

THE DEVELOPMENT OF LEADERSHIP COMPETENCES AND ITS NECESSITY IN ENTREPRENEURSHIP

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Abstract

The understanding of the concept leader and leadership has changed significantly over the years. It is important to study and understand it in order to orientate the education process. Theories on leadership may emphasize either leader attributes and behaviours or leadership in context. Economic, social and technological changes have highlighted the importance of leadership for successful business. The quality of classroom teaching is rightly the focus for effective education but without its sound leadership it is unlikely to be effective very long. The research shall focus on entrepreneurs' opinions on what competences are required for a successful career and personal development by way of interviews, questionnaires and focus group discussions. The goal of the research is to corroborate the opinions of business management students and entrepreneurs of Latvia on important competences in business by analysing the research results on the role of leaders and leader competences. The research applies document analysis, logical constructive, monograph and analytical methods. The research is carried out based on and justified by theory – theory that has evolved based on semi structured interviews, field observations, and certain case study analysis. The area of educational leadership is one that has seen a strong development over recent decades, certainly in terms of the number of studies and their prominence in the educational arena, and in that sense we can say that the field has rapidly developed.

Keywords: leadership, management education, skills.

JEL Classification: M112.

Introduction

More and more interest is being shown in educational leadership. This is because the educational system provides companies with quality leaders. There is increasing recognition that schools require effective leaders and managers if they are to provide the best possible education for their students and learners. More and more companies realize that their key resource is employees and the company's competitive advantage can provide only high qualified staff and leaders.

There have been a number of types of diversity classification proposed in the literature, not all of which are defined consistently. A majority of these diversity classifications are based on perception and are dichotomous in nature. Some of the classifications that can be identified in the literature include readily detectable/less observable, surface-level/deep-level, highly job-related/less job-related, task-related/relations-oriented, and role-related/inherent dimensions (Simons, Rowland, 2011).

Modern day business development and its global form have ushered in changes in the life of individuals and the business environment. There are three main categories that have most impacted the understanding of competences required for leaders: social structure (Goleman D., 2000), economics and globalisation and radical technological changes (Manktelow J., 2012).

There are demographic changes such as the growth in standard of living, reduction in family size, decreasing number of youth and increasing number of pensioners (Malthus, 2005). Transfer of population, economic migration and important work place changes are a few more social phenomena leading to radical changes. Labour market is characterized by strong mobility while the content of professional positions is rapidly altered, due to introduction of new technologies and the constant changes of organizational standards (Cedefop, 2002).

The growth in importance of competitiveness and globalisation has affected the financial sector as well which in turn has impacted the quality of life and activities. There is a rising trend of cost cutting in enterprises and raising the quality of production in order to increase the enterprises' value. It is necessary to lead a big or small team of people to operate successfully in such a manner that they are able to work in a team, find creative solutions and react effectively in critical situations (Fragoulis I., 2011).

For leaders management skills are greatly important. Such skills assist them to boost their staff morale to complete tasks and achieve goals. Effective managers are expected to practice self-awareness, develop their perspective, advance their creativity, delegate tasks, coordinate team members, monitor progress and create a vision for their people (Goleman 2000).

The goal of the research is to corroborate the opinions of business management students and entrepreneurs of Latvia on important competences in business by analysing the research results on the role of leaders and leader competences. The research applies document analysis, logical constructive, monograph and analytical methods. The interpretive paradigm was chosen for research. The interpretive paradigm tries to understand human experience in a subjective perspective and is oriented towards conscious activity – therefore oriented towards the future. The paradigm in essence includes experiences of individuals and their everyday mutual interaction. The objective is to understand human activity, how a particular phenomenon is expressed under a particular set of circumstances at a definite time and place and consequently how it occurs in a particular social environment. The research is carried out based on and justified by theory – theory that has evolved based on semi structured interviews, field observations, and certain case study analysis (Okpala, Hopson, Chapman, Forte, 2011). A study was conducted using the case analysis method during which business administration programme students were surveyed and semi structured interviews were carried out with entrepreneurs. The interview method was chosen because it allows us to study the research issue in a more detailed manner than other methods, for example questionnaires (O’Leary, 2010).

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Leader’s competences

As the concept of leaders and their competences have been much studied and analysed we have an understanding of leader’s competences and role in business. According to studies the social skills of leaders involve the effective presentation of personal ideas (Chisholm L., 2004), problem and analysis and problem solving, taking initiative, planning and organisation (Cedefop, 2002), managing the workforce, communication and team work (Avolio B., 2008). A lot of various traits have been identified in studies that

could be useful while evaluating individuals as leaders and some of the key traits are – vigour, motivation to lead, honesty, self-confidence (Krikpatrick, 1991), intellectual ability and scope of knowledge.

Northouse P. (2007) describes leader's competences that involve a combination of two approaches – goal oriented approach and human oriented approach – care towards one's goals and care for individuals. Goal oriented leadership is a style in which the leader is focused on the tasks that need to be performed in order to meet a certain production goal. Mobley (2012) showed the link between leaders and the charisma, motivation and morale of subordinates. The role of charisma in leadership theory has been often studied and it is acknowledged to be an essential factor as charismatic leaders can formulate and persuade with their behaviour and actions (Parks, 2005). Charismatic leaders differ from other leaders by their ability to formulate and articulate an inspirational vision and by behaviours and actions that foster the impression that they and their mission are extraordinary.

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Leaders and leadership has been the topic of research for many years as it is important for all educational institutions in any country educating business leaders. The business environment is undergoing serious changes worldwide and consequently business education is also subject to these changes (Hallinger, 2001).

The role of business education

With the growing economic importance of the knowledge and service sector, and the reported increased competition for scarce resources (e.g. talented employees), diversity management has emerged as a key managerial discourse and practice (Evans, Glover, 2011). What kinds of leader will future organizations need and what kinds of future organizations will the current crop of leaders construct? While discussions and studies are ongoing on what a leader should be like, business schools are educating leaders. Business schools have been criticised for failing to prepare students

for leadership positions (Datar, Garvin, Cullen, 2010). Rynes, Trank, Lawson, and Iles (2003) referred to this problem as management education's "legitimacy crisis".

To address this situation, some business educators have begun to emphasize the development of personal, interpersonal, and group skills that underlie effective leadership (Whetten, Cameron, 2007). This requires a pedagogical shift from a focus on traditional cognitive-based learning to a focus on skill-based learning (Whetten, Cameron, 2007), and from knowing to doing (Datar, Garvin, Cullen, 2010). Experiential methodologies have been utilized to address these deficiencies in business education (Mitchell, Poutiatine, 2002), as these approaches are believed to be more effective at translating learning into practice (Egri, Herman, 2000).

We can try but may not guess what kind of entrepreneurs would be required in 10 years. Therefore it is ever more important to study modern day enterprises especially innovative, progressive enterprises and understand what exactly is needed. The business environment is a living organism that is constantly growing and developing in all its differences. One of the most pressing tasks for the twenty-first-century manager and for the business school is to evaluate critically the current basis of our management thinking.

Alternative forms of management education became increasingly popular which drew upon the detailed analysis of how communities of working people learn in practice with each other. It is highlighted that education process mainly takes place in the real big world as a result of practical activity. The practical approach is often related to an individual's personal traits and moral norms.

As a consequence their educational philosophies and designs are beginning to take management action and practices as the starting point of the educational process, rather than the end point.

Research results

The education system in various countries have been studied over the years as a result of which it is concluded that there is only a small discrepancy in the understanding of what a leader should be like. This research analyses the necessary competences for business managers in order to incorporate the important aspects into business education. As the business environment is becoming ever increasingly global, competences of leaders are similar. This research corroborates competences of business managers in Latvia. The

study relied on several core value deemed essential for the development of successful leaders (Finch, Lewis, 2003).

The need of leaders, who can promote and implement innovative ideas, to reach global business goals, cultivate organizational cultures and at least realize company value increasing ideas are the main task of each company. These values will be part of the revision of the Business Management students and study programmes for Turiba University in Latvia.

Material for questioner and interviews was designed after a thorough review of literature of leadership development, skills and leadership expertise development, and it contained multiple items to increase the reliability and validity in the measure of leadership development of business management students and leadership competences in higher education. The sample frame (n = 475) for this mixed-method research consists of randomly selected students from Turiba University for the survey, 183 entrepreneurs from Riga and 64 trainees from Business Management Programmes of Turiba University.

The research was carried out to ascertain the role of leader and understanding of what a leader should be like from the perspective of all the persons involved (students, trainees and entrepreneurs). In the first part was included demographic information. It was also used to generate qualitative data on the development of leadership expertise through open-ended questions. Four open-ended questions were developed to get the viewpoints of the participants. The second section contained a 16 - item, 5 - point Likert- type scale, which was used to assess cognitive dimensions of leadership development.

The mixed-method of analyses used in this study was characterized by an initial phase of qualitative analysis followed by quantitative analysis (Cohen, Marion, 2003). The data analysis was into two parts. First, a qualitative thematic part of data analysis was employed to categorize and make judgments about the data. This analytical part allowed find out important themes. The researchers utilized a prior-research driven approach to identify themes (Creswell, 2007). The main themes from the participants' responses were identified and matched with existing categories.

In the second part was analysis of the quantitative data to determine leadership skills. Descriptive and inferential statistics were used primarily to answer the research questions in the research. To give a more complete characteristic of the responses from the sample, authors provided descriptive statistics whenever possible for the participants. The researchers used factor

analysis as the analytical method to analyse the underlying structures of the themes. Three factors were identified as the selection criteria using Kaiser Rule (Gorsuch, 1983). There were 16 questions concerning main leadership skills factors. The participants' responses were reported on a 5-point scale, on which 5 = strongly agree; 4 = agree; 3 = undecided, 2 = disagree; and 1 = strongly disagree. Higher total scores on the scale reflect higher notation of the perceived leadership expertise acquisition. 550 questionnaires were mailed out and 475 were returned resulting in an 86% response rate.

The participants' responses on the qualitative data ranged from commitment to student learning, leadership skills expertise to personal skills. Respondents were asked to evaluate the most important leadership skills and competences and they identified - focus on achievements (89.4%), team work coordination (81.2%), care towards work quality and work organisation (78.6%), networking (52.4%) and analytical thinking (38.6%).

The next stage was – to ascertain leadership skills that were considered essential in the entrepreneurs' opinion. Interviews with entrepreneurs were carried out for this purpose. It was ascertained that entrepreneurs considered the following important – focus on achievements, initiative and creativity ability to learn and absorb new ideas as well as self confidence and analytical thinking. All groups considered the ability to focus on achievements and analytical thinking as important. The entrepreneurs in particular emphasised the lack of ability of students in applying the knowledge gained by students during their studies in a real business environment after completion of studies.

During the third stage of the research educators of the institutions were asked to evaluate the study programmes. As a result it was ascertained that the main aspect missing is in fact practical activity that would facilitate enhancing the necessary competences. As shown also by the theoretical research leaders are trained. Improvements were made to the study programmes as a result and a pilot project for practical business studies was designed which would be implemented at Turiba University.

The most significant changes related to the study process are related to the form of studies wherein emphasis would be placed on practical establishment of a business right from the start of studies. Theoretical research and expert interviews with experienced entrepreneurs have corroborated the opinion that this section is the most important aspect required for building the competences of leaders.

Conclusion

In this study, cognitive dimensions of leadership competences and skills were examined. The results from this study showed that the participants voiced widespread agreement on the attributes of leadership expertise. The results from the quantitative analysis corroborates with the qualitative findings. Despite the fact that various differing opinions were expressed by the participants during the research, they overwhelmingly agreed that leadership expertise is developed on the job. Similarly all the three groups involved in the research emphasised the important role of educational institutions and study programmes in educating entrepreneurs.

As business is becoming ever increasingly global, the most significant challenge in the future could be the ability to manage and lead a multicultural team (Goldfischer, 2008). Taking into account the pace of globalisation and scale of projects, such projects could be the norm in the future wherein the ability to combine and work harmoniously with other leaders could be important. At a moment when market is saturated with suppliers and there is big demand it is important to find the balance to build a mutually favourable cooperation. Moreover in such circumstances it is important not only to have short term cooperation but to build a long term relationship. This could serve as a theme for future research.

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