The many faces of leadership: an entrepreneurial perspective

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Abstract: *It has long been recognized that entrepreneurship is the vital force that drives innovation and economic growth. Entrepreneurship is shaped by a portfolio of forces and factors.*

In this paper we want to underline that entrepreneurial leadership is critical for the achievement of entrepreneurial goals. Also we try to identify commonalities between the two domains, entrepreneurship and leadership, with a particular focus on what entrepreneurship could gain from more explicit incorporation of some leadership issues. Since change is constant, organizations need to be more flexible on their path to growth. In this process, entrepreneurs undergo a process of identity change by acquiring new behaviors and skills that sustain organizational transformation. Moreover, by adopting a sympathetic leadership style, entrepreneurs accommodate both creativity and organizational synergies that may help their organizations to develop and prosper.

The methodological approach is literature review.

Keywords: entrepreneurship, leadership, creativity

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1.Introduction

John Antonakis and Erkko Autio (2006) begin their paper "Entrepreneurship and leadership" with this statement: entrepreneurs do not need to convince only themselves when starting a new business: perhaps even more importantly, they need to convince their customers, external resources holders, and their employees of the viability, worthiness, and value of their vision. Entrepreneurs need to paint a vision that is uplifting, convincing, and resonates with the desires of those who need to comply with their vision. Entrepreneurs need to use this vision to inspire internal and external followers. Entrepreneurs need to project and inspire confidence that the vision is achievable. Finally, entrepreneurs need to manage the process of organizational emergence in such as way as to achieve the transfer from a vision to an ongoing, institutionalized mode of transacting within a given social and economic context. These objectives cannot easily be attained by relying solely on the force of one`s own personality traits, one`s desire for achievement, or one`s tendency to overestimate one`s own strengths and underestimate risks, nor can they be easily attained through sheer persistence, tenaciousness, or low vulnerability. Something more is required – qualities that are projected through behaviors in daily encounters: leadership. And also creativity.

Before going forward we must examine the meaning of the three key words of the issue: entrepreneurship, leadership and creativity. A classic definition of entrepreneurship is proved by Timmons (1994): Entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled. According to Stolze (1999), entrepreneurship is a profession for which there is no apprenticeship. No matter how many books you have read, no matter how many courses or seminars you attend, no matter how much advice you get from "experts", no matter how many small companies you work for, there is no substitute for the actual experience of doing it yourself".

On the other hand, leadership is a process of social influence, which maximizes the efforts of others, towards the achievement of a goal. (Kruse, 2013). A simple definition for a leader is: somebody who shows the way forward; a person convincing others to follow a course of action.

If you can make people believe in your dreams and share your goals so that they are willing to invest hard-earned cash in your venture, chances are you have what it takes" (Lesonsky, 2002).

The rational decision-maker needs also creativity: the ability to produce novel and useful ideas. These are ideas that are different from what`s been done before but also appropriate to the problem or opportunity presented (Robbins and De Cenzo, 2005)

The paper is structured into five chapters. The second chapter focuses on the following question: Are Entrepreneurs Visionary Leaders? The third chapter present the growth process of the firm and the need for entrepreneurs to metamorphosise into leaders. The fourth section presents the importance of creativity for entrepreneurship. The fifth chapter focuses on entrepreneurial leadership. The last chapter presents the conclusions of the paper.

2. Are Entrepreneurs Visionary Leaders?

A vision is something that you yearn for, we aspire to, something that is the binder of our company, the driving force, its inner vitality. When we are touched by a vision, the deepest values in us come into action, acquiring a sense of long-term goal of our company.

The way an entrepreneur leads the venture should be much like the jazz band leader – drawing out the best of other individuals even given the unpredictability of the situation. And one way that an entrepreneur does this is through the vision he creates for the organization. In fact, often the driving force through the early stages of the entrepreneurial venture is the visionary leadership of the entrepreneur. The entrepreneur`s ability to articulate a coherent, inspiring, and attractive vision of the future is a key test of his leadership. If an entrepreneur can do this, the results can be worthwhile (Robins, DeCenzo, 2005).

Our traditional view of leaders is that they are special people who set direction, make key decisions and motivate staff, often prevailing against the odds at time of crisis. They have vision – something entrepreneurs certainly have. They are strategic thinkers and are effective communicators whilst still being able to monitor and control performance. Above all, they create the appropriate culture within the organization to reflect their priorities (Burns, 2011).

Timmons (1999) describe successful entrepreneurs as patient leaders, capable of instilling tangible visions and managing for the long haul. The entrepreneur is at once a learner and a teacher, a doer and a visionary. Timmons talks about six dominant themes for successful entrepreneurs: 1. Leadership, 2. Commitment and determination, 3. Opportunity obsession, 4. Tolerance of risk, ambiguity and uncertainty, 5. Creativity, self-reliance and ability to adapt, 6. Motivation to excel.

Entrepreneurs have a long term vision, but are also relentlessly focused on the activities that get them to their vision into the "here" and "now".

Leading change depends on a defined dissatisfaction with the present, a vision for how things should be and a clear idea of the first steps that need to be taken.

3. The growth process

According to Aaker and Mascarenhas (1984), companies need to become more flexible on their path to growth since they face an ever-increasing uncertainty and unpredictability. Hirschorn and Gilmore (1992) suggest that to achieve flexibility implies a shift from structural to psychological barriers. As such, entrepreneurs should manage the authority boundary by listening, accepting (constructive) criticism and stimulating employees to challenge their opinion. They also need to manage task boundaries by motivating specialized workers to be informed and interested in others' tasks in order to cultivate the sense of a common mission-one of the challenges in flexible work organizations. Simply put, entrepreneurs need to learn how to coordinate their efforts in order to perform in a synergistic way (Levin, Volberda, 2003).

As the business grows, the entrepreneur himself needs to change and adapt. The qualities and skills they need to manage the business successfully are under constant change

too. The more rapid the growth of the business, the more difficult this is. The entrepreneur needs to metamorphosise into a leader. The business itself also needs to change the way it operates – its structure and its culture – and become more formal without becoming more bureaucratic. And these changes need to be properly managed if the firm is to grow successfully (Burns, 2011).

This change is not easy. Some choose to only do what they enjoy and are good at – start-ups – and become serial entrepreneurs.

Here it is the background of the entrepreneurs who make this metamorphosis successfully:

• They are well-educated;
• They start the business for positive motivations;
• They leave a managerial job in an established company to start the business;
• They are willing to share ownership of the business with other key managers (Burns, 2011).

Flamholtz and Randle (2000) state that: The first challenge entrepreneurs face is that of establishing a successful new venture. If they have the ability to recognize a market need and to develop (or to hire other people to develop) a product or service appropriate to satisfy that need, their fledgling enterprise is likely to experience rapid growth. It is at this point, whether the entrepreneur recognize it or not, that the game begins to change.   The firm`s success creates its next set of problems and challenges to survival. Rarely the founders of start-up businesses remain in charge as their businesses become large organizations.

Catlin and Matthews(2001) point out that: The irony of entrepreneurial leaders is that the very behaviors and habit patterns that lead to success at one stage of growth can contribute to failure at the next stage. It seems that just when you get good at something, you discover it`s the wrong thing to be doing!

According to Burns (2011) there are four challenges entrepreneurs face as the business grows:

• Giving direction through leadership;
• Delegation and encouragement of team-working;
• Coordination and control through appropriate organization structures and culture;
• Developing corporate entrepreneurship so as to avoid the bureaucracy that threatens to stifle enterprise in large firms.

Catlin and Matthews consider that entrepreneurs begin with an intuitive leadership style. In the start-up phase they can make decisions "on the fly", improvise when required and manage everything on a day-to-day basis. As the business expands, this approach results in more and more frenzied activity, less time to think and a gradual feeling of being overwhelmed. Now there is a need for leadership to be more deliberate and for growth to be designed rather than accidental. Nevertheless, a successful owner needs to combine this approach with the best of their entrepreneurial characteristics to achieve consistent growth (Price, 2004).

The important point is to move from the owner`s operational ability to their strategic ability as the business grows. This is one of the key qualities of leadership.

Catlin and Matthews contend that if the founder is to remain in charge of the expanding business, he or she has to:

• Develop strategies, products/services, customers and markets.

• Develop organizational processes for planning, management and work flow – and also the infrastructure to accommodate growth and expansion.

• Recruit new people and develop teams to handle growth.

• Create a business culture to align people and teams so that they work together effectively.

• Monitor the evolution of the business and adapt their own leadership style as the business expands and changes.

4. Why is creativity important in decision making?

Since change is the result of a continuous process of adaptation of internal processes and practices and the creation of new ones, creativity and knowledge creation can be considered its key-factors (Ionescu et al, 2012). Change is based on bottom-up spontaneous behaviors and therefore, it implies a creative act that may lead to the production of new knowledge. When we use the term "new" we refer not only to the creation of brand new knowledge but also to the adaptation and re-combination of "old" knowledge (Holden, Glisby, 2010).

Creativity tends to be stimulated by challenging or empowering work, free interaction, freedom to experiment and fail, supervisory encouragement, resource availability and work group support (Amabile, 1996). Creativity is a learning process that needs to be practiced and encouraged. While organizations can practice creative behaviors by sympathetic leadership and support mechanisms, the collective power of individuals is shaped by organizational spaces and their social structure (Amabile, Khaire, 2008).

And an entrepreneur-soon-to-become-leader needs to refine/craft the art of combining a sympathetic leadership style with different personalities, preferences and relevant knowledge of their employees by incentivizing critical and creative thinking (Amabile, 1996) and information and knowledge sharing (Holden, Glisby, 2010).

People differ in their inherent creativity – Disney, Picasso, Mozart, Edison, Gaudi were individuals of exceptional creativity. Entrepreneurship also demands for creativity. "Creativity has always been at the heart of business, but until now it hasn't been at the top of the management agenda. By definition the ability to create something novel and appropriate, creativity is essential to the entrepreneurship that gets new businesses started and that sustains the best companies after they have reached global scale"(Amabile and Khaire, 2008). Okpara (2007) has shown that "no entrepreneur or enterprise, however successful and big, can continue to hold a place of leadership unless it recognizes that modern business operates in a world of galloping change which creates new problems, risk and opportunities and for which they have to mobilize the enterprise's resources before changes make their impact felt". An IBM`s study(2010) which surveyed more than 1500 chief executive officers concluded that creativity is the most important leadership quality for success in business."On one hand, creativity is needed to make decisions fast and good. On the other hand, only creative leaders have the ability to re-think their business models and come up with ideas to drastically change their enterprise. Creative leaders have to be open-minded and inventive. They have to encourage

creativity inside the organization in any way." (http://blog.tricider.com/2011/10/20/creativity-leadership-quality/)

5. Entrepreneurial leadership

Ireland, Hitt, and Sirmon(2003) defined entrepreneurial leadership as the ability to influence others to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviors. They defined six imperatives for entrepreneurial leadership: a) nourishing an entrepreneurial capability; b) protecting innovations threatening the current business model; c) making sense of opportunities; d) questioning the dominant logic; e) revisiting deceptively simple questions; and f) linking entrepreneurship and strategic management.

Todd Warren states in Forbes Magazine: I've seen 5 essential qualities in common for entrepreneurial leaders:

1.Vision and dissatisfaction with the present;

2.Knowing and taking advantage of your unfair advantages;

3.The ability to get people on board and add to the vision;

4.Flexibility to adapt, openness to feedback, and the ability to learn;

5.Persistence and execution.

For all of these 5 elements, some people are naturals at some of them; others may need to be developed.

An entrepreneurial leader must combine many of the traditional skills of management with those of the entrepreneur. They must also reconcile the conflict between the impatience of the entrepreneur with the constraints imposed by an organization in its desire to control events.

The leaders must take an overview; reconciling differing perspective – which may involve conflict resolution, creating a climate of cooperation – which will involve coordination, but also exercising authority when needed to bring forward some initiative whilst pushing back others.(Burns, 2011)

6. Conclusion

Entrepreneurs have a vision for their business at start-up – and ideas aplenty. Building a shared vision with staff as the business grows is no easy task.

As firms grow, the role of the founder needs to change. Like Michael Dell or Steve Jobs or Bill Gates, the founder needs to metamorphosise into a leader. This change is not easy. Some choose to only do what they enjoy and are good at – start-ups – and become serial entrepreneurs. Rarely the founders of start-up businesses remain in charge as their businesses become large organizations

Having and communicating a vision is a key skill of both entrepreneurship and leadership. Developing the vision is a continuous process, checking with staff that resonates with them, modifying it to suit changing circumstances.

At organizational level, it is necessary to encourage creative behavior and develop knowledge by creating organizational spaces through sympathetic leadership and support systems. Then, organizations can breed creative environment through attracting talent, incentivizing the expression of new ideas and divergent thinking, nurturing unconventional problem solving and exploratory thought and encouraging receptivity to ideas.

It appears that the key to durable success consists in the will and ability of the entrepreneur to reach a leader mentality and stature. Lastly, organizations need to be

flexible while they face change. Moreover, entrepreneurs need to adapt and change their own identities and behaviors while creating high-level team synergies. The ensuing entrepreneurial atmosphere will then heighten the organizational ability to foresee new opportunities and ultimately respond to them.

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