

## Entrepreneurs, managers and leaders

~ Ph. D. Associate Professor **Vladimir-Codrin Ionescu** (University of Bucharest, Romania)

E-mail: [vladimir-codrin.ionescu@faa.unibuc.ro](mailto:vladimir-codrin.ionescu@faa.unibuc.ro)

~ Ph. D. **Cristina Bolcaş** (University of Bucharest, Romania)

E-mail: [cristina.bolcas@drept.unibuc.ro](mailto:cristina.bolcas@drept.unibuc.ro)

**Abstract:** *Entrepreneurs, managers and leaders are important players in a competitive market economy. Entrepreneurs create and develop businesses, by manifesting initiative and entrepreneurship, which are real drivers of economic development in the contemporary period. Managers design and implement organizational strategies and policies, the fundamental objective of which is to obtain sustainable competitive advantages. Leaders, through their informal authority, charisma and their ability to relate and communicate, give credibility and consistency to entrepreneurial and managerial actions. Entrepreneurs and managers need to gain the support of leaders in substantiating, adopting and implementing organizational change projects, which are essential in an increasingly dynamic business environment. The paper provides an integrated perspective on issues related to entrepreneurs, managers and leaders, highlighting similarities, differences and points of interference among them.*

**Keywords:** *organization, change, entrepreneurs, managers, leaders.*

**JEL Classification:** L26, M10, M21, O10.

## 1. Introduction

Entrepreneurship, management and leadership are key vectors for the competitiveness of organizations in an ever more complex and dynamic business environment.

Entrepreneurship is the most certain way to thrive in an uncertain, constantly changing world. The reduction in the number of jobs is one of the worst consequences of economic crises, and often people who had never planned to become entrepreneurs choose this solution to overcome the crisis (Farrel, 2011).

Becoming an entrepreneur is the best way to thrive in the future world economy. Preparing for survival through your own intelligence is no longer an alternative lifestyle, but an absolute necessity in this uncertain world, dominated by downsizing (Farrel, 2013).

Modern management, comprising variance analysis, budgeting, project management, the “pay-for-performance” concept, strategic planning and others, is one of the great inventions of mankind (Hamel and Breen, 2010).

The performance registered by the organizations is conditioned by the competence of the managers and human resources involved in the execution processes, the cultural context in which they carry out their activity, and the influences exercised by the national and international business-environment factors (Verboncu and Corcodel, 2014). It is, therefore, essential the competence of company managers, which is mainly determined by their ability to understand and implement the principles, models, methods and techniques offered by the management science.

Leadership is an activity with a strong creative interpersonal dimension and which involves the initiation and propagation of change almost at all times. Managers and leaders, as key actors of change processes, have to develop constantly the companies that they lead (Landsberg, 2008).

Leadership, manifested in organizations at three levels – team, operational and strategic – is essential in building and developing an evolutionary cultural model which, in its turn, is an important vector of the organizational change processes within modern companies (Ionescu, 2014).

Managers and leaders must initiate and coordinate processes of change in organizations. It is a fact that, in many companies, the change is not regarded as a natural process of organizational and individual development, but as an event which must occur at a time, under the pressure of influential factors from the business environment. In this context, we consider that managers and leaders must have strategic vision and develop a proactive attitude as regards the organizational change projects.

## 2. Literature review

In specialized literature there is a significant number of studies, research and articles dedicated to entrepreneurs, managers and leaders. We will present below some representative approaches regarding entrepreneurs, managers and leaders, developed over time by renowned specialists in economics, entrepreneurship, management and leadership.

The entrepreneur is not only a key character of the economy with a competitive market that translates ideas into businesses by taking advantage of opportunities offered by the market

but also a key element in achieving business success and ensuring company's sustainability (Marinescu, et al., 2017; Toma, Marinescu and Gradinaru, 2017). Therefore, we assume that the market, i.e. the business environment, always offers opportunities, but the entrepreneur has to carry out the "business idea - business opportunity" coupling in order to initiate and develop an entrepreneurial process.

The concept of entrepreneur was introduced by Richard Cantillon in his work "Essai sur la nature de commerce en general", published in 1755. He considers that the activity of an entrepreneur lies in procuring and combining the factors of production in order to obtain products intended for sale on the market.

Jean-Baptiste Say, the first professor of political economy in Europe, found that an entrepreneur must possess "...judgment, perseverance and an understanding of the world and business. He has to estimate with tolerable precision the importance of products, the likely level of demand and the factors of production required at a certain time".

Schumpeter marks an important moment in the evolution of the entrepreneur concept. In his opinion, the entrepreneur is a person who brings novelty elements (a new product, a new production process, etc.) (Schumpeter, 1934).

The renowned specialist Carland distinguishes between the owner of a company and an entrepreneur. The owner creates and runs an undertaking for personal interests, while the entrepreneur influences and coordinates the activity of an organization, having as central objective obtaining profit (Carland et al., 1984).

The American Professor Peter Drucker considers that since the 80s we have been witnessing an entrepreneurial revolution, reflected in the shift from managerial economy to entrepreneurial economy. In his view, the entrepreneur is the person who permanently looks for changes, his actions having a predominantly practical nature (Drucker, 1985).

An interesting approach is the one of the Canadian researcher Jean Marie Toulouse, focused on three axes of human activity: value system, degree of commitment and intensity of actions (Toulouse, 1997). According to this approach, the entrepreneur pays special attention to the autonomy and freedom of decision, assumes the risks involved by his activity and has a strong inclination towards action, showing creativity in solving the problems that he is faced with.

Professor Eugen Burduş finds that the entrepreneur is a person who creates new businesses, assuming risks in achieving the objectives, by identifying opportunities (Burduş et al., 2010).

Marius Ghenea, a successful Romanian entrepreneur and professor of "Entrepreneurship, Innovation and New Business Ventures" at Maastricht School of Management, proposes a simple but suggestive definition of the entrepreneur. According to this definition, the entrepreneur is the person who looks at a problem and sees it as an opportunity, and then acts on it. All people see problems in their daily lives, some of them identify solutions to these problems, but very few go further and act to implement solutions. This approach highlights the fact that an entrepreneur is a person who has ideas and acts based on his ideas to turn them into business projects (Ghenea, 2011).

In our opinion, the entrepreneur is one of the main actors of an economic system with competitive market as he creates new organizations and develops existing organizations. The starting point of the entrepreneurial action is the business idea, which the entrepreneur puts into practice by detecting and capitalizing an opportunity existing on the market, making use of a set of resources (Ionescu and Bolcaş, 2019).

In specialized literature there are numerous works approaching the subject regarding the qualities that an entrepreneur should have. Marius Ghenea has outlined the following list of qualities required for entrepreneurial success (Ghenea, 2011):

- ⊙ vision;
- ⊙ intelligence and creativity;
- ⊙ knowledge of the field of activity;
- ⊙ perseverance and determination;
- ⊙ charisma and persuasion;
- ⊙ responsibility;
- ⊙ capacity to make decisions quickly;
- ⊙ identification of solutions for existing problems;
- ⊙ entrepreneurial flair;
- ⊙ positive thinking;
- ⊙ passion for their own business;
- ⊙ personal ethics;
- ⊙ confidence in people;
- ⊙ attitude.

No entrepreneur can meet all these qualities in the superlative, yet it is important to possess a balanced combination and appropriate weights thereof. As regards positive thinking, an aphorism of the great British politician Winston Churchill is quite eloquent, saying that “An optimist finds opportunity in every difficulty, while a pessimist sees difficulty in every opportunity”. Therefore, the optimistic psychological profile is determinant for the success of an entrepreneur.

In our view, the portrait of a successful entrepreneur comprises a series of defining qualities, illustrated in Figure 1.

Figure 1: Defining qualities of the entrepreneur



Source: Authors' own research.

The functionality and performance obtained by organizations are decisively conditioned by managers and leaders. They design development strategies, the management system and the organizational culture, thus generating effectiveness, efficiency and sustainability. Managers are people who hold management positions and, by virtue of their tasks, competencies and responsibilities, adopt decisions and initiate actions that influence the activity and the behavior of other people in the organization (Nicolescu and Verboncu, 2008).

Managers and leaders have a key role to play in the management of organizations. The management process contains three main phases: forecasting, operational and final measurement and interpretation of results.

The first phase, in which a forecasting management and leadership is manifested, involves setting the objectives, identifying the resources and defining strategic options through which the objectives can be achieved, given the resources of the organization. The operational phase of the management process, in which an operative management and leadership is carried out, includes four steps:

- ⊙ determination and delimitation of activities;
- ⊙ distribution of activities on organizational subunits;
- ⊙ coordination organizational processes and activities;
- ⊙ involvement of human resources in processes and activities.

The third phase, the measurement and interpretation of results, in which the management and leadership are post-operative, essentially consists of:

- ⊙ control of processes and activities;
- ⊙ assessing the performance by comparison with the level of forecast objectives;
- ⊙ identifying the causes of the deviations;
- ⊙ initiating corrective measures to improve processes and activities in the next managerial cycle.

The main qualities of a manager are highlighted suggestively in Figure 2.

Figure 2: Defining qualities of the manager



Source: Authors' own research.

Leaders, along with managers, have a key role to play in the sustainable development of organizations.

Max Landsberg, who has gained international recognition as an authority in coaching and professional development, finds that the essence of leadership is the ability to create a vision, motivation and momentum in a group of people. Therefore, the leaders of organizations have to create and maintain this triad (Landsberg, 2008).

Vision is a positive image of what the organization could become and it shows, at the same time, the path that it has to follow in order to achieve the objectives arising from the mission and, implicitly, the desired performance. The leader has to crystallize a vision that is also shared by the members of the organization. For this purpose, it is important for the leaders to be creative, innovative and to translate their ideas into exciting, logical and achievable images and actions.

Motivation is an essential component of leadership. It is important that the managers and leaders of organizations take into account aspects such as customizing motivational elements, ensuring a stable balance relationship between tasks, competences and responsibilities, so that the employees successfully carry out the objectives incumbent upon them, combining adequately the mater

ial rewards with the moral and spiritual rewards, and also granting such rewards in a progressive system, so as to maintain an organizational climate conducive to the achievement of operational excellence.

The momentum necessary for the implementation of organizational development projects is another important component of leadership. A leader has to be able to convey his vision to others, to be a good communicator and to convince the human resources that his proposals are viable and can improve the processes and activities of the organization.

John Adair believes that the main qualities of a leader are enthusiasm, integrity, warmth, courage, critical judgment and toughness, but doubled by correctness (Adair, 2007). The leader should be enthusiastic to instill enthusiasm in others. In this sense, an aphorism belonging to Ralph Waldo Emerson, American poet and essayist, is quite suggestive: "Nothing great was ever achieved without enthusiasm."

### **3. Research methodology**

To achieve the objectives of this paper we used the quantitative research method. The review of the specialized literature was based on consulting representative titles, books and articles from the area of the approached issue, respectively from fields such as economy, management, entrepreneurship and leadership. The documentation was made within the "Carol I" Central University Library of Bucharest, by consulting studies and research from international databases such as Ebsco, ProQuest, Emerald Insight, Springer and Wiley Online Library.

The information taken from these studies and researches have been processed, analyzed, structured and systematized to provide an integrated perspective on issues related to entrepreneurs, managers and leaders, highlighting similarities, differences and areas of interference between them.

#### 4. Results and discussion

The same person who works in an organization can combine the qualities of entrepreneur, manager and leader alike, in different proportions. The share of these qualities is important, as it recommends a person for one of the three categories (Burduş, 2007).

Organizations are born as a result of entrepreneurial actions. Once created, these organizations need managers to lead them and inspirational leaders to support the managers. The main connection point between the entrepreneurship, managerial and leadership activities is, in our opinion, the change.

Change is the very essence of business development (Clarke, 2002). The famous American professor Peter F. Drucker, dubbed "the father of modern management", found that the entrepreneur is a person who constantly seeks the change. Management, as a vector for the competitiveness of organizations in an ever more dynamic competitive environment, has to be proactive, flexible and change-oriented. Finally, the work of leadership is centered on the initiation, development and implementation of organizational change projects.

Another area of interference between entrepreneurs, managers and leaders is the exercise of the five managerial functions of an organization, namely forecasting, organizing, coordinating, training and control-evaluation. Managers, par excellence, perform these functions that essentially define the management of an organization. The organizational theory and practice have shown, over time, that entrepreneurs and leaders also perform managerial functions, but in a significantly different way. Thus, in exercising the forecasting function, which is considered the most important managerial function of an organization, entrepreneurs and leaders anticipate the evolution of variables in the business environment with the help of personal qualities (intuition, flair, observation, talent, etc.), while managers make more use of the arsenal of methods, techniques and procedures learned and operationalized over time (Burduş, 2007).

The essential quality of a manager is to build a team of collaborators as well prepared as possible. Managers' competence, decisive for the success of organizations, has been addressed from a triple perspective:

- ⊙ formal competence (defined by formal limits among which the manager can act to achieve the objectives, tasks and responsibilities set out in the job description of the position that he occupies);
- ⊙ professional competence (according to his training, knowledge and experience accumulated over time in his professional activity);
- ⊙ managerial competence (is reflected by his managerial knowledge and abilities).

Leaders' competence is defined by the first two categories mentioned above, namely formal and professional. In addition, leaders have charisma, which gives them a certain authority over the other members of the organization. Therefore, the leaders, by their double competence - formal and professional - and charisma, succeed in mobilizing the groups of human resources of the organizations, obtaining their support in the various actions that they initiate.

There are also managers-leaders, but these situations are rarely encountered in organizations. It is an ideal situation for a manager to be a leader, at the same time. The manager-leader capitalizes, on the one hand, the competence trinomial (formal, professional and managerial) and

also has the charisma, which is the key to obtain the adhesion of the members of the organization for the proposed development projects.

As regards the dilemma whether “the managers and leaders are born or formed”, we find that the managers and leaders are people who have certain native qualities (intelligence, intuition, talent, communication skills, etc.), yet this arsenal of qualities should be supplemented by continuous training. For example, communication, which is essential in management and leadership activities, also has an important native component related to personality, but it has to be amplified by training, organizational situations and contexts. Consequently, the native potential of managers and leaders, their vocation, are important, but they have to be cultivated permanently so as to finally obtain the desired results.

## 5. Conclusions

The entrepreneur is one of the main actors of the economy with competitive market as he creates new organizations and develops existing organizations. The starting point of the entrepreneurial action is the business idea, which the entrepreneur puts into practice by detecting and capitalizing an opportunity existing on the market, making use of a set of resources.

Management entails mainly a strategic and integrated vision on the future of the organization, the establishment of realistic goals, the efficient allocation of resources for development, the organization, coordination and evaluation of processes, and also the involvement of the human resources in organizational activities in order to obtain sustainable competitive advantages.

A leader has to be able to convey his vision to others, to be a good communicator and to convince the human resources that his proposals are viable and can improve the processes and activities of the organization. Leadership takes into account the human dimension of management, in the involvement process of the human resources by the leader.

Organizations are born as a result of entrepreneurial actions. Once created, these organizations need managers to lead them and inspirational leaders to support the managers. The main connection point between the entrepreneurship, managerial and leadership activities is, in our opinion, the change.

Managers and leaders must initiate and coordinate processes of change in organizations. In many companies, the change is not regarded as a natural process of organizational and individual development, but as an event which must occur at a time, under the pressure of influential factors from the business environment. We consider that managers and leaders must have strategic vision and develop a proactive attitude as regards the organizational change projects.



## REFERENCES:

1. **Adair, J.**, 2007. *Liderul inspirațional. Cum să motivăm, să încurajăm și să avem succes*. București: Editura Meteor Press.
2. **Burduș, E.**, 2007. *Fundamentele managementului organizației*. București: Editura Economică, București.
3. **Burduș, E., Cochină, I., Crăciun, L. and Istocescu, A.**, 2010. *Întreprinzătorul*. București: Editura Pro Universitaria.
4. **Carland, J.W., Hoy, F., Boulton, W.R. and Carland, J.A.**, 1984. *Differentiating Entrepreneurs from Small Business Owners: A Conceptualisation*. *Academy of Management Review*, 9(2), pp.354-359.
5. **Clarke, L.**, 2002. *Managementul schimbării. Ghid practic privind producerea, menținerea și controlul schimbării într-o firmă sau organizație*. București: Editura Teora.
6. **Drucker, P.F.**, 1985. *Innovation and Entrepreneurship. Practice and Principles*. New York: Harper & Row Publishers.
7. **Farrell, L.**, 2011. *Cum să devii antreprenor. Dezvoltă-ți propria afacere*. București: Editura Curtea Veche.
8. **Farrell, L.**, 2013. *Noua eră antreprenorială. Trezirea spiritului întreprinzător în oameni, companii și țări*. București: Editura Prior & Books SRL.
9. **Ghenea, M.**, 2011. *Antreprenoriat. Drumul de la idei către oportunități și succes în afaceri*. București: Universul Juridic.
10. **Hamel, G. and Breen, B.**, 2010. *Viitorul managementului*. București: Editura Publica.
11. **Ionescu, V. and Bolcaș, C.**, 2019. *Entrepreneurship and intrapreneurship. Entrepreneurs and intrapreneurs*. *Manager*, 30, pp.155-162.
12. **Ionescu, V.**, 2014. *Leadership, culture and organizational change*. *Manager*, 20, pp.65-71.
13. **Landsberg, M.**, 2008. *Leadership. Viziune, motivație, elan*. București: Editura Curtea Veche.
14. **Marinescu, P., Toma, S.-G., Miulescu, G.-F. and Gradinaru, C.**, 2017. *Entrepreneurship: from education to innovation*. *Manager*, 26, pp.146-156.
15. **Nicolescu, O. and Verboncu, I.**, 2008. *Fundamentele managementului organizației*. București: Editura Economică.
16. **Schumpeter, J.**, 1934. *Theory of Economic Development*. Cambridge: Harvard University Press.
17. **Toma, S.-G., Marinescu, P. and Gradinaru, C.**, 2017. *Successful entrepreneurs: Mark Elliot Zuckerberg*. *Manager*, 26, pp.157-162.
18. **Toulouse, J. M.**, 1997. *Definition de l'entrepreneurship*. *L'entrepreneurship*, Quebec, Montreal, pp. 1-18.
19. **Verboncu, I. and Corcodel, S.-F.**, 2014. *Managerial Performance - Factors of Influence*. *Review of International Comparative Management*, 15(3), pp.273-283.