



Conference Proceedings

THE IMPACT OF ENTERPRENEURIAL ORIENTATION ON THE ENHANCEMENT OF LEADERSHIP SKILLS

Nina Kuburović¹
Bojana Ostojić²

DOI: 10.5937/EEE24031K
JEL: M30, M31
Review Scientific Paper

ABSTRACT

Since ancient times, political leaders have recognized the importance of improving their own skills, leading to the gradual transfer of a culture of education among people in leadership positions, initially in the political sphere and later extending to the economic sector and entrepreneurs. Many scientists worldwide have attempted to arrive at the most effective definitions of entrepreneurial orientation, and through various examples of best practices, they have reached many layers of the management world, aiming to improve their performances and business environments. Healthy entrepreneurship plays a vital role in a country's economy; in fact, it can be seen as a cell or unit of a larger system called the state. If entrepreneurship is based on a healthy economic foundation, the state's economy is equally profitable and efficient. In this paper, the author explores a model of entrepreneurial orientation that can enhance the abilities of leaders, which can later contribute to the improvement of their business organization.

KEYWORDS

entrepreneurial orientation, leadership, entrepreneurship, economy, skills

INTRODUCTION

One of the first definitions of the term entrepreneurship was given by Schumpeter back in 1934. He defined entrepreneurship in the context of developing new products or services, developing new production methods, identifying new segments and markets, identifying different sources of supply and developing different forms of organizations (Schumpeter, 1934). Entrepreneurship plays a vital role in the progress of modern society and economy, and the study and encouragement of entrepreneurship at universities is one of the basic factors of the success and sustainability of this process (Vekić et al., 2022).

In order for entrepreneurship to be successful, a system must first be established. The system can be established and controlled by a person with a competent professional profile, i.e. complete leadership skills. Entrepreneurial activities carried out by entrepreneurs play an increasingly important role in strengthening modern economies and lead to the development of business ideas and new companies based on them (Vekić et al., 2022).

By establishing and applying an entrepreneurial orientation as a leading policy of a system, there is undoubtedly a direct impact on the leader, on improving his skills, performance and improving the

¹ Telekom AD, Belgrade, Serbia, PhD candidate, nina94kuburovic@gmail.com, ORCID: 0009-0003-4804-4289

² Faculty of Project and Innovation Management, Belgrade, Serbia, bojanaostojic85@gmail.com, ORCID: 0000-0001-6731-431x



Conference Proceedings

spread of his own influence as a leading figure in the system he manages. Entrepreneurial innovations should be continuous changes with the aim of continuous improvement and improvement of products, technology, services as well as processes within the company, improvement of the organization, etc. It is important that the entrepreneur involves employees in the organization in innovative activities, which strengthens the internal strength of the organization (Grozđanić et al., 2008).

Although entrepreneurship as an activity experienced an expansion in its development during the 20th century, we cannot confirm for sure when exactly the entrepreneurial orientation appeared as a phenomenon, and therefore not when the awareness of the importance of entrepreneurial orientation in the economic development of both the individual and the state came to light. What we can confirm is that individuals have always strived for improvement, in that desire to create a more progressive system, individuals in entrepreneurship realized that the system they lead as entrepreneurs can become better if they, as leaders of that system, begin to strive for improvement.

The current educational policy determines the goal of encouraging the development of entrepreneurial competences and entrepreneurial behavior. The chosen goal is not to train each person to be an entrepreneur and to develop an entrepreneurial personality, but to encourage the development of entrepreneurial competencies and entrepreneurial behavior of each person (Bjekić et al., 2023). However, knowledge of entrepreneurship alone is usually not enough for the development of an entrepreneurial spirit. If only it were enough, by now we would have a huge number of entrepreneurs who acquired knowledge of entrepreneurship at economic faculties (Francesco et al., 2018).

An entrepreneur is a person gifted with business spirit and leadership skills, always alert and ready to take advantage of new business opportunities by appropriately combining factors of production and determined to take the risk (related to uncertainty) of managing the organization based on innovation and permanent development, with the aim of creating new value (Penezic, 1998). Many researches today deal with young people and their entrepreneurial potential, intentions and competencies that can be improved through various education programs and trainings (Levie et al., 2014). Startup entrepreneurs today are much younger than they used to be the case in previous generations (Schott, Cheraghi, 2015). The entrepreneurial organization is based on experience and decentralization, because every improvement builds on previous progress, and everyone in the company has the opportunity to participate in it. Orientation to constant changes, innovations and development is the overall determinant of an entrepreneurial organization (Milickovic et al., 2021). Entrepreneurial orientation will encourage the development of leadership skills only if the person we are targeting has the talent, desire and will to improve and, above all, engage in this craft. Schumacher (1973) argued that giant organizations and the growth of specialization would lead to economic inefficiency at the macroeconomic level and offered as an alternative a system of intermediary technologies based on small production units. In the paper, the author, through inductive, deductive, but also through analysis as a method, will show in detail and explain in more detail how by implementing an entrepreneurial orientation as a business model in order to improve the competencies of our employees, we can influence the improvement of leadership skills.

PROCESS OF IMPROVING LEADERSHIP SKILLS AND THEIR IMPACT ON INCREASING PRODUCTIVITY

The concept of entrepreneurial orientation and its impact on firm performance have attracted considerable attention from researchers in the field of organizational sciences (Stam, Elfring, 2008, Messersmith, Wales, 2011, Wang, Altinay, 2012, Gupta, Batra, 2016). As previously stated in the paper, entrepreneurial orientation can contribute a lot to the improvement of leadership skills, however, as it is



Conference Proceedings

a broad concept, the procedures related to it are also very complex. Management is a profession whose foundation rests on harmonious organization, and good organization results in work productivity. For many years, economic experts behind us compare management as a basic activity equal to professions in the medical, mechanical, and architectural fields, and some even go with the interpretation and theory that it may be more important than the ones mentioned for the simple reason that well-organized management completes half of the work in advance.

Strategic management is an instrument intended for the top management team that provides a framework for running a company, enables the development of unique resources and skills necessary to achieve goals, and with which companies provide an adequate response to contextual changes in the external environment (Caldwell, Anderson, 2017). Therefore, as a set of skills that entrepreneurial orientation offers to leaders as a tool for improvement, scientists have singled out some of the most cited, namely: initiative and innovation, persistence, intelligence, willingness to take risks, communicativeness, motivation, self-confidence and optimism, competitive aggressiveness, etc.

First of all, we must clearly understand that entrepreneurial orientation is a very living thing, just as the economy and the economic sphere move following world economic trends, so entrepreneurial orientation also adapts to new market trends, so the procedures for its implementation differ in giving importance to some features sometimes more and sometimes less. Table 1. shows precisely how scientists see the dimensions of entrepreneurial orientation and its trends in the literature in the period from 2011 to 2021.

Table 1. Dimensions of entrepreneurial orientation in recent literature from 2011 to 2021.

Authors / Dimensions of EO	I	P	RS	CA	A
Messersmith & Wales (2011)	+	+	+		
Vij & Bedi (2012)	+	+	++	+	+
Kraus et al. (2012)	+	+	+		
Lechner & Gudmundsson (2014)	+	+	+	+	+
Hussain et al. (2015)	+	+	+	+	+
Courrent et al., Semrau et al., Chavez et al. (2017)	+	+	+		
Gupta & Sebastian (2017)	+	+	+	+	+
Boabeng & Li (2018)	+		+		
Ibarra-Cisneros & Hernandez-Perlines (2019)	+	+	+		
Goulap (2020)	+	+	+		

Legend. I – innovativeness, P – proactiveness, RS – risk taking, CA – competitive aggressiveness, A –autonomy

Source: Cvijić Čović, 2021.

As we can conclude from the aforementioned research, innovation, proactivity and risk-taking are the three traits or skills that scientists in recent history are most fond of (Cvijić Čović, 2021). The improvement of leadership skills implies the implementation of an entrepreneurial orientation first in the business system and then on the employee's own example. In order for an entrepreneur or an employee to be able to improve his own knowledge and skills, the company or organization in which he works must first adopt an entrepreneurial orientation in its internal policy as a business policy, and then employees must be determined according to their functions or other categories that will be by means of seminars, team building of various business tasks to strengthen the qualities that are presented as dimensions of entrepreneurial orientation.



Conference Proceedings

A good leader is evaluated through a whole series of qualities that he must possess, the most important of which are: adaptability, motivation, communicativeness, energy, ambition, acceptability, concreteness, etc. One of the most useful methods for developing leadership among employees is tests. Through the tests, the management first evaluates the actual state of the leadership spirit of its associates, and then, through the results, points out to the employees where they are all wrong and how they can improve their abilities and skills. The leader is the one who should ensure a healthy and productive work environment through: defining goals, creating a path for achieving those goals, removing possible obstacles and providing support to followers (Milić, 2021).

Leaders help followers on their way to achieving their goals by choosing the best way to behave corresponds to the current situation and the needs of the followers: directive leadership, supportive leadership, participative leadership and achievement-oriented leadership (Northouse, 2019). An achievement-oriented leader sets high standards of excellence, insists on continuous performance improvement, but in addition high expectations, this leader believes that his followers can achieve even these challenging ones goals (Bertocci, 2009). In order for the company's productivity to be positive, it is necessary to fulfill a number of expected criteria that undoubtedly lead to the achievement of this goal. However, many scientists believe that productivity is achieved first of all by increasing capital, resources, successively reducing the volume of consumption, while the improvement of management and working abilities of employees through the improvement of their skills are marginalized, believing that this can contribute to productivity only through the second or third round of components necessary to achieve goals. Improving leadership skills can be a direct and immediate way to achieve the targeted productivity, i.e. the foundation of the company's efficiency, because professional staff builds and organizes a good economic platform, on which rests the entire business plan of that company, which undoubtedly leads to the targeted productivity within the planned time frame.

Let's consider the following example, if we know the desired productivity, which we can express monetarily, let that productivity be marked with the number 10, we have one known element, which is employees, who occupy one fifth, that is, twenty percent of the total value of productivity. We need to come up with a method, which in this case would be entrepreneurial orientation, by which we can achieve productivity with the help of employees. The formula for calculating this procedure, in which Em and productivity Pr are employed, would read:

$$X \cdot Em = Pr$$

$$X \cdot 2 = 10$$

$$X = 10/2 = 5$$

X is equal to entrepreneurial orientation (EO) while productivity would be equivalent to leadership skills (LS), so the derived formula would read:

$$EO \cdot EM = PR \Rightarrow LS$$

If we look at leadership as a process, then we see it as a phenomenon that arises in a certain context. It is the context of the group, actions, behavior, trust and interaction of leaders and followers. From this aspect of leadership observation, the action and behavior of the leader is crucial, which presupposes the possession of certain knowledge and skills (Ivanović, 2020). Leadership implies the existence of influence, in fact leadership without influence does not exist! It should also be noted and emphasized that groups are environments in which leadership arises and develops (Djordjevic, 2019).



Conference Proceedings

However, when we mention leadership in the field of economy, a significant difference is made between leaders and managers. Managers are focused on ways of working, that is, on how work should be done, while leaders are more focused on work outcomes – on what needs to be done (Williams, 2010). In entrepreneurship, a manager with leadership skills can be a catalyst for productivity. The European Commission's definition of entrepreneurship says that entrepreneurship is the ability of an individual to turn ideas into action, with the help of creativity, innovation, and risk-taking (Bučalina-Matić, Milanović, Vrcelj, 2016). Sehovic believes that an entrepreneur who is not ready to take risks cannot take advantage of the opportunities offered to him. An entrepreneur is a generator of changes, new ideas and initiatives, which makes him different from other people. It is a "producer" of competitive advantages. In addition to all the above, there are also the following features (Sehovic, 2014):

- Ambitious – aims for big things.
- Persistent – never gives up.
- Leader – leads other people.
- Realistic – sees things as they are, no matter what.
- Self-confident – believes in himself and his abilities.
- Modest – never praises himself and speaks little. His actions speak.
- Stable – does not allow problems of a personal nature to affect business life.
- Passionate – he enjoys what he does and is one hundred percent committed to it until the end.

Orientation to development, constant changes and permanent creation of the new, as a response to turbulent and uncertain demands of the environment, intensified the process of entrepreneurship, in general, stimulating entrepreneurial behavior at all levels within large organizations (Baros, 2007). This primarily applies to all large corporations, which have the resources and capacities to implement all world economic trends dictated by large global corporations. Sometimes, for the education and acquisition of new skills among employees, a separate system within the company is necessary, which will devise methods and procedures that will influence employees to motivate themselves when it comes to training. These instruments can most often be various motivational magazines within the company, questionnaires, seminars, workshops, etc. However, since the procedure for educating all employees would require a large amount of money, large corporations generally organize seminars only for a targeted group of employees whose improvement of leadership skills could certainly contribute to greater productivity.

CONCLUSION

Lech Walensa once said, "I simply know how to smell things, feel situations, and when the crowd is silent, I understand what it is saying through silence. Then I say it out loud, using the right words." From this quote, we can clearly conclude that skills such as eloquence, concreteness, communicativeness, motivation, etc. used by people from different socio-business structures. The economic history of the most developed countries in the world, such as America and Japan, speaks in favor of the fact that entrepreneurship played a key role in their development (Petkovic, 2009). The application of entrepreneurial orientation as a method of good practice to improve the leadership skills and abilities of employees is becoming a growing phenomenon that is applied and implemented by an increasing



Conference Proceedings

number of companies, both in the world and in Serbia. Entrepreneurial orientation can sometimes be key in bringing greater productivity and efficiency to the company.

By improving the functions and abilities of the workforce, a more harmonious organization is obtained, communication is more concrete, time, resources and means for work are saved, and in the end, with a better formula, productivity is achieved with maximum efficiency achieved. However, when we talk about entrepreneurial orientation, it is a very wide range of dimensions to which everything can be related, but following the movements of world economies, supply and demand markets, we can notice that the accent sometimes refers more to certain dimensions and sometimes less. Entrepreneurial orientation is not exclusively intended for company managers, but also refers to the entire number of employees. When we consider the system of values and traits to which entrepreneurial orientation refers, which are analyzed in detail in the paper, we come to the conclusion that if every employee applied those abilities and skills to himself, the productivity of that company would be inevitable.

However, if only the manager possessed the skills while the employees were lagging behind in terms of motivation and work, the targeted goal would certainly not be reached, or it would be reached with much more time and resources, which would increase productivity but without efficiency. The improvement of leadership skills never refers only to the decision to apply an entrepreneurial orientation, but there is a whole process of methods and means that lead to the desired goal. For example, in larger companies, corporations like Telekom Serbia, there is a separate sector within the human resources directorate that deals with employee education and training. However, this cannot apply to small and medium-sized companies with a smaller number of employees, because they do not need a separate human resources system unit, but human resources are made up of one to two professionals who deal with the administrative care of employees. In such companies, entrepreneurial orientation can be made by the decision of the company's manager and would not require its complex application in work.

The goal of every company is to adapt to changes in the economic market, following the trends presented by the world's largest corporations as an example of good practice. Following the changes and movements of the world economy, market opportunities arise that will be seized only by those companies that will consciously increase their competitiveness on the market. By strengthening the economic system of a country, its economic stability is strengthened, which is the goal of every state policy. In the paper, through the methods of induction, deduction and analysis, it is shown how the implementation of entrepreneurial orientation can lead to the improvement of leadership skills, but also how leadership skills can influence the increase in productivity and efficiency of companies.

REFERENCES

- Baroš, Ž. (2007). *Preduzetništvo i preduzetnički menadžment*. Panevropski univerzitet Apeiron, Banja Luka.
- Bertocci, D. I. (2009). *Leadership in organizations: There is a difference between leaders and managers*. University Press of America Inc., Lanham.
- Bjekic, D., Zlatic, L., Zlatkovic, B. (2023). Entrepreneurial orientation student of educational professions. *Innovations in teaching*, 36(1), 70-85.
- Bucalina-Matic, A; Milanovic, V., Vrcelj, N. (2016): Entrepreneurship, marketing and entrepreneurial marketing, International Scientific Conference – ERAZ 2016: Knowledge-based sustainable economic development, Proceedings, pp. 486.



Conference Proceedings

- Caldwell, C. & Anderson, V. (2017). *Competitive Advantage: Strategies, Management and Performance*. Nova Science Publishers, Inc., New York.
- Cvijic Covic, M. (2021). *Modeling relations between entrepreneurial orientations and successes of the company*. University in Novi Sad. Novi Sad.
- Djordjevic, B. (2019). *Leadership - conceptuality and vision*. Faculty of Banking, Insurance and Finance. Union Belgrade University. Belgrade.
- Francesko, M., Njegomir, V., Zivkovic, M. (2018). Entrepreneurial orientation in higher education. XXIV Meeting of Development Trends: "Digitalization of Higher Education". Kopaonik, Proceedings, pp. 1-4.
- Grozdanic, R., Radojicic, M., Vesic, J. (2007). *Entrepreneurial orientation*. Technical Faculty in Cacak. Cacak.
- Gupta, V.K., Batra, S. (2016). Entrepreneurial orientation and firm performance in Indian SMEs: universal and contingency perspectives. *International Small Business Journal*, 34(5), 660-682.
- Ivanovic, P. (2020). *Vademecum of leadership theories*. Faculty of Economics Podgorica.
- Levie, J., Autio, E., Acs, Z., Hart, M. (2014). Global entrepreneurship and institutions: an introduction. *Small business economics*, 42(3), 437-444.
- Messersmith, J. G., Wales, W. J. (2011). Entrepreneurial orientation and performance in young firms: the role of human resource management. *International Small Business Journal*, 31(2), 115-136.
- Milic, B. (2021). *Leadership in function improvement of creativity i innovative behavior employees*. Faculty of Technical Sciences, Novi Sad.
- Milickovic, M., Alshafie, M.Z.B., Jevremovic, M. (2021). The impact of entrepreneurship and leadership development on economic development. *FBIM Transactions*, 9(1), 70-80.
- Northouse, P. G. (2019). *Leadership: Theory and practice*. (8th Ed.). Sage Publications, Thousand Oaks.
- Penezic, N. (1998). *Managing the development of small enterprises*. Zadužbina Andrejević, Belgrade.
- Petkovic, V. (2009). *Entrepreneurship*. Faculty of Business Economics and Entrepreneurship, Belgrade.
- Schott, T., Kew, P., Cheraghi, M. (2015). *Future Potential: A GEM Perspective on Youth Entrepreneurship*. Available at: <https://www.theark.ch/media/document/0/gem-2015-youth-report-1438012592.pdf>. Accessed on the 2nd of May 2024.
- Schumacher, E. F. (1973). *Small is Beautiful - Economics as If People Mattered*. Blond & Briggs, London.
- Schumpeter, J A. (1934). *The Theory of Economic Development*. Harvard University Press, Cambridge.
- Sehovic, A., (2014). Entrepreneur as a business leader. *Economic Challenges*, 3(6), 154-165.
- Stam, W., Elfring, T. (2008). Entrepreneurial orientation and new venture performance: the moderating role of intra- and extraindustry social capital. *Academy of Management Journal*, 51(1), 97-111.
- Vekic, A., Brocki, J., Fajsi, A. (2022). Entrepreneurial orientation of students and conditions for launching startup companies. XXVIII Conference of Development Trends: "University Education for Economy", Kopaonik, Proceedings, pp. 417-420.
- Wang, C.L., Altinay, L. (2012). Social embeddedness, entrepreneurial orientation and firm growth in ethnic minority small business in the UK. *International Small Business Journal*, 30(1), 3-23.
- Williams, C. (2010). *Principles of Management*. Data Status, Belgrade.