



**UNIVERSITY OF NIŠ  
FACULTY OF ELECTRONIC ENGINEERING  
FACULTY OF ECONOMICS**



**REENGINEERING AND ENTREPRENEURSHIP  
UNDER THE CONTEMPORARY CONDITIONS  
OF ENTERPRISE BUSINESS**

**Edited by  
Prof. Dr. Biljana Predić**

## **REENGINEERING AND ENTREPRENEURSHIP UNDER THE CONTEMPORARY CONDITIONS OF ENTERPRISE BUSINESS**

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# THE LEADERSHIP ROLE IN NEW VENTURE CREATION

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**Abstract:** *Leadership represents an integral part of the management process, but due to its complexity can be observed as an independent process. There are doubts about which leadership style is the most adequate for the new venture creation. The classification of the leadership styles, observed vertically, differentiates charismatic, transformational and service-inclined leadership. In the last few years a new stream of research concerning the influence of the leadership styles on the founders' team in the new venture creation process has appeared. The entrepreneur becomes aware that he/she cannot have all the necessary knowledge and information for efficiently managing the venture in every situation. In such cases he/she finds a way out in a new leadership paradigm, known as shared leadership. In this paper special attention is also dedicated to participative leadership style in new venture creation, as well as numerous tactics of leader's influence. Different leadership styles are deliberated, as well as their adequacy in different settings and depending on followers' characteristics.*

**Key words:** *leadership, new venture, management, leadership styles.*

New venture creation is very risky. The uncertainty is high, not just in terms of venture potential growth and development, but also on dominant trends in the industry. Uncertainty of new ventures foundation should be regarded as a set of all possible outcomes (Gompers & Lerner, 2006, pp. 23-29). New ventures significantly differ depending on their growth potential. Those with the highest growth potential are found in high-tech industries, where investors demand multiple returns on capital either through exit strategy or going public (Erić & Nikolić, 2010). Since global economy becomes more integrated and its members become interdependent from each other, entrepreneurs and their enterprises search more intensively for global business opportunities by employing their resources more effeciently than their competitors (Babić & Erić, 2010, pp. 27-43).

## 1. The Importance of Leadership in Managing New Ventures

Managing new ventures in business enterprise represents a big challenge for an entrepreneur and the founders' team. Although it is very important to achieve mutual compatibility and synergy among the employees, there is one more prerequisite without which the venture can hardly survive, and that is the leadership capacity of the founder. One research has shown that the degree to which the entrepreneur believes he/she is capable of managing the venture determines the way the decisions are made (Forbes, 2005). He/she shows a much greater level of confidence when a relatively bigger number of employees are involved in the decision making process, with their ideas and knowledge. The entrepreneur also shows greater capability to lead when he faces problems which h/she is capable of solving by using his /her knowledge rather than in case of the problems for the solution of which he must rely on others.

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