variable and four independent factors namely (i) accountability (ii) leading quality (iii) responsibilities and (iv) overall leadership quality. However, the significant association has been observed between the dependent variable and two independent variables namely (i) Creativity and (ii) Influencing quality.

#### Exhibit-5

#### Variables in the Equation

Factors	B	S.E.	Wald	Df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Accountability	.038	.167	.053	1	.818	1.039	.749	1.440
Leading quality	.057	.172	.108	1	.742	1.058	.756	1.482
Creativity	.198	.175	1.278	1	.038	1.219	.865	1.717
Responsibilities	-.087	.173	.255	1	.613	.916	.653	1.286
Influencing quality	.353	.179	3.885	1	.047	1.424	1.002	2.023
Overall leadership quality	-.726	.507	2.051	1	.152	.484	.179	1.307
Constant	-1.191	.848	1.973	1	.160	.304		

**Source:** Author's Calculation, using SPSS, from Primary Data (2024)

This means that, holding all other variables constant, an increase in creativity leads to a significant increase in preference to start a business by 22% and in the case of influencing quality, it leads to a significant increase in the preference to start a business by 42.4%.

## 6. CONCLUSION

This study aligns with the growing body of research that explicitly recognizes the socio-cultural context in which leadership and entrepreneurship operate (Lewis, 2015).

This research investigates the factors that motivate individuals to engage in entrepreneurial activities. Specifically, the study examines how factors related to leadership quality influence the youth of Northeast India in their pursuit of entrepreneurship as a profession.

The findings indicate that factors such as individual's creativity and influencing quality on others have a significant impact on students' perceptions of entrepreneurship as a potential career path. This paper aims to explore the impact of leadership factors— Leading, creative activities, accountability, responsibilities, influencing power and creativeness — on the inclination to engage in entrepreneurial activities. However, the study does not find any significant association between their preference towards entrepreneurship and the factors namely accountability, leading quality and responsibilities.

However, like any research, this study has several limitations. First, the selection of respondents does not fully capture the diversity of regions within the Northeast. Second, the study focused on a limited number of variables, and there may be other factors not included in the analysis that could influence entrepreneurial intentions. Future research could extend the understanding by exploring the impact of leadership not only on overall entrepreneurial activity in a particular region but also on different forms of entrepreneurship, such as social entrepreneurship, corporate entrepreneurship, and female entrepreneurship.

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