

## STRATEGY, ENTREPRENEURSHIP, MANAGEMENT AND LEADERSHIP

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**Abstract:** *In the era of system development and economic transition, in other words the modern age, entrepreneurial activities have more and more influence, both from the standpoint of increasing production, as well as from the standpoint of meeting the needs of consumer goods, development of services, etc. Strengthening of market relations, the development of new ways of economic thinking and reasoning, the development of initiative and entrepreneurship, regardless of ownership and economic activity, are the best indicator of changes in the economic structure of society in which we live and the best proof that we are in the process of transition within the framework of market economy that requires greater effort and work, but with the greater benefit. In point of fact, the strategic commitment of enterprises predominantly affects the quality of an enterprise in relation to its competitors. Managers of companies should be aware of all developments, both in their environment and in the company.*

**Key words:** *entrepreneurship, leader, leadership, strategics, manager, management.*

### INTRODUCTION

Management is a set of processes which can be used to maintain complicated system of people and technology by balanced managing. The most important aspects of management include planning, budgeting, organizing, monitoring and troubleshooting, including staff.

There are many definitions of entrepreneurship. To some, entrepreneurs primarily means innovation, or it means taking risks, or force that stabilizes the market, and to others it means starting, owning and managing small businesses.

Leadership / management is a set of processes used firstly to create organizations or to adapt them to substantially changed circumstances. Leadership is a new phenomenon in the management which has been intensively studied in recent times. In a broader sense, leadership is used to indicate not only a special way of keeping, but a new approach to management, which is claimed to enable the best results in business. In studying this phenomenon, one must first note the existence of two concepts: leadership and leaders.

Leadership stands for the process during which one person influences the other group members in order to achieve the defined goals of the group or organization. A person who influences the other is called the leader. The leader is described as a man or woman who has an idea and force to influence others, without coercion in order for them to achieve the objectives of the company. He or she believes in change and innovation and understands the importance of the challenges and threats for the functioning of the company.

Leadership is a very appreciated value in the modern world economy, because it is believed that the leaders are the specific assets in the company. It is believed that the key competitive advantage in the future will be the ability of leadership to create the social architecture necessary to generate intellectual capital. Intellectual capital refers to knowledge, ideas, innovations and know-how.

Leadership is defined as the act or behavior that affects others. Some observe it as an instrument for achieving goals. Leadership is a process that involves threading to accomplish the goals and occurs in a particular situation, group or organization. This means that the

leadership is the process in which an individual influences a group or organization to achieve a common goal. The emphasis is on the threading.

Unlike manager who focuses on: to know how (efficiency), the leader focuses on: to know why and why not (effectiveness). While the manager accepts and maintains, the leader questions and develops. The manager solves the problem; a leader identifies the problem to be solved.

As a leading figure in the company, the leader is often ascribed characteristics such as:

- Trust
- Ability to understand environmental
- channel of change
- The ability to select the right direction and to focus the attention
- Recognizing the dominance and urgency

#### **CHARACTERISTICS ASSOCIATED WITH LEADERSHIP:**

**1. ENERGY-** The leaders express a high level of provided effort. They have a relatively high level of desire for success and they are ambitious, have great energy and they are tireless and persistent in their activities and they show initiative.

**2. WISH TO LEAD-** Leaders have a visible desire to lead and influence others. They show a willingness to take responsibility.

**3. HONESTY AND INTEGRITY -** Leaders build relationships of trust between them and their followers, using truth and honesty and showing high consistency between words and deeds.

**4. SELF-CONFIDENCE-** Followers believe that the leader never doubts himself. Leaders therefore need to demonstrate self-confidence to convince their followers of the fairness of their goals and decisions.

**5. INTELLIGENCE -** Leaders must be intelligent enough to be able to collect, synthesize and interpret large amounts of information and must be able to create visions, solve problems and make correct decisions.

**6. APPROPRIATE BUSINESS KNOWLEDGE -** Effective leaders have a high level of knowledge about the company, operations and technology. In-depth knowledge allows leaders to make reasoned decisions and to understand the consequences of such decisions.

**7. ADDITIONAL CHARACTERISTICS -** Leaders are energetic, lively people. They are social, confident and rarely are quiet and withdrawn.

#### **THE DIFFERENCE BETWEEN MANAGEMENT AND LEADERSHIP**

Management is basically concerned with stable processes. More widely, management rationally deals with the complex phenomena of organizational life, like problem solving, planning, financial planning and control.

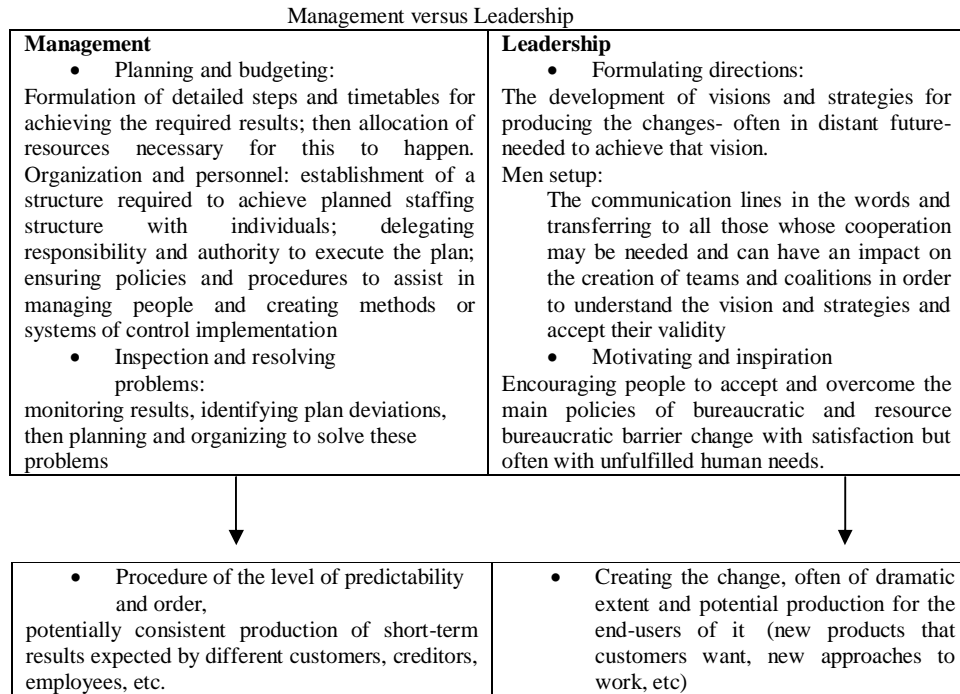
Basic traits of leadership are personal behavior and style. Leadership has an effect on the emotions of people in an attempt to initiate a vision and inspire them to realize this vision. This is especially important at a time of great change.

In practical areas of daily life the difference is not so sharp and motionless. Leadership and management require different skills, but are not mutually exclusive. They can be closely interconnected, depending on the situation. Most so-called "managerial roles" will not only carry a permanent condition, nor will it be focused just on the change. It will partly deal with organizing people to achieve something, and partly with their motivation and inspiration. Therefore, every effective manager must demonstrate that he or she has the managerial and leadership skills.

Table 1

Differences between managers and leaders	
<b>DIFFERENCES BETWEEN MANAGERS AND LEADERS</b>	
<b>MANAGERS</b>	<b>LEADERS</b>
<ul style="list-style-type: none"> <li>- Resource power</li> <li>- hierarchical position</li> <li>- planning, organizing and controlling</li> <li>- implements the vision</li> <li>- Objective: Efficiency</li> <li>- stable conditions</li> </ul>	<ul style="list-style-type: none"> <li>- interpretive power</li> <li>- management awareness</li> <li>- creating and leading changes</li> <li>- creates a vision</li> <li>- goal: effectiveness</li> <li>- turbulent conditions</li> </ul>

Table 2



This distinction is absolutely essential for our purpose: a closer insight into the previous two diagrams shows that the successful transformation of 70-90 percent is related to leadership and only 10-30 percent to management. For historical reasons, many organizations today do not have much leadership. And now, almost everyone think about the problem of how to manage change.

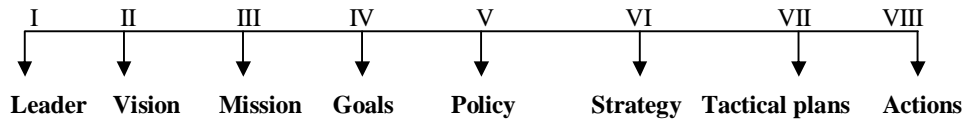
Arrogant managers overestimated their current performance and market position, they listened poorly and learned slowly. Focused on the inside of the organization they had had difficulties to understand the effect of changes and opportunities that it provided. Lack of leadership had not led to the strengthening of the interior of these organizations, but to the hiding in the “swamp.”

Employees in large, old firms often have trouble with the start of the transformation process because the lack of leadership is duplicated with arrogance, narrow-mindedness and bureaucracy. In the organizations where the program changes are excessively driven and scarcely managed, there exist more pushing than pulling. Someone puts together a plan, shares it to people, and then tries to influence the statement or the decision to be accepted by the others.

Managing change is important. It cannot be successful without a competent manager. But for most organizations, a much bigger challenge is managing the change.

Leader is characterized by having a vision, the ability to create and transform the vision into reality. It is precisely this transformation of vision into reality, in other words, the real business enterprise gave birth to the need to set the vision for categories such as mission and goals as a key initial elements of strategic management.

The process must necessarily start from the leaders who have vision, which is through consideration of the purpose of the company, translated into goals, policies, strategies, tactical plans and concrete actions.



#### **DEVELOPING A VISION AND STRATEGY**

Vision refers to the image of the future with the implicit or explicit commentary on which people strive to create that future. In the process of change, good vision serves three important purposes. First, by highlighting the general direction of change and the need to "see where we are and where we'll be in a few years," vision simplifies hundreds or thousands of detailed decisions. Secondly, it motivates people to take action in the right direction, even if the initial steps are personally painful. Thirdly, it helps coordinate activities of different people, even hundreds or thousands of individuals, in the distinctive and efficient way.

Good vision can help you prepare for the working with costs or the elimination of temporal confusion. With the emphasis on the direction, we can identify and reject unsuitable projects, even if these are supported by the policy. Thus, freed resources can be put into the function of the transformation process.

Another important function of vision is to facilitate the major changes with the motivation to take action that is inevitable in human short-term selfish interests. The changes which called for prudence in understanding of vision almost always included some pain.

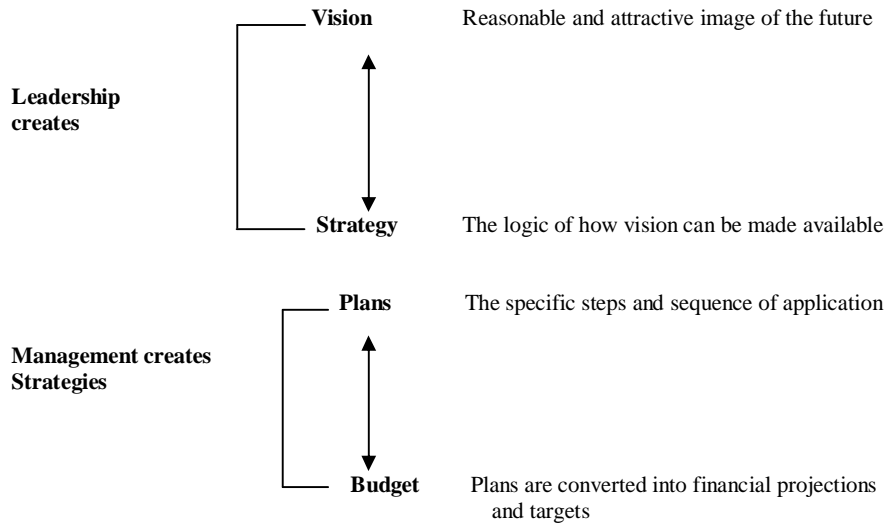
Good vision helps to overcome the natural resistance of people to work against their will for what they naturally expect to be motivated. Good vision confirms the necessary of sacrifice, but it becomes clear that this sacrifice will produce specific benefits and personal satisfaction that are far superior to those available today or tomorrow, without access to changes.

Thirdly, vision helps regrouping individual as well as the coordination of actions of motivating people to mark an efficient way. Alternatives are much slower and more expensive. With a clear vision, managers and employees can calculate what to do without the supervisor or his assistants.

The third characteristic of vision is often enormously important. Coordination costs of change, especially when it involves a lot of people, can be huge. Without a sense of division, the interdependence of people may end up in constant conflict and continuous meeting. With visions of a division, they can work on some level of autonomy without stumbling one another.

Vision can be mundane and simple, because it is in the successful transformation only one of the elements in a large system that also include strategy, plans and budgets, it is only one factor in a large system, but a very important factor:

### THE RELATIONSHIP BETWEEN VISION, STRATEGY, PLANS AND BUDGETS



Vision takes on security, the deployment of individual job content (activities, operations, etc.) to the holders of organizational units (sector, services, facilities, departments of all the jobs), with the definition of working time for each relevant content provider, with an adequate allocation of the resources needed.

When we look at the total process of management development, then the vision of development is the primary stage of this process. If we are managing the development viewed as a continuous process of directing the development and implementation, then the vision of the development strategy would be a part that precedes the implementation and refers to the direction of development. If we start from the fact that the company is expected to be opened only to the needs of the environment, then it must assume responsibility for achieving economic development. With the vision, the company seeks to focus its future movement in order to avoid incorrect action and reduce the potential for failure from the environment, as well as disorganized and spontaneous behavior within the enterprise. Obviously, if we rely on the assumption that the natural course of events will lead up to the desired objectives of development, then there would be no need for vision. The vision does not include making future decisions, but refers to the adoption of current decisions on the implementation of its future goals, and their development.

The vision includes the pessimistic and optimistic component. Pessimism lies in the belief that unless something is done, it is not likely that the desired future state will happen, while the optimism expresses the belief that something can be done to increase the chances for the desired things to happen in the future. Vision development is a continuous process, without which it functioning further cannot be done effectively. When we say that the vision of

development must have its continuity in time, then we emphasized that this process does not have its natural end, but takes place continuously. In developing the plan, we should start from the fact that it is flexible, it is subjected to changes dictated by the environment that must be built into it, in order to achieve the expected future state.

Making changes to the plan, the continuity of development planning is especially emphasized whose continuity represents the condition for the continuity of development.

**Strategy** is management activity of enterprises or other organizational system related to choice of the directions, methods and instruments for achieving the objectives of their functioning and development. The choice of an appropriate strategy stems from the circumstances of an enterprise in the economic and social environment in which different incentives and constraints are employed. The company, in fact, has limited resources and in carrying out its activities there exists an active competition of other market participants.

**The role of strategy** in the current business and enterprise development is reduced to finding the best ways and alternatives for achieving the planned goals. This is supported by a combination of available human and material factors, as well as other competitive advantages of enterprises. The aspiration of the company is to respond to the challenges and limitations of the environment in the best way and to achieve the highest possible level of effectiveness and efficiency of business.

Business strategy should provide the most favorable way to achieve objectives in terms of market competition under the influence of dynamic changes in the environment. That is why in the choice of business strategy it is necessary to use scientific research methods and consider a wide range of routes, methods and instruments to be applied, depending on the objectives and terms of business. The choice of strategy is affected by the size, development and type of commercial enterprises, as well as the degree of decentralization of governance.

The choice of an appropriate strategy and its realization through the development and business policy needs to make profit. Profit appears as the aim and purpose of the establishment, ongoing business of the enterprise development and its business and organizational components.

Decisions on strategic business objectives are related to the three level hierarchy of enterprise management:

- the company as whole,
- individual business units, as parts of the enterprise,
- business functions of the company.

## CONCLUSION

The company, which wants to develop the entrepreneurial dimension of its business must create and maintain an appropriate environment and culture and give employees a chance to express their entrepreneurial traits, entrepreneurial talent. At the same time, they must have a certain influence on the possibilities of management and decision-making bodies, i.e. the ability and determination to provide support for good business ideas and conditions for its transfer to a new or different business results.

Companies that seek to use entrepreneurial strategies and want to develop an entrepreneurial concept of operations should:

- cherish an atmosphere of acceptance of change and focus on customers and leave the status quo position that the company maintains in a state of stagnation, which is followed by losing the step with the competition and finally decline.

- encourage, support and reward those who discover and deliver new business ideas for business innovation, which are compatible with potentials of the company and which meet

customer expectations and open the way to a long-term prosperity

- accept the unavoidable level of risk, which is a necessary consequence of operating in a changing and uncertain environment, and on that basis to tolerate some failures, so as not to uninspire internal entrepreneurs

Entrepreneurial economy is an economy which encourages entrepreneurial business orientation and stimulates the development of enterprises that are innovative and in the process of growth. In the mid seventies of the twentieth century the U.S. has made a strong shift towards the entrepreneurial economy, and during the nineties, conditions for faster development of entrepreneurship were intensively created in other countries as well, especially in economically most developed countries.

Modern economies are increasingly transformed into entrepreneurship because entrepreneurship is realized through the production growth, profits and employment. A society that nurtures the whole environment for the development of entrepreneurship is the entrepreneurial society and creates a strong foundation for the development of management that we need in these turbulent times. XXI century is the century of ideas, changes, crisis, innovations and successful individuals: entrepreneurs, managers and leaders.

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