

# Entrepreneurial Leadership, Innovative Behavior, Organizational Effectiveness: A Mediation Analysis

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## Abstract

*The concept of organizational effectiveness emphasizes leadership carried out by leaders. Therefore, it is important to know the factors that can increase organizational effectiveness. This research has an aim to examine (i) the effect of entrepreneurial leadership on organizational effectiveness; (ii) the effect of entrepreneurial leadership on innovative behavior; (iii) the effect of innovative behavior on organizational effectiveness; (iv) the role of innovative behavior as a mediation variable. 90 questionnaires were distributed namely online and offline to SMEs owners in Rembang Regency as a data collection research method by using likert scale. The researchers used this PLS-SEM analytical method because the number of samples used in the study was small. Four results of the study have found: (i) there is a positive and significant effect between entrepreneurial leadership and organizational effectiveness; (ii) there is a positive and significant effect between entrepreneurial leadership and innovative behavior; (iii) there is a positive and significant effect between innovative behavior and organizational effectiveness; (iv) innovative behavior could play the role as mediating variable in the relationship between entrepreneurial leadership and organizational effectiveness. The organizations that practice entrepreneurial leadership and innovative behavior have better performance. Because it is important for organizations, especially SMEs owners to carry out entrepreneurial leadership in running a business.*

**Keywords:** Entrepreneurial Leadership; Innovative Behavior; Organizational Effectiveness; SMEs; Owners; Competition; Employees

## 1. Introduction

Nowadays the number of SMEs that exist, especially in Rembang Regency increase. This encourages SMEs entrepreneurs to be able to continue to strive for innovating and using their creativity. The figure that is needed for today's organization, a leader who can encourage creativity and innovation from subordinates (Colakoglu et al., 2019). The existence of creative and innovative behavior makes it easier for organizations to achieve competitive advantage (Hughes et al., 2018; Khalili, 2017). A leader whose job namely encourage employees able to achieve the best performance.

In recent years, both practitioners and academics around the world have obtained unique findings. However, currently, there is a lot of focus from researchers separating leadership and entrepreneurship as well as

creativity so there are a few available studies (Anderson et al., 2014). The existing research only summarizes a little explanation therefore it can become a gap for further identification in terms of practical implications (Hughes et al., 2018).

In a business organization that has many existing demands, it encourages leaders to be able to consider the sustainability of the organization. This is used to measure related to organizational success in business (Lehmann-Willenbrock et al., 2018). If a business organization considers it easier to achieve organizational effectiveness (L. T.-S. Lee & Sukoco, 2013). Organizational effectiveness is defined as an individual view that will encourage the creation of individual ideas and interpretations related to organizational effectiveness. Business organizations need to pay attention to

organizational effectiveness for improving the organization (X. Ding et al., 2022). The concept of organizational effectiveness emphasizes leadership carried out by leaders. Therefore, it is important to know the factors that can increase organizational effectiveness.

Many academics still research broadly non-specific leadership styles (Madanchian et al., 2017; Nayak et al., 2018; Yukl, 2008). Then in 2014, a specific study of leadership styles began to be able to drive organizational effectiveness (H. W. Lee, 2017; Taylor et al., 2014). There has been previous research that identified entrepreneurial leadership factors in encouraging the creation of organizational effectiveness (Mishra & Misra, 2017). However, studies related to entrepreneurial leadership are still very rare, so it is interesting to study how entrepreneurial leadership can drive the organizational effectiveness process. Entrepreneurial leadership is defined as the behavior of leaders who can describe the attributes that exist in entrepreneurship where a leader considers the profitability that is obtained and the benefit that can be enjoyed by the organization members. Leadership is an important correlation with organizational effectiveness (Madanchian et al., 2017). Currently, many findings conclude that leadership is very difficult to encourage the creation of organizational effectiveness (Jing & Avery, 2011).

Leaders become an antecedent for employees who are can inspire and set examples for innovative behavior within the organization (Afsar & Masood, 2018). However, based on the results of previous tests, it can not represent that there is a relationship between leadership and employee work behavior. Entrepreneurial leaders are a resource for employees to foster the desired behavior (Newman et al., 2018).

Today, entrepreneurial leadership has been highlighted by many researchers because it can increase innovative behavior. Entrepreneurial leadership has a positive

effect on innovative behavior (Bagheri & Harrison, 2020; Iqbal et al., 2022; Li et al., 2020). Every work behavior requires innovation therefore employees can carry out tasks as applicable (Park & Jo, 2018). Through innovative behavior, many employees can express and provide new ideas (Afsar & Masood, 2018). Employees must innovate based on their capabilities and willingness (Mittal & Dhar, 2016).

Through the ability of employees to determine new ideas, organizations will find it easier to determine the strategy that should be taken. This strategy determines the behavior of employees (Duan et al., 2020). Through the implementation of innovations, it can boost organizational effectiveness (Jung & Lee, 2016).

In general, a recent study will be incomplete if no study proves the result of testing the relevance of entrepreneurial leadership and organizational effectiveness in SMEs. Furthermore, research is useful in revealing the effect of innovative behavior on the relationship between entrepreneurial leadership and organizational effectiveness in SMEs of Rembang Regency. SMEs needs to know how the practice of entrepreneurial leadership and innovative behavior can encourage organizational effectiveness. The relationship between entrepreneurial leadership and organizational effectiveness for SMEs has never been studied before. This study aims to examine further relationships by using entrepreneurial leadership and innovative behavior to fill the existing knowledge gaps. Nevertheless, concrete solutions can be formulated in the future to create organizational effectiveness for SMEs.

Therefore, organizational effectiveness is something that must be considered for gaining the organizational sustainability that can be maintained by paying attention to entrepreneurial leadership and innovative behavior. This research focuses on looking at the influence of

entrepreneurial leadership and innovative behavior on organizational effectiveness.

## **2. Theoretical Perspectives**

### **Entrepreneurial Leadership**

The concept of entrepreneurial leadership is a combination of two theories, namely leadership and entrepreneurship (Gupta et al., 2004). Entrepreneurial leadership is a leader who can influence others by using the power and manage resource strategies in the organization to get optimal benefits (Ireland et al., 2003). Entrepreneurial leadership style easily realizes the need for action and change within an organization (Rahim et al., 2015).

Today's organizations need a leader who can apply entrepreneurial leadership practices (Kwak & Jackson, 2015). Then, a further explanation that entrepreneurial leadership is at the top management and also at every level in the organization. Entrepreneurial leadership encourages efficiency to achieve goals (Mishra & Misra, 2017). In addition, leaders must strive for innovation in the fast changes of the organizational environment.

Entrepreneurial leadership is determined as a complex phenomenon that exists in one individual (Cogliser & Brigham, 2004). Entrepreneurship focuses on future opportunities (Renko et al., 2013). Entrepreneurial leadership is a form of manifestation that should be carried by the organization. Indicators of entrepreneurial such as risk-taking, able to motivate, visionary, achievement-oriented, and persistence (Cogliser & Brigham, 2004; Renko et al., 2013).

### **Innovative Behavior**

Innovative behavior is a process of implementing ideas from a new process, product, or procedure that is carried out by employees in the organization (Wojtczuk-Turek & Turek, 2015). Innovative behavior is believed to be a form of power that originates within the organization (H. Ding et al., 2021).

Innovative behavior that is carried out makes it easier for organizations to get profits.

Innovative behavior is reflected in three ways, namely the ability to generate ideas for the organization, being able to promote these ideas, and being able to realize ideas that have been submitted previously (Janssen, 2004). Creating an idea is defined as an effort to identify and package into a form of new ideas. The ability to generate ideas, better known as idea generation is a stage where individuals can create new ideas (Mueller, 2019). The second ability, namely the promotion of ideas is defined as the ability of an individual to seek the necessary funding to analyze the ideas creation (Vandavasi et al., 2020). The last capability is idea realization which is defined as the process of implementing previous ideas that had been made in this stage requires observation and information development (Odoardi et al., 2019). The process of generating ideas and also carrying out the process of implementing these ideas is a form of innovation (Scott & Bruce, 1994; Vandavasi et al., 2020). Therefore an idea has an important contribution in creating innovative behavior.

### **Organizational Effectiveness**

A concept that grows and develops from organizational management and organizational behavior is the concept of organizational effectiveness (Cameron & Whetten, 1983). Many definitions have emerged that describe organizational effectiveness, but sometimes many differences appear. The four most appropriate definitions can describe the definition of organizational effectiveness clearly, namely resources, goals, processes, and customer satisfaction (Sharma & Singh, 2019).

Organizational effectiveness plays an important role in determining organizational sustainability. An organization can be said to be effective if it can overcome ambiguity and flexibility and has orientation towards value

and customer (Uhl-Bien et al., 2007). If an organization has been able to achieve its goals, effectiveness has been achieved (C. Harrison et al., 2018). In creating organizational effectiveness it is also necessary to involve the perceptions of individuals within the organization related to the organization's ability to achieve its goals (Mehdibeigi et al., 2016). In other words, if the organization has achieved the desired results, it has obtained an effective label (Taylor et al., 2014).

Initially, organizational effectiveness can be measured using three measures, namely the development of capabilities in creating innovation, and being able to regularly commercialize new products (Gold et al., 2001). Then this measurement theory developed and there were three additional measurements of organizational effectiveness, namely the ability to anticipate the emergence of unexpected conditions, the ability to respond to market changes quickly, and the reduction of unnecessary information and knowledge (Rahman et al., 2013).

### **Hypotheses Development**

Someone who has an entrepreneurial leadership spirit must be able to see and deal with unexpected conditions in the organization by a creating competitive advantage (Bagheri & Harrison, 2020). This capability will lead to organizational effectiveness (Mishra & Misra, 2017) therefore the organization becomes more prepared. In addition, entrepreneurial leadership also has high creativity so it can be easier to mobilize resources to identify the ways and means for organizational progress, especially in SMEs (Soomro et al., 2019). Correlation between entrepreneurial leadership has been found to have a significant effect on organizational effectiveness (Champathes Rodsutti & Swierczek, 2002; Mishra & Misra, 2017; Taylor et al., 2014).

H<sub>1</sub>: Entrepreneurial leadership has a positive and significant effect on organizational effectiveness.

Innovation is one of the important elements to maintain the sustainability of the organization. Through innovation, employees can develop new ideas and implement these ideas to maintain organizational effectiveness (Suhana et al., 2019). Therefore, it is easier to achieve success and compete with other organizations (Baer, 2012). Entrepreneurial leadership must be able to provide facilities and direction to achieve superior performance through creative contributions from employees. Entrepreneurial leadership is able to encourage the emergence of innovative behavior in organizations (Lecic et al., 2023; Saura et al., 2023; Suhana et al., 2019).

H<sub>2</sub>: Entrepreneurial leadership has a positive and significant effect on innovative behavior.

The initial approach must be taken by the organization to achieve success and obtain organizational effectiveness (Papadimitriou, 2007). Through innovative behavior, it will be easy to face competition in business (Baizakov & Baizakov, 2019) considering the main organizational goals for gaining efficiency and effectiveness (Naveed et al., 2022). Therefore it takes employee's behavior within the organization both at the organizational, team, and individual level through leaders who play a role in providing examples of innovative behavior (Azar & Ciabuschi, 2017). New behavior and the application of new concepts in organizations can increase organizational effectiveness (da Silva Lopes et al., 2019; Karatepe et al., 2020).

H<sub>3</sub>: Innovative behavior has a positive and significant effect on organizational effectiveness.

Entrepreneurial leadership is characterized by the practice of developing new ideas within the organization (Mishra & Misra, 2017). The ability that is possessed by a leader will be able to provide a good stimulus so that the employee's behavior in the organization can work optimally in achieving organizational goals. This behavior can be carried out by leaders (Baer, 2012). Innovative behavior variables can also act as mediation in increasing organizational effectiveness (Tayal et al., 2021).

H<sub>4</sub>: Innovative behavior plays a role as a mediating variable on the effect of entrepreneurial leadership on organizational effectiveness.

### 3. Method

#### Pretest And Pilot Testing Of The Instruments

In this study, testing methods and procedures were used which were carried out on a small scale for assessments that would be used at a larger research level (Teresi et al., 2022). This effort was carried out by researchers to increase research success (Perneger et al., 2015). In this study, 30 respondents were used for the pilot test.

#### Sampling Method and Data Retrieval

The target population used in this study is all SMEs owners in Rembang Regency. Referring to the data available on "Portal Satu Data UMKM", namely 931 SMEs. This study refers to the purposive sampling technique because there were criteria that apply, including having a minimum of 5 employees and having been operating for at least 2 years. In this study, the error level tolerance at the level of 10% (0.1) was used, and the calculation of the number of research samples using the Slovin formula was as follows:

$$n = \frac{N}{1 + N \cdot e^2}$$

$$\begin{aligned} &= \frac{931}{1 + 931 \times 0.1^2} \\ &= \frac{931}{10,31} \\ &= 90,3 \text{ or around } 90 \text{ SMEs owners} \end{aligned}$$

Based on the result of calculations using the Slovin formula, it was found that the number of samples used in this study were 90 SMEs owners in Rembang Regency.

The data collection process was carried out using a questionnaire that refers to a Likert scale of 1 to 5. The process of distributing questionnaire was carried out offline and online. Questionnaire distribution was carried out using two methods because many SMEs owners are very busy and also at a young age so, it is easier to use two types of questionnaires distribution methods. Questionnaires successfully collected 90 questionnaires on time, namely for 1 month.

**Table 1. Profile of Respondents**

Category		Frequently	Percentage %
Gender	Female	57	63.33
	Male	33	36.67
	<b>Total</b>	<b>90</b>	<b>100%</b>
Business Field	Food	47	52.22
	Drink	29	32.22
	Automotive	9	10.00
	Craft	5	5.56
	<b>Total</b>	<b>90</b>	<b>100%</b>
Long Business	5-9 years	64	71.11
	10-14 years	17	18.89
	15-19 years	4	4.44
	> 20 years	5	5.56
	<b>Total</b>	<b>90</b>	<b>100%</b>
Amount of Employees	5-9 employees	6	84.44
	10-14 employees	9	10.00
	15-19 employees	4	4.44
	>20 employees	1	1.11
	<b>Total</b>	<b>90</b>	<b>100%</b>

Owner's Age	<25 years	38	42.22
	26-30 years	31	34.44
	31-35 years	12	13.33
	>36 years	9	10.00
	<b>Total</b>	<b>90</b>	<b>100%</b>

Source: Author (2023).

There are 90 respondents who filled out the questionnaire, several characteristics of the respondents could be explained, including the majority being female with a percentage 63.33%. Then most of the respondents who filled in were SMEs owners engaged in the food industry in Rembang Regency (52.22%). The majority of businesses being run are 5-9 years old (71.11%). The highest number of employees is in the range of 5-9 employees (84.44%). SMEs owners are still very young, namely in the age range <25 years (42.22%) (see Table 1).

### Construct Measurement

This research was conducted for the construct which consisted of 7 questions from entrepreneurial leadership such as risk-taking, able to motivate, visionary, achievement-oriented, persistence (Cogliser & Brigham, 2004; Renko et al., 2013). Then for the innovative behavior construct which consists of 4 questions that are measured using searches out new technologies processes and product ideas, generating creative ideas, promoting and championing ideas for others (Scott & Bruce, 1994; Vandavasi et al., 2020). Further on the organizational effectiveness construct which consists of 11 questions can be measured by using the development of coordination efforts within organizations, the development of capabilities in creating innovations, and being able to regularly commercialize new products, additional measurements of organizational effectiveness namely the ability to anticipate the emergence of unexpected conditions, the ability to respond the market changes fast, and reduce unnecessary information and knowledge (Gold et al., 2001; Rahman et al., 2013).

### Analysis Method

The data analysis that was used in this study adopted Partial Least Square using variance-based SEM. The reason the researchers used this analytical method was because the number of samples used in the study was small, so it was suitable when using PLS-SEM (Hair et al., 2019) using the SMART-PLS application. The PLS-SEM consist of loading factor, composite reliability, average variance extracted (AVE), direct and indirect effect testing.

## 4. Result and Discussion

### Measurement Results of the Research Model

Table 2. Loading Factor Value of Research Value

Variabel Item	Entrepreneurial Leadership	Innovative Behavior	Organizational Effectiveness
X1	0.728		
X2	0.672		
X3	0.598		
X4	0.639		
X5	0.781		
X6	0.810		
X7	0.786		
Z1		0.765	
Z2		0.675	
Z3		0.771	
Z4		0.822	
Z5		0.678	
Y1			0.579
Y2			0.723
Y3			0.681
Y4			0.625
Y5			0.769
Y6			0.780
Y7			0.793
Y8			0.719
Y9			0.743
Y10			0.756
Y11			0.783

Source: SMART-PLS 4. (2023)

Referring to the data processing that was carried out by using PLS-SEM that showed in table 2 above, it can be seen that the convergent validity value of each question item used in the study refers to the magnitude of the loading factor value. Question items can match with the validity assumption if they have a loading factor greater than 0.05 (Hair et al., 2019). Based on the calculation results, it has been found that the loading factor values

are between the range 0.579-0.822. Based on the reference standard of validity, it can be concluded that all of the question items used in this study were valid.

**Table 3. Reliability Test For Research Construct**

Variable	Composite Reliability	Average Variance Extracted (AVE)
Entrepreneurial Leadership	0.882	0.519
Innovative Behavior	0.861	0.554
Organizational Effectiveness	0.924	0.527

Source: SMART-PLS 4 (2023)

Reliability measurement in this study was carried out to test the question items asked to be reliable. Table 3 above shows the results of calculating the composite reliability and Average Variance Extracted (AVE) values. Reliability measurement used a composite reliability value reference for the resulting value. The composite reliability value refers to the calculation results of data processing in the range of 0.861 – 0.924. This shows that all the constructs which was used in all research variables in the model have met the assumptions of reliability. In addition, for each construct the research variable that was used also adopts the resulting Average Variance Extracted (AVE) value reference which number must be greater than 0.5. Based on the calculation results showed that all constructs have a value above 0.5 so it can be concluded that there are no problems related to reliability in all research constructs.

### Results of The Direct Effect Test

The process of testing the hypotheses for the direct effect that has been put forward on the structural model that had been tested. There were three direct hypotheses in this study. Requirements in testing the direct hypotheses were carried out by observing the magnitude of the t-statistics test value and the result of p-value. A hypothesis was declared accepted if it fulfills the requirements having

a statistical value greater than 1.96 and a p-value of less than 0.05 (Hair et al., 2019).

**Table 4: Direct Hypotheses Testing**

Hypotheses	Beta	SE	T statistic	P-Value	Decision
EL → OE	0.570	0.074	7.743	0.000	Support
EL → IB	0.656	0.054	12.214	0.000	Support
IB → OE	0.318	0.120	2.660	0.008	Support

Noted : P-Value significant at 0.05

Source: SMART-PLS 4. (2023)

Based on the table above, it can be concluded that testing the direct effect hypotheses showed that entrepreneurial leadership that was possessed by SMEs leaders in Rembang Regency has a positive and significant effect on organizational effectiveness where the p-value <0.05 and has statistical value >1.96. This showed that the first hypothesis (H<sub>1</sub>) was accepted. Then for the effect of entrepreneurial leadership on innovative behavior that was carried out by SMEs leaders, it was found that there was a positive and significant effect on innovative behavior because it had a p-value <0.05 and the result of statistical value was > 1.96. This showed that the second hypothesis (H<sub>2</sub>) was accepted. The third hypotheses, namely the effect of innovative behavior on organizational effectiveness, showed a statistical value of > 1.96 and a p-value <0.05 therefore it could be concluded that innovative behavior has a positive and significant effect on organizational effectiveness, so the third hypothesis was accepted (H<sub>3</sub>).

### Mediation Test

Indirect testing was carried out in this study by involving mediating variables. The role of mediating variables can be identified by conducting mediation tests. Table 5 shows the result of testing mediating variables.



**Table 5: Result of Mediation Variable Testing**

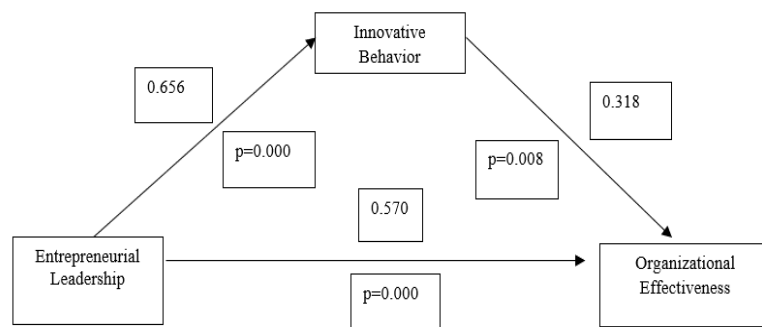
Hypotheses	Beta	SE	<i>T</i> <i>statistic</i>	<i>P</i> - <i>Value</i>	Decision
EL→IB→OE	0.209	0.082	2.532	0.011	<i>Support</i>

Source: SMART-PLS 4. (2023)

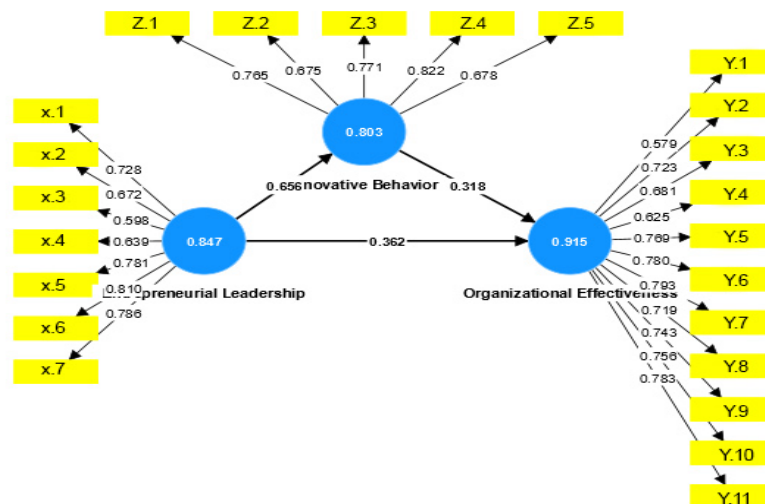
Based on the table above, it could be concluded that innovative behavior in this study can play a role as a mediating variable in the effect of entrepreneurial leadership on organizational effectiveness.

## Mediation Test Results with Examination Methods

The examination method carried out by the researcher aims to find out the types of mediating variables that exist in the research model, therefore it can be seen that the mediating variable was a partial mediation or full mediation variable. Figures 1 and 2 show the results of testing the innovative behavior as a mediating variable in the proposed model equation.



**Figure 1. Mediation Test Results for Innovative Behavior Variables**  
Source: SMART-PLS 4. (2023)



**Figure 2. Mediation Test Results**  
Source: SMART-PLS 4. (2023)



This research was conducted to be able to make an empirical contribution related to efforts for increasing organizational effectiveness, especially for SMEs in Rembang Regency through testing the relationship of entrepreneurial leadership, innovative behavior, and organizational effectiveness. This test is proven by 4 research hypotheses as proposed in the model. First, entrepreneurial leadership that was possessed by SMEs owners is proven to be able to increase organizational effectiveness. Second, entrepreneurial leadership that is owned by SMEs owners is also able to encourage the emergence of innovative behavior. Third, innovative behavior by SMEs owners can increase organizational effectiveness. Fourth, innovative behavior can play a role as a mediating variable on the effect of entrepreneurial leadership on organizational effectiveness.

Entrepreneurial leadership is an important factor in increasing organizational effectiveness, especially for SMEs in Rembang Regency, where the research was conducted. Through entrepreneurial leadership by setting organizational goals therefore it is easier to analyze opportunities that exist in the environment. The relationship exists between the determination of goals formulated by the organization to encourage the creation of organizational effectiveness (Tohidi, 2011). In addition, leaders who carry out entrepreneurial leadership practices can find new ideas for finding breakthroughs in the form of new ideas and efforts to face future challenges therefore organizations will be more secure (C. Harrison et al., 2018).

Complex environmental conditions encourage the emergence of the concept of leaders who can maintain organizational competitiveness amidst dynamic environmental conditions (Leitch & Volery, 2017). The existence of goal achievement orientation as well as high-risk ability is a must for leaders in practice (P. Harrison &

Roomi, 2011). In addition, the practice of entrepreneurial leadership is also realized with high creativity through efforts to formulate new ideas for organizations (Li et al., 2020). Creativity that is owned by the SMEs owners will be able to facilitate leaders in integrating individual interests and abilities and managing existing resources to facilitate achieving effectiveness. The findings of this study are in line with several other findings that there is a positive and significant relationship between entrepreneurial leadership and organizational effectiveness (Mishra & Misra, 2017; Nayak et al., 2018; Saidalavi, 2018).

A leader will be an example for his followers to drive innovative efforts (Hughes et al., 2018). The leader must provide new ideas and then practice the given ideas. This happened because entrepreneurial leadership practices are needed to encourage the innovation process (Becker et al., 2022). Therefore, leaders must be able to stimulate innovative behavior. An entrepreneurial leader not only creates new ideas but also must be also to facilitate and develop the innovative potential of followers in carrying out the jobs provided by the organization through innovative actions (X. Ding et al., 2022). The creation of a promising environment that can encourage innovative practices must be created by entrepreneurial leadership. Leadership behavior can improve innovative behavior. The findings from this study are suitable with other findings that there is a positive and significant relationship between entrepreneurial leadership and innovative behavior (Li et al., 2020).

Through innovative behavior, the organization will be able to achieve its effectiveness. Therefore organizations continue to strive to pursue higher levels of innovation compared to before (Tajeddini, 2011). Employees who can provide new ideas for organizations that are embodied in strategic actions (Alexe & Alexe, 2018). Management within the organization must be

accustomed to carry out innovative behavior by organizational employees. Therefore, it can become a tradition in the organization (Wang & Ahmed, 2004). Through the practice of innovative behavior with the right understanding, thinking, and behavior in dealing with change can lead to positive results in organization such as effectiveness (Naveed et al., 2022). Innovative behavior is proven to drive organizational effectiveness. So, it can be seen that there is a positive and significant relationship between innovative behavior on organizational effectiveness (Jung & Lee, 2016).

The result of the study shows that entrepreneurial leadership that is owned by the owners of SMEs actors in Rembang Regency. This leadership who dares to take risks will make it easier to achieve goals by renewing new ideas with a creative spirit therefore it is easy to obtain organizational effectiveness (Mishra & Misra, 2017). In an organization, a leader must be an example of good behavior if a leader can provide ideas and seek creativity, then he will be able to provide a stimulus to employees to participate in innovative behavior within the organization (X. Ding et al., 2022). If the innovative behavior that is carried out has become a habit of the organization it is easier to achieve goals that can be realized properly (Naveed et al., 2022). In this study, innovative behavior can play the role as mediating variable (partial mediation). This proves that the effect of entrepreneurial leadership can increase organizational effectiveness with or without innovative behavior.

The hypotheses for this study were tested at 0.05 Level of Significance through the Pearson Product-Moment Correlation Coefficient.

## Test of Hypotheses

**Table 1: Correlation showing relationship between peacebuilding strategies in terms of inclusivity and diversity and internal democracy of All Progressives Congress in Lagos State**

		Inclusivity and Diversity	Internal Democracy
Inclusivity and Diversity	Pearson Correlation	1	.312**
	Sig. (2-tailed)		.000
Internal democracy	N	289	289
	Pearson Correlation	.312**	1
	Sig. (2-tailed)	.000	
	N	289	289

\*\*. Correlation is significant at the 0.05 level (2-tailed).

Table 3 shows that there is a positive, weak and significant relationship between peacebuilding strategies in terms of inclusivity and diversity and internal democracy of All Progressives Congress in Lagos State ( $r = .312$ ,  $N = 289$ ,  $p < 0.05$ ). This implies that peacebuilding strategies in terms of inclusivity and diversity do significantly influence internal democracy of All Progressives Congress in Lagos State. Therefore, the hypothesis which states that there is no significant relationship between peacebuilding strategies in terms of inclusivity and diversity and internal democracy of All Progressives Congress in Lagos State, Nigeria is rejected.

**Table 2: Correlation showing relationship between peacebuilding strategies in terms of power-sharing arrangements and internal democracy of All Progressives Congress in Lagos State**

		Power-sharing arrangements	Internal democracy
Power-sharing arrangements	Pearson Correlation	1	.643**
	Sig. (2-tailed)		.000

Internal democrac y	N	289	289
	Pearson	.643**	1
	Correlat ion		
	Sig. (2- tailed)	.000	
	N	289	289

\*\* . Correlation is significant at the 0.05 level (2-tailed).

The result in Table 4 shows that there is a positive, moderate and significant relationship between peacebuilding strategies in terms of power-sharing arrangements and internal democracy of All Progressives Congress in Lagos State ( $r = .643$ ,  $N = 289$ ,  $p < 0.05$ ). This implies that peacebuilding strategies in terms of power-sharing arrangements could only influence internal democracy of All Progressives Congress in Lagos State to a very moderate extent, and statistically significant. Therefore, the hypothesis which states that there is no significant relationship between peacebuilding strategies in terms of power-sharing arrangements and internal democracy of All Progressives Congress in Lagos State is rejected.

In recent years, the importance of inclusivity and diversity in fostering robust internal democracy has gained significant recognition. One of the key ways in which inclusivity and diversity influence internal democracy is through the representation of different perspectives and experiences. When political parties actively seek to include individuals from diverse backgrounds, they bring in a range of ideas, knowledge, and lived experiences. This diversity of thought can lead to more informed decision-making processes and help prevent groupthink (UNDESA, 2007).

A political party that actively incorporates members from different racial, ethnic, and socioeconomic origins, for instance, is more likely to respond to the demands and concerns of a varied population. Diversity and inclusivity are also essential for improving problem-solving in political

groups. When people from various experiences and viewpoints collaborate, they each bring a unique set of abilities and methods to the table. This variety of opinion encourages creativity and invention, which helps groups come up with original answers to challenging political problems. Diverse teams routinely outperform homogenous ones in problem-solving exercises, according to research. Political parties may harness the collective brains and creativity of its members to facilitate more effective decision-making and problem-solving processes by promoting varied representation and inclusion.

In diverse communities, power-sharing systems are often put into place with the intention of fostering stability, inclusion, and amicable dispute resolution. The goal of these agreements is to distribute political power more fairly among various stakeholders or groups in order to provide a more equal allocation of opportunities and resources.

One of the key aspects of power-sharing arrangements is the allocation of decision-making authority among different groups or parties. In some cases, power-sharing can lead to a dilution of democratic principles, as decision-making becomes a process of negotiation and compromise rather than a clear expression of the will of the people. This can result in a lack of transparency and accountability, as decisions are made behind closed doors and are often influenced by political calculations rather than the needs and aspirations of the citizens (O'Leary, 2005).

Moreover, power-sharing arrangements can create a sense of entitlement and a perpetuation of existing power structures. When certain groups are guaranteed a share of power, it can create a sense of entitlement and privilege, leading to a perpetuation of inequality and exclusion. This can hinder the development of a truly inclusive and representative democracy, as marginalized groups may continue to be marginalized even

within the power-sharing framework (United Nations & World Bank, 2018).

Another challenge that power-sharing arrangements pose to internal democracy is the potential for the manipulation of power dynamics. In some cases, dominant groups or factions may use their share of power to consolidate their control and marginalize dissenting voices. This can lead to a narrowing of political space and a stifling of democratic participation, as those who do not conform to the dominant narrative may face repression or exclusion.

However, it is important to note that power-sharing arrangements can also have positive implications for internal democracy. By providing a platform for different groups to participate in decision-making, power-sharing can promote inclusivity and ensure that diverse perspectives are taken into account. This can lead to more comprehensive and balanced policies that reflect the needs and aspirations of a broader range of citizens (Lijphart, 2002).

## 5. Conclusion

From the result that has been explain abive we can conclude that there is a positive and significant effect between entrepreneurial leadership and organizational effectiveness. Not only that, there is a positive and significant effect between entrepreneurial leadership and innovative behavior. There is a positive and significant effect between innovative behavior and organizational effectiveness. Innovative behavior could play the role as mediating variable in the relationship between entrepreneurial leadership and organizational effectiveness. The result of the study reveals that there is a mediating effect of innovative behavior that strengthens the direct relationship between entrepreneurial leadership and organizational effectiveness. Thus, apart from models that have been studied such as innovative behavior, entrepreneurial leadership, and

organizational effectiveness. SMEs organization can determine a series of crucial factors that further support the creation of optimal performance of SMEs. Therefore, better entrepreneurial leadership practices will be able to produce higher organizational effectiveness.

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