



Implementation of Entrepreneurial Leadership: Will It Make Better or Worse? A Study Case in Sukosari Village – Trawas District – Mojokerto – East Java

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Abstract. The paper aims to explore the entrepreneurial leadership implemented by the village leader to create a sustainable tourism village in Sukosari – Trawas district. The characteristics of an entrepreneur also determine the effectiveness of entrepreneurial leadership because an entrepreneur has a different character from a non-entrepreneur. This study uses a qualitative paradigm with a field research approach. The researchers observe and participate directly in a small-scale social environment. Detailed data are obtained through direct conversations and observation of the informants' lives. Direct interaction among researchers with “real people” in a natural social order also helps collect the correct data. The study shows that innovation, risk-taking, creativity, and experimentation can make a better tourism village. However, these elements must be adequately planned to avoid a negative impact. The absence of the charisma of a leader makes minimum subordinates support to achieve goals.

Keywords: entrepreneurial leadership · innovation · risk-taking

1 Introduction

In a competitive business environment, the survival of a business cannot be predicted, especially for MSEs, which are more prone to failure. The tourism industry is also prone to failure, especially with inappropriate leaders. Therefore, the success of MSEs also requires an effective leadership style [1]. One of the modern leadership types is entrepreneurial leadership [2]. Alvarez and Barney [3] suggested that entrepreneurship leadership can be interpreted as a type of leadership whose actions are directed towards establishing a business at the individual level...”.

Entrepreneur success is also influenced by the way entrepreneurs lead their businesses. Research from Randeree [4] shows that entrepreneurial leadership plays a central role in MSEs and significantly affects the daily operations and success of MSEs. Previous empirical studies have confirmed that the failure of micro and small businesses is related to poor entrepreneurial leadership [5].

In contrast, previous studies have also shown that the entrepreneurial leadership of their entrepreneurs largely determines the success of MSEs. Research conducted by Rahim et al. [6] on Malaysia's MSEs shows a link between entrepreneurial leadership and business success. However, the existing context influences the effectiveness of implementing entrepreneurial leadership, which means that all businesses have different results.

The MSME cases selected in this study were from Sukosari village, Mojokerto sub-district, East Java. One of the tourist attractions developed in this village is Rainbow Garden Poetoeek Soeko, a flower garden spot in the highlands with mountain views in the background. Many MSEs, such as café and food centers, are doing business there. This village is led by a village head known as a creative person with a high entrepreneurial spirit to prosper his village. This area developed creatively and became one of the tourist destinations in the Trawas area. However, observations and discussions with his subordinates revealed dissatisfaction with his entrepreneurial leadership implementation. His creativity did not benefit its citizens, although he made many developments. This result does not align with Wang et al. (2012), which emphasizes that applying entrepreneurial leadership should encourage leadership behavior to gain opportunities and profit.

Based on these phenomena, the paper focuses on answering the following research question: can the application of entrepreneurial leadership make something good or bad for MSEs in Sukosari village? The development of MSEs in Sukosari village and entrepreneurial leadership concepts contribute to this research.

2 Literature Review

2.1 Entrepreneurial Leadership

Harms et al. [7] defines leadership as a process in which a person influences a group to attain a common goal. Based on the definitions above, leadership influences group members and directs them to the right goals. It means a leader should be able to influence, motivate, inspire, and transform his vision and mission to others (subordinates) to work hard to achieve organizational goals. Each leader has a different style of directing his subordinates, known as leadership styles/types, such as ethical leadership, moral leadership, cultural leadership, visionary leadership, transformational leadership, and transactional leadership. Each leader applies a different leadership style and often combines various styles according to the situation. Sometimes, a leader adjusts his leadership based on his subordinates' condition. Leadership and entrepreneurship are diverse social, cultural, environmental, and economic phenomena. In the last ten years, researchers have attempted to combine these two concepts integrated into entrepreneurial leadership models [8]. The researchers tried to combine two concepts (entrepreneurship and leadership) into one concept, entrepreneurial leadership. The objective is to explore leadership and entrepreneurial behaviors. Therefore, Chirstian [9] stated that entrepreneurial leadership is a study that combines leadership and entrepreneurial characteristics.

Entrepreneurial leadership is a specific leadership type that could influence others to manage resources strategically by emphasizing seeking opportunities and profits. Various definitions of entrepreneurial leadership cited by Leitch et al. [10] said that

entrepreneurial leadership should create imaginative scenarios [11] to gather and mobilize support members to commit and exploit strategic value creation. Another researcher Renko et al. [8] stated that entrepreneurial leadership directly influences group members' performance toward attaining organizational objectives while recognizing and exploiting entrepreneurial opportunities. Based on various definitions, entrepreneurial leadership is an essential factor influencing business performance. In today's tight competitive business environment, company leaders, especially micro and small family companies, should have and use entrepreneurial leadership competencies to compete with competitors and improve their business [2]. This opinion shows that the application of entrepreneurial leadership in MSEs greatly influences the performance of subordinates to achieve business goals. In addition, by having entrepreneurial leadership, a leader exploits business opportunities by utilizing existing resources to gain profit. Therefore, entrepreneurial leadership is often defined as a study that combines leadership and entrepreneurial characteristics [12].

Ireland et al., 2003, argued that entrepreneurial leadership is a specific type of leadership that influences others to organize resources strategically by emphasizing seeking opportunities and profits (Wang et al., (2012). Entrepreneurial leadership should create imaginative scenarios to gather and mobilize to support members to commit and exploit strategic value creation [10]. The application of entrepreneurial leadership in MSEs greatly influences the performance of subordinates to reach business aims, regardless of the business, including tourism. In entrepreneurial leadership, a leader enables him to exploit business opportunities by utilizing existing resources for profit [2].

2.2 Dimensions of Entrepreneurial Leadership

Zijlstra [13] suggests seven dimensions of entrepreneurial leadership as follows:

1. Risk taking - the entrepreneur's desire to absorb uncertainty and assume responsibility for the future of the business. A leader must have a risk-taking spirit in every decision he makes, especially in highly uncertain business conditions, and dare to take risks by responding to business opportunities.
2. Proactive – Kuratko [14] defines proactive as influencing and leading the future rather than waiting to be influenced by it, exploiting opportunities, and accepting responsibility for failure. [15] defines pro-active as action and anticipation of future problems. It describes that an entrepreneurial leader must always act and anticipate problems that may occur in the future and proactively prepare various solutions.
3. Visionary - [16] explains that vision is a key factor in leadership to inspire followers to achieve goals. Alvarez et al. [3] defines that vision is how to get "things" done. Successful implementation of entrepreneurial leadership starts from a vision to create commitment and develop entrepreneurial capabilities to stimulate entrepreneurial activity [17].
4. Innovation - the tendency and ability of entrepreneurial leaders to think creatively and develop something new and useful, including ideas for responding to opportunities, utilizing resources, and solving creative problems [15].
5. Experiment - Prabhu [18] found that an entrepreneur desires to experiment continuously, and it is through this experiment that existing business opportunities can be taken [10].

6. Charisma - Cunningham [19] revealed the importance of the charisma of an entrepreneurial leader because, to achieve goals, the leader must work closely with subordinates. Entrepreneurial leaders must have the charisma to be able to inspire subordinates in extraordinary ways and be able to adapt to the needs of subordinates [10].
7. Creativity - generates novelty and useful ideas in any domain' [20]. Amabile states that the creativity of an entrepreneurial leader comes from the unique ability to seek opportunities before others see them [20], and is successful in identifying opportunities and bringing new products and services to market [21, 22].

3 Method

This research applied a field research approach, in which the researcher directly observed and participated in small-scale social activities. Interaction and rapport with “real people” are needed in this method, as well as direct conversation, observation, and in-depth involvement with the informants. Theoretical / literature studies were used only as initial information (not an absolute basis for making research questions) and research results that follow the informants’ experiences. The research focuses on examining the ways of thinking, behaving, interacting, culture, and applying entrepreneurial leadership of village tourism in Sukosari Village, Mojokerto District. This method allows for accurate and definite results due to the researcher’s involvement for one year with the community in the village. Collecting data uses multiple sources to support validity and reliability.

4 Results and Discussion

The subordinates assessed that the village leaders dared to take risks to develop the rainbow garden tourist area through various loans to banking and non-banking institutions. This loan makes cash flow in village financial management entirely maintained. It shows that leaders applied risk-taking behavior to take opportunities for business development. However, leaders sometimes need to consider the fixed expenses that must be borne monthly due to loans made. This leader’s actions burden and force its members to work hard to pay off monthly debts. The action is a risk the leader must consider but dares to take. This condition aligns with the opinion of Bagheri [15] that entrepreneurial leaders have the tendency and ability to make calculations and bear business risks.

Many subordinates complained that leaders in their village were more reactive and not proactive. It means the leader waits until a problem occurs and seeks a way out. Many problems still need to be resolved, causing various financial losses. The result does not align with Bagheri’s opinion that said a leader must anticipate problems that will arise in the future [15]. Village leaders also need a clear vision for leading their citizens. These can be seen from the way he developed the Rainbow Garden Tourism area, which always thinks and acts in a short perspective. Medium-and long-term targets need to be thought through, which can be seen from the many sudden activities around the rainbow garden area without proper planning. Unclear vision also makes subordinates need clarification in working and acting when there is a problem. It does not align with Barbney’s research (2005), which states that vision is how to get “things” done, and one of the goals of having a vision is to create commitment.

Moreover, Sukosari leaders have done much innovation, but not well-planned. Innovation is often carried out after receiving input from various parties without filtering. Ignoring subordinates' opinions and suggestions brings some consequences. As a result, innovations are carried out but only benefit a few people, and many innovation activities are also neglected. These results contradict the results of Bagheri's research (2013); innovation is the tendency and ability of entrepreneurial leaders to think creatively and develop something new and useful, including ideas in responding to opportunities, utilizing resources, and creative problem-solving. The results of the various training and workshops attended by residents still need to be implemented after the activity is completed. Leader experiments are often carried out, but not with good planning so the results could not be more optimal. The experiment was carried out based on various unclear inputs and executed without discussing it with his subordinates. The ability to encourage subordinates to experiment could be much higher.

The charisma aspect of this village leader was awful. The subordinates performed leader's command because they were afraid. Relations with subordinates were not close and did not inspire subordinates. Therefore, the activities carried out by subordinates could be more optimal. If the leader does not supervise, his subordinates do not work. The result is different from Cunningham's research, which said that to achieve goals, leaders must be close to their subordinates, have the charisma to inspire them in extraordinary ways and adapt to their subordinates' needs [10].

A leader's creativity is shown through the unique capacity to see opportunities before others see them and successfully identify opportunities. In this case, the village leader only has standard creativity to manage the Rainbow garden. Many opportunities cannot be identified and often hinder subordinates' creativity by disapproving of creative ideas. The result differs from Chen's 2007 research that creativity is required for a leader to run a business.

5 Conclusion

The results show that village leaders' innovation, risk-taking, creativity, and experimental behavior can make a better tourism village. However, these elements must be adequately planned to avoid a negative impact. The absence of the charisma of a leader makes minimum subordinates support to achieve goals. Several suggestions thus are given: first, making a clear road map for village development. Second, Developing rapport relationships with subordinates and the community. Third, Being open-minded as a village leader.

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