

# Transformational Leadership and Corporate Entrepreneur The Proposed Strategy to Enhance Ahmad Dahlan University's Business Sustainability: a Literature Review

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**Abstract:** Corporate entrepreneurs as a process that only occurs in profit-oriented companies. The concept is not only related to the development of entrepreneurship in a profit-oriented company, but also can refer to the empowerment of resources in an organization to innovate and generate added value to take advantage of new business opportunities. The purpose of this study is to examine the effect of transformational leadership on a corporate entrepreneur. The type of this research is a literature study with a descriptive qualitative approach. The research findings state that transformational leadership has a significant influence on corporate entrepreneurs.

**Keywords:** Transformational Leadership, Corporate Entrepreneur, Innovation, Business Sustainability, Literature Review.

## I. INTRODUCTION

The development of technology has a significant impact on human life. Various types of life's demands and necessities are just beginning to emerge as a result of lifestyle changes. Business competition in different important sectors has also increased due to the increasing number of newcomers who use easy access to information as to their principal capital. Therefore, innovation becomes a mandatory choice for any organization that wants to stay afloat.

Ahmad Dahlan University (UAD) is one of the institutions of higher education that strives to survive and develop amid fierce competition in the education sector in Indonesia. This need encourages UAD to be able to innovate by utilizing its various resources. UAD does not only require innovation but also needs to apply entrepreneurship [13].

Corporate entrepreneur (CE) is called a solution that can be applied by every organization that wants to be able to adapt to change [4]. CE refers to the development process carried out by a part of the organization to create a new business field that is separate, but able to encourage increased assets, competitiveness, and capabilities of the organization that is the container [10]. CE can also be interpreted as an initiator of the innovation process by evaluating new business opportunities, acquiring resources, or exploiting and commercializing new products and services [5].

As a process that occurs in organizations, the CE will not be able to develop without the support of organizational leaders. Therefore, an analysis of the concept of CE is always associated with the concept of leadership [13].

One of the leadership styles that supports the innovation process in organizations is transformational leadership [9]. The leadership style is well known to the organization's initiation to go beyond just innovating, but also to make significant changes to create added value [15].

Based on the overall explanation above, this research was conducted to examine the effect of transformational leadership on corporate entrepreneurs.

## II. LITERATURE REVIEW

Corporate Entrepreneurs (CE) can be measured using several indicators. Five indicators consisting of proactiveness, innovation, risk-taking, strategic renewal, and corporate venturing [5].

Innovation refers to an organization's commitment to creating products, implementing processes, and entering new markets. Venturing means the creation of new business lines. Strategic renewal refers to a combination of resources to generate profits. Proactive organizations (proactiveness) are organizations that are diligent in looking for new business

opportunities and strive to be the first to innovate compared to competitors. Risk-taking refers to the courage of organizations to take risky steps amid uncertainty in the business environment.

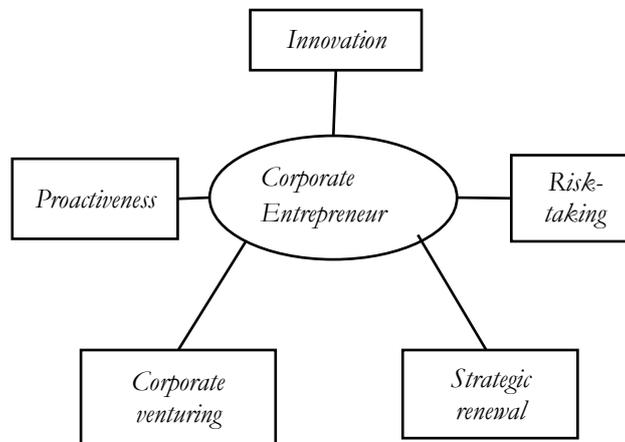


Fig 1. Corporate Entrepreneur

Three other indicators to measure CE, namely, opportunity, profitability, and feasibility [16]. Opportunity refers to the number of chances that an organization can identify, while profitability refers to economic potential and identifiable benefits, and feasibility refers to the feasibility of an identifiable opportunity.

The entrepreneurship can be developed if there is support from the right leadership style [7]. According to [13] and [15], the leadership style that best supports the development needs in order to increase organizational competitiveness in the face of increasingly fierce competition is transformational leadership.

Transformational leadership can be understood merely as a leadership style that facilitates innovation in organizations [9]. Transformational leadership is considered as one of the effective leadership styles to improve organizational performance through motivating all elements of the organization, as well as combining various organizational resources harmoniously to achieve goals [15].

Four indicators to measure transformational leadership, namely idealized influence, inspirational motivation, mental encouragement, and personal consideration [13]. Idealized influence refers to the role of the leader, who is the primary model or role model for his followers. Inspirational motivation refers to the leader's ability to provide the motivation that encourages increased commitment among his followers. Mental encouragement refers to the willingness of leaders to help develop the creativity, innovation, and knowledge of their followers. Personal consideration refers to the leader's efforts to help increase the potential of his followers.

Some characteristics of a transformational leader [15], namely:

- Positioning himself as an agent of change
- Wise risk-takers
- Believe in and sensitive to the needs of followers
- Being able to express the central values that guide his behaviour
- Flexible and open

- Learn from experience
- Have cognitive skills and are confident in orderly thinking
- Be careful when making decisions
- Having a long-term vision
- Having strong intuition

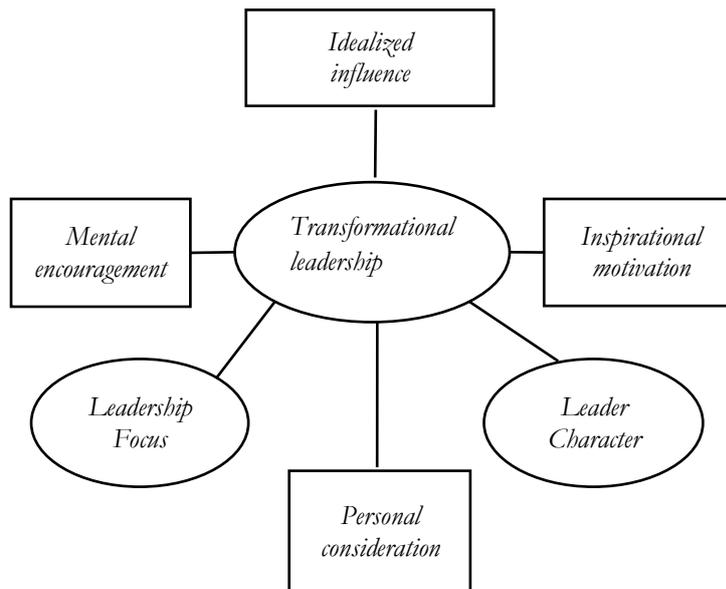


Fig 2. Transformational Leadership

Empirically, the influence of transformational leadership on corporate entrepreneurs has been reviewed by several previous researchers. As in [12] that transformational leadership has a significant effect on corporate entrepreneurship and performance of the organization, and corporate entrepreneur has been proven to influence the performance of the organization. These findings, proving the influence of transformational leadership on corporate entrepreneurs, also show the relationship between the two variables with the performance of the organization.

Similar results were found by [13], that transformational leadership significantly influences inter-organizational entrepreneurship. Furthermore, [4] also proved that transformational leadership significantly influences corporate entrepreneurs.

As in [2] also found that components of transformational leadership can trigger the formation of corporate entrepreneurs. Then [6] found that all leadership styles, including transformational leadership, were proven to influence entrepreneurial activity, except autonomous leadership.

However, [8] found that transformational leadership is not a leadership style that can support the practice of entrepreneurship in organizations.

### III. METHODS

This research is a descriptive type using a qualitative approach. Descriptive research aims to provide a detailed description of the focus of research [11]. A qualitative approach is a research approach that does not use statistical procedures in the analysis of data but puts forward the interpretation of data in the form of description [1].

This research data is in the form of secondary data in the form of journals that have relevance to the topics studied, namely regarding transformational leadership and corporate entrepreneurs. The data was collected using literature studies and analyzed using qualitative analysis techniques in three stages, namely data reduction, data presentation, and concluding [3].

### IV. CONCLUSION

The conclusion that can be drawn from this study is that most of the previous studies prove the significant influence of transformational leadership on corporate entrepreneurs. However, previous research has also been found to prove otherwise. The inconsistency of the previous research findings shows the need for further research to examine the effect of transformational leadership on corporate entrepreneurs.

### V. RECOMMENDATION

Future studies can use primary data obtained from the results of questionnaires, which are then tested using statistical procedures to determine the effect of transformational leadership on valid field-based corporate entrepreneurs.

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