

# Entrepreneurship, Management and Leadership. An Organizational Perspective

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## *Abstract*

*Entrepreneurship, management and leadership are key vectors for the competitiveness of organizations in an ever more complex and dynamic business environment. Given that between entrepreneurship, management and leadership there are multiple connections both in theoretical and methodological terms and in terms of practical use, the paper addresses the issues related to this triad in a correlative vision. Significant aspects on entrepreneurship are briefly presented, with special reference to the main activities to be completed within an entrepreneurial approach. Also, the paper highlights the content of managerial processes and relationships developed within organizations and the fundamental dimensions on which professional management should be structured in order to achieve sustainable competitive advantages. The final part of this work reflects leadership secrets and the most important principles governing the training programs for leaders in the modern organizations of contemporary economy.*

**Keywords:** organization, entrepreneurship, management, leadership, competitiveness.

**JEL classification:** L26, M10, M12, M14, M21.

## **Introduction**

The European Commission is concerned of and focuses its efforts on encouraging entrepreneurship which, by its inclusion in Europe 2020, is recognized as one of the key factors for smart, sustainable and inclusive growth. Contributing significantly to the personal and professional development and to the achievement of social and economic objectives, entrepreneurship is an important option for the young people of the European Community to build successful careers (FPP, 2013).

Entrepreneurship and small and medium enterprises have a central position among the innovation, growth and job creation strategies, becoming one of the main priorities at Community level. Following the review of the European “Small

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Business Act” policy framework in 2011, the European Commission adopted the “Entrepreneurship 2020 Action Plan”, approved by the European Council and Parliament in 2013. By this plan, a new integrating vision was configured and a comprehensive set of actions was established to support entrepreneurship activities in the Member States of the European Union, for the purpose of sustainable development.

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).

Currently, it is widely recognized that management is a science, as much as a practical activity and an art. It is a science because its object of study and analysis are the managerial processes and relationships carried out in organizations, operating in this respect with specific concepts, notions, methods, techniques and principles. Management is a practical activity as it incurs the operationalization of principles, methods, techniques and models offered by science, thus determining an increase in the competitiveness of organizations. Management is also an art because the managers, in addition to the arsenal of methods and techniques that is available to them, must have flair, intuition and experience accumulated over time, which would allow them the proper application of knowledge in different situations and organizational contexts. 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.

Leadership is an important component of management, centered on establishing a vision, motivating the human resources and urging them to engage in organizational development projects. Leadership is essential in building and developing an evolutionary cultural model, which, in its turn, is an important vector of organizational change processes in modern companies.

There are multiple connections between entrepreneurship, management and leadership. Studies and research recently published in prestigious specialized journals reveal that there are similarities, differences and connections between management and leadership, both in conceptual and practical point of view (Edwards, Schedlitzki, Turnbull and Gill, 2015).

Organizations are born as a result of entrepreneurial efforts. 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.

Given that there are multiple interferences between the entrepreneurship, management and leadership activities, the paper aims to provide an organizational perspective on the “entrepreneurship – management - leadership” triad, grounded on a correlative and integrated approach.

## **1. About entrepreneurship**

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 (Farrell, 2011).

The entrepreneurial phenomenon brings together processes and activities within which business opportunities in a certain context are detected and exploited, creating and developing organizations that are usually small and medium enterprises.

The abovementioned context is defined by economic, managerial, technical and technological, demographic, socio-cultural and educational, political, legal and ecological factors. This context is, in fact, the real entrepreneurial environment which, by the multitude and diversity of the factors involved, exerts direct influences, propagated on any entrepreneurial endeavor.

Beyond this real entrepreneurial environment there is an entrepreneurial environment perceived by the potential entrepreneurs, namely by those who initiate and develop entrepreneurial processes. The perceived entrepreneurial environment represents the perception of a potential entrepreneur with regard to the evolution and influences of contextual factors in a certain area and a certain period of time.

Professor Howard Stevenson believes that entrepreneurship consists of pursuing an opportunity, making quick changes, adopting multiphase decisions, using the resources of other persons, conducting human relations and networks, and also rewarding the initiators for the newly-created value (Stevenson 1992), (Nicolescu, 2008).

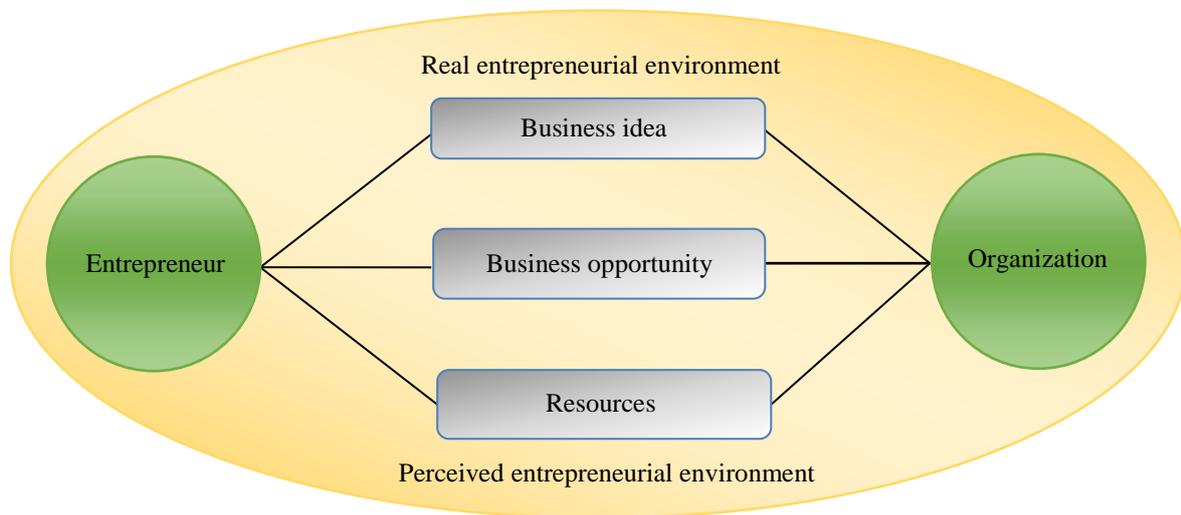
Louis Jacques Fillion has structured the entrepreneurial process in ten activities, specifically (Fillion, 1997), (Nicolescu, 2008):

- identifying economic opportunities;
- conceiving the vision on the entrepreneurial action;
- adopting decisions on starting the entrepreneurial process;
- organizing the initiated business;
- purchasing the equipment necessary for the activities to be carried out;
- acquiring raw materials, in general all the elements representing “inputs” in the entrepreneurial process;
- operationalizing marketing methods and techniques;

- selling products and services on the market;
- ensuring the necessary workforce, both in terms of quantity, but especially in terms of quality, *i.e.* professional competence;
- subcontracting and attracting external collaborators for those activities for which the necessary competence and means are missing.

The aspects presented above refer to the entrepreneurial phenomenon for economic purposes, namely entrepreneurial processes and activities in the economic field. It is worth noting that the entrepreneurial phenomenon also manifests itself in other fields, such as the educational, cultural, social, political field, etc. A person having an idea, crystallizing a vision, materializing that idea through coordinated actions and inducing quantitative and qualitative changes in a certain system or field of activity is, without doubt, an entrepreneur.

Returning to the economic dimension of the entrepreneurial phenomenon, we summarize the following key-elements: a business idea, a business opportunity, *i.e.* the detection thereof in a certain entrepreneurial environment and a set of resources (human, financial, material, technological, informational, etc.), by means of which the entrepreneur will initiate and develop the entrepreneurial process (Figure 1).



**Figure 1. The entrepreneurial action**

## **2. Management, vector for the competitiveness of the organization**

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.

The sustained concerns for managerial theory and practice are reflected by the significant number of existing scientific works in specialized literature. First, it is important to understand the essence of management. One of the most comprehensive definitions is provided by the professors Ovidiu Nicolescu and Ion Verboncu, according to which “organizational management resides in studying the management processes and relations within organizations, in order to discover the rules and principles that govern them and to conceive new systems, methods, techniques and leadership capable of ensuring the obtaining, maintaining and increasing competitiveness.” (Nicolescu and Verboncu, 2008).

This definition shows that the essence of management consists of the management processes and relationships carried out in organizations. The management processes represent a small weight in the whole of work processes within organizations, but they have a decisive impact on their economic and social performance.

In essence, a management process consists of a logical sequence of progressive steps in which objectives are established, resources are allocated, strategic options for development are outlined, activities are organized and coordinated, human resources are involved in organizational processes by means of motivational instruments, and finally the results obtained are assessed by comparison to the level of expected objectives, while identifying the causes that generated malfunctions and proposing corrective actions to eliminate the deficiencies recorded during the managerial cycle.

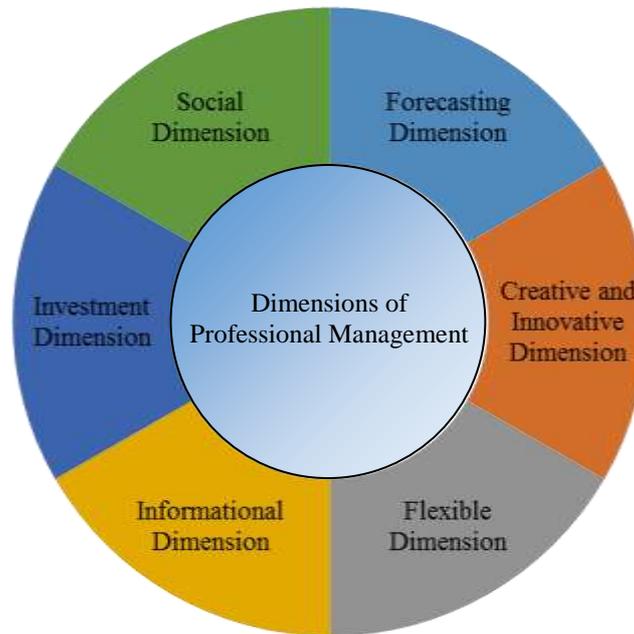
Managerial relationships are the connections that are initiated and developed among the members of an organization during the stages that define the managerial processes.

In our opinion, a professional management presents the following fundamental dimensions (Figure 2):

- Forecasting dimension (embodied in prospective studies, forecasts, strategy and overall organizational policy, operational strategies and policies, plans and programs);
- Creative and innovative dimension (new technologies, new processes, new products, new services, new methods and techniques for organizing processes, new methods and managerial techniques);
- Flexible dimension (process flexibility, product flexibility, organizational flexibility, research and development flexibility, commercial flexibility, financial flexibility, human resources flexibility, geographic flexibility, etc.);
- Informational dimension (designing an informational system to provide relevant information about the preferences expressed by the carriers of the demand to the strategic actions taken by competitors,

the technical, technological and managerial know-how, the quality of products and the services offered on the market, etc.);

- Investment dimension (organization's strategy and policy in the field of investments, investment programs undertaken, grounded investment decisions, adopted and implemented in the organization);
- Social dimension (reflected by the social objectives of the organization that have to be addressed both in terms of its employees – quality of life of human resources, employment status and career development, social protection, etc. – and its consumers – offering products and services that meet the international quality standards, providing information as complete as possible on the company's offer by means of organizing appropriate advertising campaigns, etc.).



**Figure 2. Dimensions of professional management**

We also have to emphasize that the management science is strongly supported by universities through different programs. The universities have a unique position due to their roles in specific fields that substantially contribute to management development as education and training, scientific research and exploitation of results (Nen, Stoika, Radulescu, 2011).

### **3. Essence of leadership**

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 material 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.

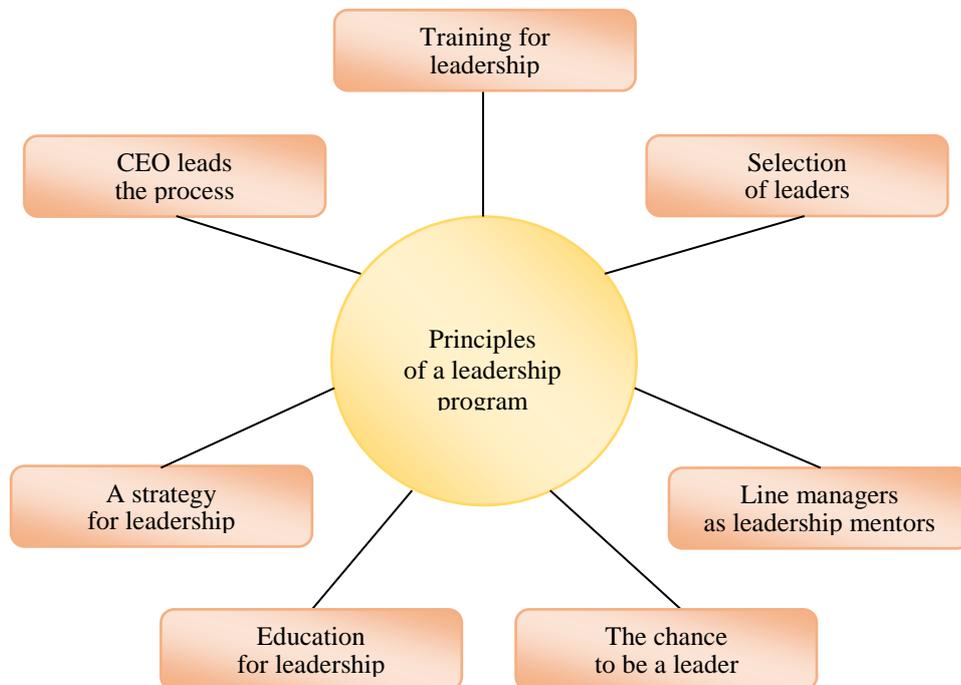
The leadership activity is manifested at different levels. Thus, a team leader is in charge with the primary group, an operational leader is in charge with a significant part of the organization, while a strategic leader leads the organization as a whole, as “a leader of leaders”. In order to perform their functions within organizations, strategic leaders must acquire “practical wisdom”, a combination of kindness, intelligence and experience (Adair, 2007), (Adair, 2015).

Jack Welch, former president and chief executive officer of the company General Electric, finds that there is a series of leadership secrets, of which we mention (Slater, 2009):

- approaching change as an opportunity which, if realized, will enable the organization to achieve more competitiveness;
- facing reality by permanent adaptation of business strategies and swift action;
- treating human resources with respect, giving them more trust and freedom;
- creating a system of values that reflects the vision, culture and objectives of the organization;
- building an organizational culture based on the continuous training of human resources;

- encouraging the exchange of ideas within the organization by setting up regular meetings and by rewarding the employees who come up with new ideas and translate them into best practices;
- promoting three secrets within the company – swiftness, simplicity and self-confidence – enabling it to adapt to changes that occur in the business environment;
- involvement all human resources in processes and activities, and focusing on the improvement of intra departmental and interdepartmental communication;
- handling with priority the aspects related to the quality of processes, products and services of the organization, as the main source for obtaining competitive advantage;
- ongoing monitoring of customer reactions to the initiatives shown by the organization to offer new products and services.

John Adair, a globally recognized authority in the field of leadership and management personnel development, finds that the leadership activity involves the application of certain principles. Such principles are not rules or logical steps of a plan, but general statements, universally or largely considered as true and fundamental (Adair, 2014). In other words, any training program for leaders in organizations should be governed by a number of fundamental principles, suggestively illustrated in Figure 3.



**Figure 3. Training program for leaders in organizations**

It is important to notice that the leadership qualities should be present in all fields of activity in order to reach the expected results. One example is the struggle of public administration or the educational sector to identify and transfer the best leadership practices from business to their particular settings (Nastase, Dobrea, Valimareanu (Mircioi), 2016).

### **Conclusions**

There are multiple connections between entrepreneurship, management and leadership. Organizations are born as a result of entrepreneurial efforts. 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.

Entrepreneurship consists of pursuing an opportunity, making quick changes, adopting multiphase decisions, using the resources of other persons, conducting human relations and networks, and also rewarding the initiators for the newly-created value.

A management process resides in a logical sequence of progressive steps in which objectives are established, resources are allocated, strategic options for development are outlined, activities are organized and coordinated, human resources are involved in organizational processes by means of motivational instruments, and finally the results obtained are assessed by comparison to the level of expected objectives, while identifying the causes that generated malfunctions and proposing corrective actions to eliminate the deficiencies recorded during the managerial cycle.

A professional management presents the following fundamental dimensions: forecasting dimension (prospective studies, forecasts, strategies and policies, plans and programs); creative and innovative dimension (new technologies, new processes, new products, new services, new managerial methods and techniques); flexible dimension (process flexibility, product flexibility, research and development flexibility, commercial flexibility, financial flexibility, human resources flexibility); informational dimension (an informational system to provide relevant, timely and complete information); investment dimension (organization's strategy and policy in the field of investments, investment programs); social dimension (the social objectives of the organization both in terms of its employees and its consumers).

The essence of leadership is the ability to create a vision, motivation and momentum in a group of people. The leaders of organizations have to create and maintain this triad. Leadership is an activity with a strong creative interpersonal dimension and which involves the initiation and propagation of change almost at all times.

As a process, leadership represents the action of the leader based on different sources of power and a specific set of skills, directed towards influencing the members of a group so that their activity would be aimed at the achievement of the company's objectives. Training leaders is a very important endeavor in modern organizations, referring mainly to the activities of training, selecting, mentoring and developing a leadership strategy.

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