Transformational Leadership in the Entrepreneurial Process: A Qualitative Study
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ABSTRACT
Transformational leadership is a leadership style that serves as a role model for its followers, motivating them to prioritize the organization's objectives over their individual interests. With the right leadership style, you can encourage the emergence of internal entrepreneurship in the organization. A leader must make himself a reflection and inspiration for employees in the organization. The method in this research uses a literature study. Researchers observe and review existing sources. The findings of the study indicate that the ability to make decisions within a reputable company is influenced by effective leadership and integrity. Moreover, visionary leadership is crucial for organizational advancement and stability, with a keen focus on market dynamics. The theory of transformational leadership emphasizes that leaders can enhance their authority and impact primarily through charisma (referent power) and inspiration (visionary processes). These two factors significantly impact entrepreneurship and are interconnected, driving each other's development.
INTRODUCTION

Social entrepreneurship, understood as catalytic leadership, brings about social change with the aim of addressing social problems. The importance of this form of entrepreneurship in the field of scientific research is increasing. Social entrepreneurship research receives special attention because it can solve social problems such as global warming, social inequality, environmental degradation, population explosion, poverty, illiteracy, and other sustainability challenges. Although existing research has examined contextual factors influencing business entrepreneurship, their impact on social entrepreneurship requires further research. Although the challenge in contextualizing entrepreneurship is to refine entrepreneurship theory to understand the key drivers of entrepreneurship, the impact of external context, particularly on social entrepreneurship, is an understudied area.

Transformational behavior can be applied to strategy because it fosters trust and respect among followers, motivating them to surpass expectations. This leadership style involves complex relationships within the company that are difficult for outsiders to replicate (Panagopoulos & Avlonitis, 2010). Podsakoff and colleagues (Podsakoff et al., 1996; Podsakoff, MacKenzie, Moorman, & Fetter, 1990) identified six elements of transformational leadership: articulating a vision, being role models, encouraging group goals, setting high standards, showing support, and providing intellectual stimulation.

Transformational leadership has been associated with positive behavioral outcomes, as noted by Lan and Chong (2015). Originating in Western countries, the concept is exemplified by models like the Multi-factor Leadership Questionnaire (MLQ; Avolio, Bass, & Jung, 1999). Bass (1985) conducted one of the earliest systematic studies on transformational leadership, focusing on four key dimensions: inspirational motivation, individual consideration, intellectual stimulation, and idealized influence. These dimensions highlight aspects such as visionary communication, mentorship, empowerment, and ethical influence (Li, Zhao, & Begley, 2015), forming the foundation of interpersonal behavior in leadership practices (Salamzadeh, 2020).

The type of leadership employed significantly influences knowledge-sharing innovation within organizations. Leadership plays a crucial role in enabling organizations to share, integrate, and effectively utilize knowledge for their advancement and advantage (Liu & DeFrank, 2013; Mushtaq & Bokhari, 2011). Researchers have focused on two key leadership styles: transformational and transactional (Masa'deh, Obeidat, & Tarhini, 2016). Transactional leadership is more effective in predicting individual task performance based on specific tasks and roles, whereas transformational leadership is more effective in predicting overall contextual performance (Wang, Tsui, & Xin, 2011; Baytok, Kurt, & Zorlu, 2014).

The entrepreneurial journey commences with an occurrence sparked by these elements, paving the way for the establishment of a new enterprise. According to Carvalho et al. This procedure comprises a sequence of crucial stages, starting from recognizing opportunities to executing the management framework, with the aim of generating value and ensuring the sustainability of
the business. Studies of leadership focus on how it is important for firm growth and performance and on the distinction between leaders and non-leaders (Schwenk and Shrdler 1993; Ireland and Hitt 1999; Ogbonna and Harris 2000; Goleman et al. 2002; Lord et al. 2017; Storey et al. 2017; Silva et al. 2020). Expanding research on the entrepreneurial process is crucial to enhancing understanding in this field. Such efforts can aid leaders and companies in refining their strategies by aligning leadership styles appropriately with different stages of the entrepreneurial journey (Song et al. 2021).

While research on entrepreneurial leadership is expanding, there remains a lack of focus on the impact of leadership on entrepreneurship and the management of small and medium enterprises (SMEs) (Leitch and Volery 2017). It is widely acknowledged in the literature that effectively managing Entrepreneurial Orientation is crucial for unlocking its full potential within a company. Consequently, recent research has started exploring the role of internal influencers (Covin, Green, & Slevin, 2006). To further this line of investigation, we investigate whether the relationship between Entrepreneurial Orientation and firm performance is influenced by the transformational leadership behaviors exhibited by top management. Thus, this study sits at the nexus of entrepreneurship and leadership (Cogliser & Brigham, 2004; Vecchio, 2003), an area of inquiry that is gaining traction among researchers and academics (Ensley, Pearce, & Hmieleski, 2006; Ling, Simsek, Lubatkin, & Veiga, 2008).

In existing literature, entrepreneurship and leadership are sometimes used interchangeably (Soomro et al. 2019). However, little is known about how different types of leadership impact the entire entrepreneurial process or its various stages. Therefore, this study aims to examine how distinct leadership styles, applied across different phases of the entrepreneurial journey (discovery, implementation, and growth), can influence this process within the context of small and medium enterprises (SMEs).

LITERATURE REVIEW
Transformational Leadership

Transformational leadership emphasizes the interactive process between leaders and subordinates, fostering mutual self-development. This aligns with previous research by Robbins & Coulter (2012) indicating that transformational leadership serves as a model for followers, encouraging them to prioritize organizational interests over personal ones. The right leadership style can stimulate internal entrepreneurship within an organization, as leaders strive to guide their teams towards greater productivity and development. Hult, Snow, and Kandemir (2003) further elaborate, as cited in Farrukh et al. (2019), that entrepreneurship plays a pivotal role in enhancing competitiveness. Hult suggests two key aspects to fulfill this role: fostering entrepreneurial capabilities within the organization and cultivating learning abilities and market influence to establish an entrepreneurial culture (Hult et al., 2003).
Opportunities in decision-making for established companies are largely determined by leadership quality and honesty (Yulia et al., 2023). This includes training company employees in good ethics and emotional control. Transformational leadership theory acknowledges the significance of power and influence within its framework. The leader’s connection with followers is viewed as emotionally driven, with followers exhibiting high levels of trust in the leader (Bass et al., 1987; Burns, 1978). Bass further outlined four key elements that constitute transformational leadership, encompassing charisma, inspiration, consideration for individuals, and intellectual stimulation (Bass, 1985).

A leader must make himself a reflection and inspiration for employees in the organization. Charisma is said to have "leader's perceived God-like qualities" which means the quality of a leader who is considered to be like God (Bass, 1985). This means that someone must be able to have power and influence within the organization. Inspiration refers to the capacity to allure, invite, and emotionally convey future ideals. A leader aims to embody strength and visionary thinking to drive organizational progress and stability, particularly focusing on market dynamics. According to transformational leadership theory, leaders can enhance their power and influence predominantly through charisma (referent power) and inspiration (visionary processes). Followers should not merely perceive the leader as a symbol; instead, individual discernment and cognitive drive can spur or influence intellectual stimulation.

**Entrepreneurial Process**

There is no universally agreed-upon definition of entrepreneurship within the research community. However, at least two primary meanings can be discerned (Sternberg and Wennekers 2005). Firstly, entrepreneurship primarily involves owning and managing a business at one's own risk and responsibility, often referred to as being an entrepreneur, self-employed individual, or business owner in a professional capacity. This represents the operational understanding of entrepreneurship, where the dynamic perspective emphasizes creating new businesses, and the static perspective focuses on the number of business owners. Secondly, entrepreneurship pertains to "entrepreneurial behavior" in the context of seizing economic opportunities, with terms like "innovator" or "pioneer" used interchangeably with "entrepreneur" in this context. This represents the concept of entrepreneurial behavior, which has a longer historical context than the work-related definition (Hoselitz 1960). In the behavioral sense, entrepreneurs may not necessarily be business owners; they can also be "intrapreneurs." While there has been a rapid increase in empirical research focusing on nascent entrepreneurs and young firms in recent years (Falck 2007), few studies have explicitly differentiated between entrepreneurs in various early phases of venture development (Davidsson 2006; Gartner et al. 2004).

Many social constructionist authors, including Steyaert (2007) and Hjort (2003a, b, 2004), highlight the creative dimension of the entrepreneurial process. Johannisson (1995) underscores the role of creative enactment through the interplay of individual and collective forces. Bouwen and Steyaert (1990) describe the creation of organizational "texture" in entrepreneurship as a relational and "dialogical" process influenced by the entrepreneur's motivation and
competence. Harrison (2008) also emphasizes the creative aspect in entrepreneurship, conceptualizing it as a journey from creativity to commercialization, led by visionary leaders during the creative phase and requiring innovation to meet social and market demands during the exploitation phase.

Developing entrepreneurial skills from a young age is crucial, with universities serving as ideal platforms for skill refinement. However, honing students' entrepreneurial skills is challenging and requires support through various campus components. Universities can foster entrepreneurial activities by integrating important elements such as leadership style into campus life (Jauhari, Singh, & Kumar, 2017; Han, Seo, Yoon, & Yoon, 2016), psychological empowerment (Coun, Peters, & Blomme, 2018; Farrukh, Lee, & Shahzad, 2019), and knowledge sharing (De Clercq, Dimov, & Thongpapanl, 2013; Hormiga, de Saa-Perez, & Diaz-Diaz, 2016).

Recent developments in the leadership literature also mean that behaviors traditionally associated with entrepreneurship have now been integrated into 'mainstream' leadership behavior in organizations. Entrepreneurship is at the core of leadership. The entrepreneurial revolution is driven by entrepreneurial leaders, namely leaders who can recognize opportunities, create a vision, and mobilize key resource holders to implement that vision and create value (Gupta et al., 2004; Ireland et al., 2003). This new generation of entrepreneurs is innovative, understands how to deal with risk and uncertainty, and is proactive in sustaining growth. Trying to solve the puzzle of whether the individual at the heart of the entrepreneurial leadership concept is a leader who leads in an entrepreneurial manner or an entrepreneur who exhibits leadership behavior is a rather futile and counter-productive exercise because it focuses only on the individual.

**METHODOLOGY**

This research uses a qualitative research type method with an approach, namely library research by collecting materials, materials, data, and information from available books or magazines (Qori, 2013). Research uses a qualitative research approach, namely library research. In the literature review, researchers collected literature regarding the characteristics of transformational leadership and then conducted an in-depth literature review to identify the core and conclusions of the discussion (Fika et al, 2023). The main target of this research is books and other literature. Therefore, the research used is qualitative. If the results are in the form of notes and descriptive information in the text being examined. Because it is qualitative research, descriptive analysis is needed to provide clear, objective, systematic, and analytical descriptions and data.
RESULT AND DISCUSSION

Transformational Leadership in Entrepreneurial Structures

Transformational leadership theory states that leaders can maximize their power and influence primarily through charisma (referent power) and inspiration (visionary process). Followers cannot simply assume that the leader is just a symbol. Exemplary aspects of individual judgment and cognitive motivation trigger or can influence intellectual stimulation. A change leader always tries to develop the team in a better direction and can work more productively. With the right management style in an organization, a leader must be able to innovate to maintain his target market. Apart from that, an entrepreneur is always required to be curious, imaginative, creative, and innovative. The most important issue for a transformational leader is always to have a strong vision, a picture of the future of the organization when all major goals are achieved (Covey, 1989). Therefore, a transformational leader must also be visionary (Chandra, 1997; Huseini, 1997). The essence of leadership is the ability to bring about change, where he and the people closest to him experience change in a broader, higher, and deeper direction.

In establishing an agreement, a leader and an employee can be said to be agents. With this perspective as an agent, they can agree with any party while it is still profitable. Research conducted by Bass (1985) that transactional leadership consists of two characteristics, namely (a) contingent reward, indicating that the payment system is often used as an influence agreement, where there is a direct or indirect agreement on the goals to be achieved to obtain the desired reward. (b) management-by-exception, characterized by the leader monitoring subordinates' negative deviations and taking corrective action only when subordinates fail to meet set goals.

A transactional leader is an executive who constantly interacts with his subordinates. If he gives what he receives or if he commands, the leader has something to promise. For example, he said: If an employee wants to increase their salary, you have to increase our productivity first. A leader, especially one known more as a formal leader than an informal leader, can remain a transactional leader. Transactional leaders connect with the people they lead, their managers, and themselves as actors in the transactional process. It is more accurate to call him a manager who always tries to do his job and do things right. The characteristic of a transactional leader is that his relationship with his subordinates is based on principles that benefit both parties (Ruky, 1997).

Some even think that they benefit more from it. The decisions he made helped him in his relationships with various parties. The issue of whether a decision is right or wrong is not in the initial plan, but the issue of winning or losing, especially for one's interests, is often the basis for consideration. Transactional leadership does not result in the growth of the organization or the parties involved, let alone the people they lead. He tends to take advantage of various parties.
The influence of personally knowing someone who has recently started their own business (social network) tends to diminish as the entrepreneurial process progresses through its stages. This underscores the importance of role models in contemplating entrepreneurship. In later stages, more experienced entrepreneurs or consultants may take on the role of role models. Empirical findings regarding the impact of role models on the entrepreneurial process are mixed. While research by Carter et al. (2003) suggests that start-up entrepreneurs are less influenced by role models compared to the general population, Delmar and Davidsson (2000) indicate that individuals with role models are more inclined to pursue entrepreneurship. However, these studies did not specifically focus on German data. Additionally, knowing (or not knowing) an entrepreneur can be seen as an indicator of an individual’s social connections (Cantner and Stützer 2010), which can be significant during the entrepreneurial journey (Davidsson and Honig 2003). A leader can adopt a transformational style by changing the status quo, promoting noble goals, and upholding values of freedom, justice, and equality. Transformational leaders inspire their subordinates by emphasizing that the goals they pursue transcend individual interests. Transformational leadership is specifically linked to the idea of improvement. Transformational leadership is present when managers can:

1. Stimulate the minds of colleagues and give their followers some new perspectives on their work.
2. Narrow the vision and mission of the team and organization.
3. Develop colleagues and followers based on greater skills and potential.
4. Motivate colleagues and followers to see the importance of everyone, so the organization can benefit

How to be a Good Leader in Entrepreneurship

Leadership is a sense of calling or intrinsic characteristic, involving a relationship of influence with followers aimed at guiding actions and attitudes, and is complemented by vision and empathy. Being a leader entails possessing a calling or inherent quality where the interaction with followers relies on influence, intending to steer actions and attitudes, and is enriched by vision and discernment. Leaders have a sense of direction, teamwork, inspiration, role modeling, and self-acceptance of others. Be a leader doing the right thing (leaders do the right thing) according to the vision, so that change occurs together.

Change leaders must be able to do this by optimally diverting organizational resources to achieve significant goals by the given objectives. Transformational leadership is a style of leadership that emphasizes fulfilling the uppermost needs in Maslow’s hierarchy, specifically focusing on self-esteem and self-actualization. It is considered genuine leadership because it actively strives to achieve objectives by guiding the organization towards unprecedented goals.

Therefore, at the beginning of recruitment in an organization, it is necessary to think about the right strategy to recruit potential leaders with high leadership qualities. Candidates with positive attitudes will be selected for recruitment, as skills can be taught and improved through training (recruitment prioritizes attitude, training enhances skills). Hence, individuals with exceptional
academic performance might not necessarily be the most suitable candidates for assuming transformational leadership roles.

There are two main reasons why it is important to analyze the entrepreneurial process. First, if potentially successful entrepreneurs exit at a certain threshold during this process, the number of new ventures that can be achieved will decrease. Second, like many other social processes, the entrepreneurial process is selective. Such selectivity is not a cause for concern as long as the results, for example, the individuals who drop out are those whose ideas and concepts are less strong. It is certain that the entrepreneurial process such as starting a business rather than identifying opportunities is very complex, so the skills required are very broad; and vary based on different contexts and situational cues. However, there appear to be problems with the theoretical framework of opportunity detection, indicating that more work is needed to develop a coherent and practically valid theory.

The entrepreneurial process is long and complex so it is appropriate to consider what skills are required at the various phases. Much has been explored by conducting research at the individual level, but it is here that multi-level theory is established and thus becomes a useful way forward (Chall, 2013). The entrepreneurial process is long and complex, so it's a good idea to consider what skills are needed at different stages. From a scientific point of view, the question arises whether skills testing should be carried out at the individual level or the company level. Looking at research at the individual level has revealed much, but it is here that multi-level theory builds and provides a useful way forward.

CONCLUSIONS AND RECOMMENDATIONS

Based on the earlier description, it can be inferred that Management is a process characterized by relationships with subordinates built on authority, with the objective of creating an impact and dealing primarily with routine tasks. The transaction process is an important part of the relationship between managers and subordinates. A supervisor is a person who does the things entrusted to him correctly (the supervisor does things correctly). Therefore, leaders are more mechanical (focused only on achieving their assigned measures of success) and examine the value of their subordinates' work. The transformational leadership dimension of individual consideration has a positive and significant influence on entrepreneurship. The dimensions of transformational leadership have a positive impact. The influence of knowing someone who recently started a business (social network) declines as the entrepreneurial process progresses through its stages. This highlights the significance of role models in contemplating self-employment. In later stages, experienced entrepreneurs or consultants may step in to fulfill the role of role models.

FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic of Transformational Leadership in the Entrepreneurial Process: a Qualitative Study in order to improve this research and add insight to readers.
REFERENCES


