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ENTREPRENEURIAL LEADERSHIP AS A COGNITIVE CONSTRUCT FOR EFFECTIVE SUPPORT IN THE IMPLEMENTATION OF DECISION-MAKING OPPORTUNITIES

Summary. The conceptual evolution of entrepreneurial leadership is at its early phase. Current studies exploit predominantly the leadership literature, mainly the transactional and transformational leadership approach. The paper focuses on entrepreneurial leadership approach in the context of effective support for exploitation of opportunities. I suggest that the concept of entrepreneurial leadership supports entrepreneurial behaviours and supports decision-making process in complex business environment.

Key words: entrepreneurship, entrepreneurial leader.

PRZEDSIĘBIORCZE PRZYWÓDZTWO JAKO KONSTRUKT POZNAWCZY DLA EFEKTYWNEGO WSPARCIA W PODEJMOWANIU DECYZJI PRZY REALIZACJI SZANS

Streszczenie. Ewolucja przedsiębiorczego przywództwa jest dzisiaj we wczesnej fazie. Aktualne badania wskazują na wykorzystanie do opisu przywództwa głównie podejścia transakcyjnego lub transformacyjnego. Artykuł skupia się na scharakteryzowaniu przedsiębiorczego przywództwa w kontekście skutecznego wsparcia dla wykorzystania szans. Sugeruję, że przedsiębiorcze przywództwo efektywniej wspiera zmiany w zachowaniu lidera w procesie podejmowania decyzji, w skomplikowanym otoczeniu biznesowym.

Słowa kluczowe: przedsiębiorczość, przedsiębiorcze przywództwo.

1. Introduction

As the world is becoming more and more complex and unpredictable we desperately need new leaders who see the world in a new light and can act in a fundamentally different way to create new opportunities. Today's well-educated leaders meet the needs of modern world and

are good at using IT technology like spreadsheets, data analysis, and other predictive tools to analyse a situation and take action based on this analysis. However, the analysis based on past situation may prevent them from risk taking actions, and therefore may stop them from creating new opportunity. Entrepreneurial leaders need to stop analysing and start acting and think about what opportunities exist in their organization that they can act on now. Taking action is not about spending multiple years and hundreds of thousands of dollars on a project but about identifying small steps that can be implemented today [15]. These small steps may develop into new opportunities. Each step is an action, which equips entrepreneurs with new skills and knowledge that help them perceive and seize the new opportunities. Entrepreneurs are now described as aggressive catalysts for change in the world of business; individuals who recognize opportunities where others see chaos, contradiction, or confusion. They have been compared to Olympic athletes challenging themselves to break new barriers, to long-distance runners dealing with the agony of the miles, to symphony orchestra conductors who balance the different skills and sounds into a cohesive whole, or to top-gun pilots who continually push the envelope of speed and daring [24]. The aim of the article is to present leadership form entrepreneurial perspective in a dynamically changing environment.

2. Environment demands a different kind of leadership – new approach towards entrepreneurial leadership

Constantly changing business environment appeals for new approach towards leadership. According to Greenberg, McKone-Sweet, and Wilson [15] analytic approaches alone cannot be used to create new opportunities since past data alone is no longer useful for predicting the future. Instead, leaders must rely more on action than analysis to create new opportunities. By taking action, leaders learn about a situation and can use their understanding to guide future action. Furthermore, by taking action leaders connect with and inspire others to co-create solutions to seemingly intractable problems.

To face the challenges of today's business successfully companies have to become more entrepreneurial [11] and attempt to foster entrepreneurship so that business opportunities are perceived and exploited [39, 38]. Change, innovation, and entrepreneurship describe what such successful companies do to compete [47, 48, 8]. However, it is not enough to develop new approaches to innovate and to create new businesses and achieve profitable growth. It is even more difficult to sustain the growth. It is an organizational paradox that, while the existing capabilities provide the basis for the current performance of a company, without renewal, they are likely to constrain the future ability to compete [28].

Entrepreneurship can make a significant difference to a company's ability to compete [48]. It can be used to improve competitive positioning and transform corporations, their

markets, and industries when opportunities for value-creating innovations are developed and exploited [32, 23, 34, 29]. A key benefit of corporate entrepreneurship may be to push companies to employ a range of strategies often in unique combinations [11]. By doing so, companies build layers of advantage by combining distinctive bases for competitive superiority [17].

As Kuratko and Hodgetts [25] state entrepreneurship has become the symbol of business tenacity and achievement. Entrepreneurs' sense of opportunity, their drive to innovate, and their capacity for accomplishment have become the standard by which free enterprise is now measured. We have experienced an Entrepreneurial Revolution throughout the world. This revolution is becoming more powerful to the twenty-first century than the Industrial Revolution was to the twentieth century. Entrepreneurs will continue to be critical contributors to economic growth through their leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity, and formation of new industry.

Limited research has been devoted to the conceptual development of entrepreneurial leadership [22]. Some researchers refer to the differences between entrepreneurship and leadership as simplistic and 'parsimonious' [43] and similar or different characteristics of entrepreneurs and successful leaders [13]. Entrepreneurs are more than just leaders who work for an organization as they start their company from the very beginning, and while doing this they face different challenges and crises [16] and lead in an extraordinary complex situation [4]. Moreover, entrepreneurs are more complex in personality attributes and skills because they need to play different roles simultaneously [30]. Therefore, entrepreneurial leaders need to develop more specific competencies to be able to successfully create a new venture and lead it to success and development [16,41,1] and entrepreneurial leadership is a specific type of leadership that influences others to manage resources strategically in pursuit of entrepreneurial opportunities [21].

Unfortunately, most entrepreneurship literature focuses on either the individual or the organizational level, and more research is required to understand the influence of the interaction of individual and organizational attributes on entrepreneurial activities [19]. Even at the organizational level, more research is needed to address how the internal environment (organizational culture, strategic focus, structure, processes and systems) interacts with an entrepreneurial vision to stimulate entrepreneurial activities [26].

3. Entrepreneurial leadership framework

Entrepreneurial leadership is defined as a specific type of leadership that possesses 'the ability to influence others to manage resources strategically in order to emphasise both

opportunity-seeking and advantage-seeking behaviours' [21:971]. This definition draws insights from entrepreneurship as a value creation process that involves the ability and desire to recognize and pursue an opportunity [42], and leadership as 'the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish a shared objective' [48:3]. Similarly, Gupta et al. [16:242] define entrepreneurial leadership as 'leadership that creates visionary scenarios that are used to assemble and mobilize a "supporting cast" of participants who become committed by the vision to the discovery and exploitation of strategic value creation' [46:505-506]. Entrepreneurial leadership can also be thought of as leading, through direct involvement, a process that creates value for organizational stakeholders by bringing together a unique innovation and package of resources to respond to a recognized opportunity [9]. In fulfilling this process, entrepreneurs function within a paradigm of three dimensions: innovativeness, risk-taking and proactiveness [35]. Innovativeness focuses on the search for creative and meaningful solutions to individual and operational problems and needs. Risk-taking involves the willingness to commit resources to opportunities that have a reasonable possibility of failure. Proactiveness is concerned with implementation, and helping to make events happen through appropriate means, which typically include the efforts of others [9].

If we confine entrepreneurial leadership as a concept to the organization, then we have focused it to the process of building, among multiple constituencies, commitment to the enterprise's vision, mission, objectives, and strategies as well as change or reinforcing existing patterns of behaviour in the enterprise as the whole changing its structure processes, capabilities and developing an effective organizational culture, including infusion ethical value systems in making strategic decisions [2].

The entrepreneurial leadership framework [23, 24] is developed within larger House and Shamir's [20] context of transactional/transformational, charismatic, or visionary leadership. The approach, already suggested in leadership topics [10, 44], joins those researchers who argue that the dialectical approach may be extendible to many domains of organizational enquiry. One especially interesting illustration is the competing values framework, where it is argued that effective leaders must be able to engage in both similar and contradictory roles [38]. Gidden's notion of "the dialectic of control" holds that, no matter how asymmetrical, power relations are always two-way, contingent and to some degree interdependent [14]. This opinion is similar to that of Collins [5], who concluded that great performance of leaders is based on combining a culture of discipline with an ethic of entrepreneurship. In a somewhat related vein, Collinson [6] explores three interrelated dialectical dynamics (control/resistance, dissent/consent, men/women) and highlights the tensions, contradictions and ambiguities that typically characterize the relations and practices of leaders and followers as mutually constituting and coproduced. At the same time, Farson [12] illustrates how apparent contradictions or absurdities could be the sources of leadership competences. These

suggestions are not at all inconsistent with predictions derived from other studies that have pursued the important aspects of leadership in existing enterprises.

The entrepreneurial leader's challenging task is to mobilize the competencies of the enterprise and its stakeholders by scenario enactment (creating a scenario of possible opportunities) and cast enactment (creating a cast of people endowed with the appropriate resources). Gupta, MacMillan and Surie [16] argue that these two independent dimensions of enactment provide the theoretical framework for the construct of entrepreneurial leadership. Particularly first dimension, I suppose the cognitive one reflecting explorative learning, is depicted by three specific entrepreneurial roles: (1) Framing the challenge – setting highly challenging but realistic standards and goals for the cast of knowledgeable actors to accomplish, (2) Absorbing uncertainty – taking the burden of responsibility for the vision and instilling others with confidence that they can accomplish desirable future, (3) Path clearing – diplomatic bargaining to obtain support from the stakeholders, persuading others of leader viewpoint, and encouraging them through reassuring and advising. The second dimension of entrepreneurial leadership, I suggest the ideological one because of leader's appealing to a vision derived from a set of super ordinate values (institutional ideology), is characterized by next two role: (1) Building commitment – inspiring emotions, beliefs, values and behaviours of others to work hard together and to seek continuous performance improvement, (2) Specifying of constraining limits – intellectually stimulating others and integrating people around shared understanding of what can and cannot be done, making decisions firmly and quickly to persevere in the face of environmental change, and encouraging others to learn. In summary, the key lever of an entrepreneurial leadership is a collective spirit of conscious opportunity-seeking.

In the construct of entrepreneurial leadership, I consider organizational participants and stakeholders that foster or facilitate the development of entrepreneurial processes. The internal environment makes demands for order, and predictability. The external environment makes demands for attention, flexibility, responsiveness, and effectiveness. These potentially contradictory elements of organizations create a challenge for entrepreneurial leadership, who capture mental models of organizational members with clear vision of the future and motivate followers to realize the vision. In entrepreneurial areas that is in an environment of complexity, ambiguity, uncertainty, in which knowledge is the most critical success factor multiple perspectives are needed to solve the problems, and stakeholders' shared vision and widely shared interpretations are required [18, 39] and self-organization is required [31, 47]. Entrepreneurial leadership process can be supported through the development of internal dynamics that focus on contradictions reconciliation. In doing so, enterprises enhance their own governance adaptive capacity and are better able to enhance their effectiveness. A closer look reveals three fundamental elements that contain contradictions shaping the entrepreneurial leadership dynamics [23, 24]: (1) Top-down, individualistic versus bottom-up, team- work in identifying and interpreting opportunities, (2) Economic effectiveness versus

social responsibility in entrepreneurial wealth creation, (3) Extrinsic motivation, economic competition versus intrinsic motivation, social cooperation as a lever of involvement in entrepreneurial activities. Given the scope and magnitude of benefits conferred by dialectical approach it seems reasonable to suggest that it might provide similar benefits for entrepreneurial leadership research. For this reason, and taking into account the interdependence of contradictions reconciliation through associated processes, I posit that entrepreneurial leadership involves three interlinked contradictions. Although this finding may be unsurprising to many, I am unaware of any existing study that has presented evidence of the link between contradictions reconciliation and entrepreneurial wealth creation.

4. Conclusion

The concept of entrepreneurial leadership has become increasingly important because organizations must be more entrepreneurial to enhance their performance, their capacity for adaptation and long-term survival [16]. Covin and Slevin [7] emphasized that entrepreneurial effort refers to key challenges managers face and is related to the three interrelated behaviour components: the risk-taking dimension (inclined to take business-related risks), the innovation dimension (favouring change and innovation to obtain a competitive advantage for the firm), and the proactive dimension (competing aggressively with other firms) [3].

Future research should also consider other possible moderating mechanisms involved in the proactive personality and entrepreneurial leadership relationship. It is possible that organizational climate, achievement goals, locus of control, and entrepreneurial self-efficacy moderate the relationship between proactive personality and entrepreneurial leadership [27, 35].

I believe that organizations of various sizes and types can benefit from the entrepreneurial leadership approach. This approach provides us with operationalization for entrepreneurial leadership scale, which in consequence should give directions for developing entrepreneurial leadership in organizations. I have indicated that employees who perceive that their supervisors exhibit entrepreneurial leadership behaviours are more satisfied with the companies they work for. Developing entrepreneurial leadership in a firm seems to have immediate benefits through employees' satisfaction. I also believe that leaders can improve overall firm's performance by constructing a culture centered on the entrepreneurial leadership dimensions.

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Omówienie

Ewolucja przedsiębiorczego przywództwa jest dzisiaj we wczesnej fazie. Obecne badania przywództwa bazują na podejściu transakcyjnym lub transformacyjnym. Wydaje się, że podążanie do nowego paradygmatu, jakim może być przedsiębiorcze przywództwo oraz wypracowanie i zoperacjonalizowanie jego pomiaru powinny przybliżyć nas do odpowiedzi na to, jaki jest najbardziej efektywny sposób sprawowania przywództwa w obecnych czasach. Ponadto, przedsiębiorcze przywództwo może być taktowane jako proces skupiający się na rozwoju, w celu budowania grupy zwolenników zwłaszcza w początkowej fazie weryfikowania, czy dana sytuacja jest szansą czy też nie. Artykuł jest próbą scharakteryzowania przedsiębiorczego przywództwa, które wyłania się jako konsensus w dziedzinie badań nad przywództwem w kierunku stworzenia nowego paradygmatu.