

Can Leadership Agility and Learning Orientation Be for The Resilience of SMEs Entrepreneurs?

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ABSTRACT

This study aims to develop prepositions about the resilience of entrepreneurs in small and medium enterprises (SMEs) in the digital transformation era in industry 4.0, by looking at the role of agile leaders and learning orientation through a theoretical study of human resource development. Qualitative research method with literature study to obtain a research model that explains the role of agile leadership and learning orientation as a factor influencing SMEs performance. The results of the study provide proposed indicators on leadership agility and learning orientation in supporting the resilience of SMEs in the era digital transformation.

Keywords: Leadership agility, learning orientation, resilience, smes.

1. Introduction

MSMEs as the backbone of the economy in Indonesia are unquestionable. Its existence can be said to be the foundation of a people's economic system to reduce the problem of economic inequality, poverty alleviation, and increasing employment. In addition, MSMEs can make a significant contribution in accelerating structural changes, and are able to expand the economic base, namely increasing the regional economy and national economic resilience (Aryani et al., 2020).

Currently, competition in the global business world is changing very quickly, there is high uncertainty in all fields, such as information overload, and uncertainty that hit. The competition will get stronger. The current situation is also known as the VUCA situation which is an acronym for *volatility, uncertainty, complexity, and ambiguity*. The term is a natural combination of bad situations and conditions which is a loan from the American military world to describe conditions after the cold war (Sakitri, 2021).

Can MSMEs maintain their existence and power in this situation. In essence, MSMEs must be able to map out what factors affect the performance of these MSMEs. This is intended so that

MSMEs know the potential and aspects that need to be considered as a reference in formulating strategies to make decisions in order to be able to survive, and gain profits. For this situation entrepreneurship has played an important role in economic growth, innovation, competitiveness and in poverty alleviation (Fairoz et al., 2010). There are many kinds of leadership styles that can affect business performance. One of the leadership styles used to “fill the gap” that continues is the need for more agile leaders, not only in the executive ranks but at all levels of the organization. In a recent survey of CEOs in North America, Europe and Asia, 91% said that thriving leaders are a key success factor for their business growth. In another survey, senior executives at Fortune 500 companies identified "Agile" as the leadership competency most needed for their future success. However, although leadership development programs are a priority for most large companies, very little attention has been paid to understanding and developing the specific capacities and skills needed to create agile leadership in SMEs. This ability is implied as the ability to take wise and effective actions in complex situations, and can quickly change conditions.

Learning orientation is a manifestation of the organization's tendency to learn and adapt that is what is meant by learning orientation. The concept of learning orientation is a broad concept that includes many aspects of adaptation and change. While organizational learning is usually related to staff training and knowledge and skill acquisition mechanisms. In a learning orientation although an organization may invest substantially, for example, in training, it may not necessarily be able to transform itself according to changing external realities. Key characteristics of learning orientation; transfer of learning from individual to group, commitment to learning, openness to the outside world, overall commitment to knowledge, systems for developing learning, and mechanisms for organizational renewal (Mavondo et al., 2005).

This study aims to develop prepositions about the resilience of entrepreneurs in small and medium enterprises (SMEs) in the digital transformation era in industry 4.0, by looking at the role of agile leaders and learning orientation through a theoretical study of human resource development

2. Literature Review

2.1 Leadership Agility

Agility leadership is a leadership method that is flexible and can lift the capabilities of the staff, so that they can contribute to the development of the corporation in a more advanced direction. A good leader must know and understand what agility leadership is. Without the application of flexible leadership, it will be difficult for companies and organizations to move forward with all their members. Members are not only executors of daily tasks, but should also be assets.

Agility and the era of uncertainty are closely related. Therefore, it takes a leader who is agile and able to turn assets into the main weapon for companies and organizations to develop rapidly.

As an example of an agile leader, the leader is able to properly direct the training needed by performing employees and can work productively, even in old age. Leaders also understand 4 frame patterns in training and 6 framing objectives in training in HR development.

With leadership agility, a person will be able to lead his members more efficiently without the need to dismantle members. This is why agile leadership must be possessed by a leader in order to maximize the potential of its members.

Leadership is a license earned, not a position given. A person may be appointed to a management job, with a number of responsibilities to fulfill and an associated set of formal powers to ensure that employees comply. But to achieve leadership license, one needs to win people's trust and have the ability to influence them to voluntarily follow. Agile leadership is the ability to flexibly switch between leadership styles already mastered, along with the ability to adaptively learn new leadership styles, all in rapid response to changing circumstances (Meyer & Rodgers, 2017).

Leadership agility is the ability to take wise and effective action in the midst of complex and rapidly changing conditions. Leadership agility is related to flexibility and adaptability which implies a deliberate proactive attitude (Joiner & Stephen Josephs, 2007).

Leadership agility applies context setting, stakeholder, creative, and skill-requiring self-leadership when applied in three key leadership contexts: conversational matters, leading teams, and leading organizational change. Leadership agility also requires the development of certain cognitive and emotional capacities that develop in a series of predictable stages or levels (Joiner, 2019).

2.2. Learning Orientation

Learning orientation is a philosophy adopted by the company that emphasizes learning in the organization. Organizations that are oriented to learning will have a continuous process of developing capabilities in order to create a better future (Amin, 2015). Learning can be conceptualized as beliefs and values related to the development of new knowledge, insights, and awareness. The strategic marketing literature supports the idea that "learning" is one of the important avenues for facilitating behavioral change to build a lasting competitive advantage in the marketplace. One possible reason is that the more an organization is able to generate, acquire, and transfer knowledge, the more likely it will be able to modify its behavior to respond to a rapidly evolving dynamic business environment. Learning orientation is seen as organizational values that influence its tendency towards knowledge creation and implementation (Tajeddini et al., 2017).

Learning orientation is a construct that recognizes the attitude of managers to consider learning as a key resource for the organization, also understands the need to let go of obsolete knowledge, to dispel old mental models, and welcome new learning. Learning orientation is considered as organizational resources and capabilities that support companies to develop competitiveness and organizational performance (Martinez et al., 2020). Learning orientation is defined as a strong

level of commitment to learning, shared vision, open-mindedness, and intra-organizational knowledge sharing (Nybakk, 2012).

Learning orientation is conceptualized as a basic attitude towards learning, namely organizational and managerial characteristics that facilitate organizational learning processes (Lumpkin & Dess, 1996). In this context, learning orientation is seen as corporate values that influence the company's tendency to create and use knowledge. Learning orientation is seen as a precursor to building a culture that is receptive to innovation. Learning orientation can enable companies to respond effectively to external changes, such as customer preferences, and technology products. As a company gets bigger, commitment to learning plays an important role in developing its assets and capabilities related to its main activities. If a company is small and less learning-oriented than its competitors, it may have less innovation and substantial difficulties in terms of survival (Amin, 2015).

3. Research Methodology

This study applied a qualitative method that aims to provide a preposition research proposal on the entrepreneurs' performance in SMEs. This study conceptualizes entrepreneurs' performance as the behavior and development of the theory of human resources management. Data collection techniques in this study undergo a literature survey which gathered from the research library. The technique taken in this study follows Bordens & Abbot (2008), which pointed out that a literature survey is a process of placing, obtaining, reading, and evaluating research literature.

Leadership agility and learning orientation in the fourth industrial era are still limited to. This paper elaborates some of the findings of researchers' previous reference findings and explores with the grounded theory the development of human resources and the factors that influence them directly or indirectly. The following section explains the relationship between each variable in explaining the performance of entrepreneurs in supporting the resilience of SMEs in the era of digital transformation.

4. Results & Discussion

4.1. Leadership Agility to SMEs Performance

Meyer & Meijers, (2018) revealed that leadership agility is a leadership style that is flexible and fast-paced, has the ability to adaptively learn new leadership styles, and is able to respond quickly to changing circumstances. Leadership agility also requires the development of certain cognitive and emotional capacities that develop in a series of predictable stages or levels (Joiner, 2019).

Research on the relationship between leadership agility and SME performance is still limited. Research by (Ashrafi et al., 2019) examines the ability of Business Analytics (BA) to influence a company's agility through information quality and innovative capabilities. Furthermore, studying the moderating role of environmental turbulence, both technology and market on performance. The results show that BA's ability greatly influences a company's agility through improving the quality of information and innovative capabilities, where both market and technological

turbulence moderate the influence of agility on company performance.

Azahari et al., (2021) explain the various types of leadership styles that can affect business performance in this millennial era, one of which is having the best leadership style called the agile concept. By having this leadership style, the resulting business can follow existing developments so that performance will be even better.

According to Kurniawan et al.,(2020) the research conducted shows that leadership agility has a positive influence on performance. Where if someone has agile leadership, the resulting performance will also be better, this can happen because of the best leadership, having a strong and agile leadership style, this will make the business run will also continue to grow because it continues to move quickly and creatively so that it can face various conditions. Furthermore, Dabić et al., (2021) obtained research results that said leadership agility had a positive influence on the performance of SMEs.

Referring to the relevant research results and the description above, there is a relationship between leadership agility which has a positive effect on performance.

4.2. Learning Orientation to SMEs Performance

Suliyanto & Rahab (2012) revealed that learning orientation has a positive effect on performance. Where in small and medium enterprises, market information obtained from customers and competitors helps companies to monitor the market. For competitive advantage and better business performance, companies must have the ability to learn and pay attention to the state of employees and have an organizational mission. So companies must strengthen their learning and innovation orientation to improve business performance. In learning orientation, Tajeddini et al., (2017) revealed that learning orientation is seen as organizational values that influence its tendency to create and implement knowledge to improve company performance.

According to Ashrafi et al (2019) performance is the result of work achieved by individuals and adapts to the role or task of the individual in a company in a certain period of time, which is associated with a measure of value or a certain standard of the company the individual works for.

Pesämaa et al., (2013) in their research also mentions that learning orientation needs to be considered to improve performance. By understanding effective innovative work for competitive service achievement as the basis for learning orientation the more an organization is able to generate, acquire and transfer knowledge, the more likely it will be able to modify its behavior to respond to a rapidly evolving dynamic business environment.

6. Conclusion

Leadership agility is the capability of a leader to dynamically sense and respond to changes in the business environment with actions that are focused, fast and flexible. Understanding what is required of leaders to survive and thrive in a VUCA world; Identifying their individual leadership agility strengths and development needs; and embedding leadership agility in their

talent management processes (Horney et al., 2010). Learning Orientation may also be related to business performance and several studies explored the important effect of learning orientation on business performance (Calisir et al., 2013).

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