

## Chapter 79

# The Entrepreneurial Manager: Challenges in Forming Key Competencies

**Kostadin Kolarov**

*University of National and World Economy, Sofia, Bulgaria*

### ABSTRACT

*The concept of the entrepreneurial manager is not new, although there are different views about the context, profile, and competencies. In general, there are two distinctive views – the first considers the entrepreneurial manager as an entrepreneur who manages his own business, and the second as a manager who plays the role of internal entrepreneur in large established enterprises. The present chapter focuses on the common ideas coming from the both views and critically reviews both conceptually and empirically outlined key entrepreneurial and managerial competencies in different environments and organizational contexts. The purpose of this chapter is to review the understandings of the distinctive core competencies of the entrepreneurial manager and to outline the challenges to their development as a basis for future research and development projects.*

### INTRODUCTION

The success of an enterprise today, especially the strategic success, is difficult to plan and achieve due the rapid changes in the business environment. The businesses being successful a decade ago now are too far away from their former positions, and most of today's successful enterprises then were far out of sight, if they existed at all. Very often, the rise and the fall of an enterprise are directly related to its management, but more often with the particular person, leading the company. One of the concepts, contributing to understanding the role of management in the strategic success of an en-

terprise is that about entrepreneurial management. The expression 'entrepreneurial management' was defined originally by Stevenson (1983) as 'a set of opportunity-based management practices, can help firms remain vital and contribute to firm and societal level value creation'.

The need for entrepreneurial management is mostly driven by the wish to provide long-term competitive advantages as a basis for survival in a dynamic business environment and implementing growth through recognition, creation and use of entrepreneurial opportunities. Such a wish can be characterized as strategic because of its crucial and long-term role. In this sense, some authors

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seek relationship between strategic reactivity and entrepreneurial orientation (as defined by Covin & Slevin, 1991). The term 'entrepreneurial orientation' is strongly related to the concept of entrepreneurial management although some authors argue to differentiate them (Kuhn, Sassmannshausen, & Zollin, 2010). One such study is that of Green, Covin, and Slevin (2008) who explored the relationship between strategic reactivity and entrepreneurial orientation as well as the moderating effect of structure–style fit on this relationship. Their study of 110 manufacturing firms indicated that strategic reactivity is not significantly related to entrepreneurial orientation, however, the studied firms that exhibit theoretically-congruent alignments between their organization structures and top management decision-making styles tend to have positive strategic reactivity–entrepreneurial orientation relationships. However, this highlights the assumption that the mode of management cannot be ignored in achieving strategic goals. In this study, the entrepreneurial orientation is associated with Miller (1983) in his description of the entrepreneurial firm – as “one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with “proactive” innovations, beating competitors to the punch,” but which was later developed as a definition by Lumpkin and Dess (1996), in which the key features are five: (1) autonomy, (2) innovativeness, (3) risk taking, (4) proactiveness, (5) competitive aggressiveness. Another study of 165 entrepreneurs done by Li, Huang and Tsai (2009) indicates that entrepreneurial orientation is positively related to firm performance, and knowledge creation process plays a mediating role in this relationship.

Second, it can be pointed out that entrepreneurial management is required to ensure a quick and adequate reaction to business environment changes. One interesting aspect supporting the idea of entrepreneurial management is the leadership style that is embodied in an entrepreneurial manager. The findings of the study conducted by Ensley, Pearce,

and Hmieleski (2006) suggest that leaders of new ventures need to adapt to the environmental conditions surrounding their firms. Their study shows that both transactional and transformational leaderships were found to be important predictors of new venture performance, their effects are somewhat complex: transactional leadership appears more efficacious in stable environments, whereas transformational leadership appears more efficacious in dynamic environments. Looking at the definition of the so-called transformational leadership by Bass (1985) also reveals some characteristics that can be attributed to transactional leadership, like the correlation between the traditional to entrepreneurial management.

Last but not least, entrepreneurial management is expected to contribute to a more intensive and more effective innovation as a key factor in achieving competitive advantage. But this expectation could not be considered in isolation from the characteristics of the manager materializing the innovation.

The purpose of this chapter is to review the understandings of the distinctive key competencies of entrepreneurial manager and to outline the challenges to their development as a basis for future research and development projects.

This is a review paper which is based on the analysis of the current existing conceptual and empirical research papers and synthesis based on the author's experience. The chapter represents state of the art review of the literature on entrepreneurial management.

## **THE ENTREPRENEURIAL MANAGEMENT**

The delimitation of the entrepreneurial from the traditional management is a necessary starting point for outlining the qualities that distinguish the entrepreneurial manager from the traditional one. The outlining of these qualities is also a contribution of the concept of internal (also called

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