

APPLICATION OF LEADERSHIP AND ENTREPRENEURSHIP AND THEIR INFLUENCE IN THE HOSPITAL ENVIRONMENT

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Abstract

Abstract— Health care operates within a complex and dynamic environment, particularly in the context of hospital care in Indonesia. **General Background:** The effectiveness of an organization in this sector is influenced by various factors, necessitating continuous improvement in innovation to foster growth and adaptability. **Specific Background:** Leadership plays a crucial role in guiding organizations toward achieving their vision and mission, especially in a landscape marked by financial constraints, resource shortages, and heightened competition. **Knowledge Gap:** Despite the recognized importance of entrepreneurial principles in enhancing innovative work behavior, there is limited empirical research focusing on their application within Indonesian hospitals. **Aims:** This study aims to investigate the impact of entrepreneurial leadership on fostering innovation in hospital settings, with a specific focus on its effects on organizational performance and adaptability. **Results:** Preliminary findings suggest that integrating entrepreneurial practices not only enhances innovative behaviors among healthcare professionals but also improves overall organizational effectiveness. **Novelty:** This research contributes to the existing literature by demonstrating how entrepreneurial leadership can serve as a catalyst for innovation in a challenging health care environment. **Implications:** The results underline the necessity for hospital leaders to embrace entrepreneurial approaches to navigate the complexities of the health care sector, thereby ensuring the delivery of high-quality services and maintaining competitive advantage.

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Introduction

Health care is a complex and flexible dynamic environment, especially hospital services in Indonesia. This condition is a big challenge for hospital management in maintaining the survival of a hospital so that they can survive and compete in the face of competition. Leaders must also be aware of the various factors that contribute to the success of an organization, so they must strive to improve their ability to drive innovation in a hospital so that they continue to develop, adaptive, and responsive according to demands by forming a hospital management system that is able to anticipate dynamic changes¹.

Leaders and their ability to lead become one of the important factors in determining the success of an organization in achieving its vision and mission. The leader is actually the driver and controller of all existing resources to achieve the goals of an organization, including setting goals, planning, and organizing, mobilizing various resources. Leaders will therefore always be required to create conditions that are conducive to all its ranks to achieve the goals that have been made^{1,2}.

The success of a leadership is supported by several factors, such as leadership style. The style applied by a leader has a close relationship with organizational dynamics, which in this case affects an organization in achieving their goals. Mukhtar in 2020 mentioned that the currently available leadership style theories are more oriented towards how a leader influences his employees in carrying out various joint actions without feeling pressured in achieving these goals. Leadership in a company, organization, or even a hospital has an important role in achieving organizational goals³⁻⁵.

The healthcare sector operates within the context of an institution and is often under the auspices of the state, and therefore subject to strict regulatory oversight. The sector must also provide the highest quality standards. However, the healthcare sector, especially hospitals, continues to experience financial cutbacks, resource shortages, and increased competition, and are therefore constantly challenged to be efficient and strengthen their position in the competition. Therefore, nowadays, health sectors such as hospitals tend to cooperate across sectors and strive for entrepreneurship as well².

Inculcating the essence of entrepreneurship has been shown in several studies to be effective in improving nurses' innovative work behavior, although more attention needs to be focused on developing entrepreneurial leadership competencies and developing nurse leaders. This paper is designed to explore leadership and entrepreneurship and their implementation in hospitals⁶.

Methods

This research is a descriptive method that refers to a literature review study. Scientific sources obtained were taken from several data sources such as Google Scholar and PubMed. The keywords used include leadership, entrepreneurship, hospital, leadership, and entrepreneurship which are arranged either separately or in a series of phrases or sentences. The literature used in the research is literature published by reputable and national and international journals, books, as well as magazines and conference summaries.

Results and Discussion

Leadership in Hospitals

Leadership applied by a leader can be influenced by several factors, one of which is leadership style. Leadership style is the way a leader influences the behavior of subordinates, so that they want to cooperate and work productively to achieve organizational goals. Hasnawati in her article in 2021 states that a leader is someone who has a program and who behaves together with group members using a certain method or style so that leadership has a role as a dynamic force that encourages, motivates, and coordinates the company in achieving predetermined goals^{1,5}.

Leadership can be said to be effective if the style applied is not only task-oriented, but also the way used in influencing subordinates to cooperate and work productively to achieve organizational goals. Leadership style is defined as a pattern of behavior applied by leaders in influencing, directing, encouraging and controlling their subordinates so that they can work optimally to achieve organizational goals. Some indicators to assess leadership effectiveness include²:

1. The ability to make decisions systematically and take action appropriately
2. Ability to motivate
3. Communication skills
4. Ability to control subordinates.
5. Ability to control emotionality

Leadership, for example the transformational leadership model, has a dominant role in the context of healthcare organizations, specifically to enhance their collaborators' positive attitudes towards collective entrepreneurship. In general, improved leadership is consistently associated with progress in organizational performance. In the Local Health Unit studied, a positive relationship was indeed found between transformational leadership and positive attitudes towards collective entrepreneurship among its collaborators, namely nurses and other health workers⁴.

Transformational leadership is a useful approach for several types of organizations. Transformational leadership can stimulate corporate entrepreneurship or intrapreneurship. The findings obtained from the current study add this individual perspective on entrepreneurship to a collective perspective, i.e., also to promote collective entrepreneurship, the most effective leadership style is transformational. Transformational leadership turned out to be the best predictor of performance⁴.

A study showed that most respondents said that the role of the leader was in the good category, this is in line with research conducted by Samosir (2021) entitled "The Effect of the Leadership Role of the Head of the Inpatient Room on Nurse Performance with Burnout" with the results of the study showing that the role of the leader mostly shows a high category. The results of this study were supported by Raodhah (2017) which showed that most respondents in the leadership role were in the good category, namely 69 respondents (86.3%). However, the results of this study differ from research conducted by Temu, (2018) with the results of the study showing that the role of the leader is not good only carrying out tasks, not understanding subordinates, tending to be permissive and less able to be a good example⁴.

The role of leadership is the main pillar in maintaining organizational quality, because ineffective leaders will affect poor work output. Research by Septyawan et al (2024) shows that leadership style has a significant positive effect on job satisfaction of employees of the Makassar City Regional General Hospital (RSUD). A good leadership style is shown to increase employee productivity and loyalty to the Makassar City Hospital which also leads to increased employee job satisfaction⁵.

Entrepreneurship in Hospitals

Entrepreneurship in organizations contributes significantly to organizational success and excellence. Entrepreneurial efforts in an organization with intellectual capital become more effective and can provide a competitive advantage and improve company

performance. Entrepreneurship is a dynamic process of transforming insights with innovation and creativity. In countries like Iran, achieving competitive advantage and solving problems, such as unemployment, underdevelopment and entrepreneurship is necessary.

Entrepreneurship plays three roles in every society: (1) As an engine of economic development, it strengthens economic growth and development, and (2) increases the productivity of society. (3) creating new technologies, products and services. In terms of leadership, management, innovation, efficiency, job creation, competition, productivity, and the creation of new enterprises, entrepreneurs have important contributions to economic growth. Today, the opportunities and number of entrepreneurial businesses in healthcare are increasing significantly due to extensive changes and developments⁶.

Hospitals must also execute business strategies to ensure the sustainability of their management and make profits. Strategic issues in hospital entrepreneurship should be to increase effective promotion strategies, improve the marketing mix in the hospital, improve service quality, and increase patient visits in the inpatient unit^{6,7}.

The strong relationship between transformational leadership and nurses' positive attitude towards collective entrepreneurship in the healthcare organizations studied here can be mentioned, as it has a relevant role in this segment of healthcare organizations. Therefore, these organizations should be made aware of this type of leadership, as transformational leadership is related to the collective entrepreneurial attitude of their collaborators, i.e. nurses. If those in charge of healthcare organizations are sensitive to this, they will achieve a positive outcome of their collaborators' positive attitudes and subsequent behavior regarding collective entrepreneurship, which in turn contributes to the success of the organization and the healthcare services provided. Healthcare organizations should find strategies to increase collaborators' commitment to the organization and communication processes, so that this can contribute to collective entrepreneurship and the quality of care they provide. The greater the practice of organizational awareness and interaction between collaborators, the greater the benefits for them and the organization^{7,8}.

Exploring leadership styles and behaviors that effectively influence innovation and creativity greatly enhances the development of individual nurse innovation as well as innovation leadership in healthcare organizations. Leadership involving entrepreneurial essence has long been recommended as an effective method of inspiring innovation and change among healthcare workers in hospitals. This leadership style also enables leaders to effectively address the changing and more serious challenges of healthcare organizations⁸.

Relationship between Leadership and Entrepreneurship in Hospitals

Several studies have shown that there is a relationship between the implementation of leadership and entrepreneurship which turns out to be interrelated. A study by Kamariah in 2013 showed that the role of entrepreneurial strategy in the effect of strategic leadership on organizational performance is significant, although the direct effect of strategic leadership on organizational performance without involving entrepreneurial strategy variables is not significant. Entrepreneurial strategy fully mediates the effect of strategic leadership on organizational performance. The better the

strategic leadership of the organization in mobilizing all the potential resources of the organization in the implementation of the tasks and functions of the hospital, the higher the organizational performance through the implementation of a good and appropriate entrepreneurial strategy³.

The findings also show that strategic leadership does not directly determine the improvement of organizational performance, but strategic leadership is the main determinant of the implementation of entrepreneurial strategies to achieve better organizational performance. As the organization's strategic leadership increases, the better its organizational performance through the implementation of entrepreneurial strategies. Entrepreneurial strategies are also demonstrated by the presence of cross-functional teams that have the ability to develop various operational processes and medical services, as well as new product services^{3,8}.

Some of these findings prove that the role of leaders is strategic in an effort to improve organizational capabilities in implementing and executing strategies into various programs and integral actions. Through this organizational capability, organizations can improve or maintain their performance in four aspects, namely finance, customers, operational processes, and learning and growth. This condition is highly dependent on the role of strategic leadership in mobilizing and motivating all organizational resources to make their best contribution in facing the challenges of an organizational environment that is becoming more complex and turbulent^{6,7}.

Other evidence addressing implementation in terms of stimulating and enhancing nurses' innovative work behavior through effective leadership has been one of the main focuses of policymakers, researchers, and healthcare practitioners. Recent findings suggest that there are practical contributions related to the implementation of entrepreneurial strategies to achieve organizational performance and competitiveness, even in public sector organizations that have been characterized as free from competition⁷.

Organizational leaders in public hospitals need to focus on developing policies and mechanisms that can encourage knowledge management initiatives so that in the future it can become an organizational capability. The knowledge management initiatives they can build are in the form of acquiring, storing, sharing, and applying knowledge that largely determines the hospital's dynamic capabilities in addressing increasingly critical stakeholder demands and the ever-changing hospital environment^{9,10}.

The success of strategy implementation is highly dependent on the role of strategic leadership in mobilizing and spearheading all potential resources amidst the uncertainty and complexity of a hospital's operational environment. Hospital leaders need to realize that organizational knowledge processed through the knowledge management cycle can be a source of their ability to play a role in strategy implementation. This will essentially utilize capabilities as a valuable resource and become a source of a hospital's sustainable competitive advantage^{9,10}.

A person's success in their career in the hospital has a significant relationship with intellectual capital. However, intellectual capital does not have a significant relationship with entrepreneurship or career success with entrepreneurship. According to research findings on entrepreneurship, and the infrastructure to use creative and entrepreneurial

strengths in hospitals, some articles recommend conducting training classes and intervention programs. Identifying the dimensions of intellectual capital in healthcare providers can create a suitable platform to enhance hospital creativity and entrepreneurship^{7,10}.

Conclusion

The value of leadership combined with elements of entrepreneurship can be an ingredient to develop the motivation and innovation side of health workers who work in hospitals. Implementation should be based on conducting a needs assessment and also conducting related training to foster the creative and leadership side of health workers.

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