THE ROLE OF INTERPERSONAL COMMUNICATION IN BUILDING LEADERSHIP THAT POSITIVELY IMPACTS BUSINESS PERFORMANCE IN THE ENTREPRENEURIAL CONTEXT

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ABSTRACT

Leadership is a key determinant of business success or failure, particularly in the context of entrepreneurship. Effective leaders can steer vision, inspire teams, and navigate challenges faced by new ventures. This research explores the role of interpersonal communication in cultivating leadership that positively impacts business performance, specifically within entrepreneurial contexts. The research methodology employed is a literature review using qualitative approaches and descriptive analysis. Google Scholar serves as the primary source for data retrieval spanning from 2017 to 2024. Findings indicate that interpersonal communication plays a crucial role in shaping effective leadership in dynamic and evolving entrepreneurial contexts. By fostering strong relationships, inspiring corporate vision, facilitating effective coordination, and managing conflicts wisely, interpersonal communication serves not only as a tool for transmitting information but also as a foundation supporting long-term business success and growth.

Keywords: Interpersonal Communication, Leadership, Business Performance, Entrepreneurship

PERAN KOMUNIKASI INTERPERSONAL DALAM MEMBANGUN KEPEMIMPINAN YANG MEMILIKI DAMPAK POSITIF PADA KINERJA BISNIS DI KONTEKS KEWIRAUSAHAAN

ABSTRAK

Kepemimpinan merupakan faktor kunci yang menentukan keberhasilan atau kegagalan bisnis, terutama dalam konteks kewirausahaan. Pemimpin yang efektif dapat mengarahkan visi, menginspirasi tim, dan mengatasi tantangan yang dihadapi oleh perusahaan baru. Penelitian ini akan mengeksplorasi peran komunikasi interpersonal dalam membangun kepemimpinan yang memiliki dampak positif pada kinerja bisnis, khususnya dalam konteks kewirausahaan. Metode penelitian ini adalah tinjauan pustaka dengan pendekatan kualitatif dan analisis deskriptif. Penelitian ini menggunakan Google Scholar sebagai sumber utama untuk mengambil data dari tahun 2017 hingga 2024. Hasil studi menunjukkan bahwa komunikasi interpersonal memainkan peran yang krusial dalam membentuk kepemimpinan yang efektif dalam konteks kewirausahaan yang dinamis dan berubah-ubah. Dengan kemampuan untuk membangun hubungan yang kuat, menginspirasi visi perusahaan, memfasilitasi koordinasi yang efektif, dan mengelola konflik dengan bijaksana, komunikasi interpersonal bukan hanya alat untuk mentransmisikan informasi, tetapi juga fondasi yang mendukung keberhasilan dan pertumbuhan bisnis jangka panjang.

Kata kunci: Komunikasi Interpersonal, Kepemimpinan, Kinerja Bisnis, Kewirausahaan

INTRODUCTION

Leadership, as a vital aspect in determining the positive or negative outcomes of a business, has proven to be crucial in the context of entrepreneurship. An effective leader is capable of directing the company's vision, inspiring and guiding their team through the complex challenges often faced by newly established enterprises (Sharma et al., 2023).

In the context of leadership, interpersonal communication is one of the essential skills that play a significant role in conveying organizational vision, building strong relationships with team members, and creating a collaborative work environment. These skills include proficiency in effective listening, showing empathy towards individual needs, and the ability to convey messages clearly and timely (Fuller et al., 2021).

Skilled and effective interpersonal communication is considered a key factor in enhancing employee motivation. A leader's ability to communicate clearly and empathetically supports building strong trust among team members, fostering high morale, and motivating them to collaborate towards achieving company goals (Rahmadani et al., 2020).

Effective interpersonal communication plays a crucial role in enabling leaders to make more informed and inclusive decisions through consultation and collaboration with their teams. The ability to communicate effectively facilitates open and constructive exchange of ideas among team members, ensuring that all perspectives are carefully considered before final decisions are made (Sahadevan & Sumangala, 2021).

Effective communication between leaders and team members directly impacts overall business performance. Research has shown that organizations capable of building solid internal communication tend to achieve higher productivity levels, enhance service quality provided to customers, and drive more innovation (Kim & Jung, 2022; Slijepčević et al., 2018).

Entrepreneurship often faces various complex challenges, including resource limitations, fluctuating market uncertainties, and intense time pressures. In this context, the role of leadership becomes crucial, especially when supported by deep and effective interpersonal communication. Leaders who can build strong relationships with their teams, unearth innovative ideas, and forge strategic partnerships with various stakeholders have a greater opportunity to overcome complex barriers and optimize business potential (Ausat et al., 2022).

In today's digital era, where communication often occurs through various technologies, understanding how to maintain and enhance interpersonal communication via digital tools is paramount. Leaders need to adapt and develop their interpersonal communication skills to remain effective in managing increasingly digitally connected work environments (Öngel et al., 2023).

Referring to the explanations above, this research will explore the role of interpersonal communication in building leadership that positively impacts business performance, particularly in the context of entrepreneurship. Thus, the findings of this research are expected to provide practical insights for leaders and entrepreneurs in developing effective communication skills to achieve business success.

LITERATURE REVIEW
Interpersonal Communication

Interpersonal communication is the process of exchanging information, ideas, and feelings between two or more individuals in a direct interaction context (Abed et al., 2023). It involves using various communication elements such as verbal language, body language, facial expressions, and tone of voice to convey messages clearly and effectively. Interpersonal communication is not only about transmitting information but also about building positive interpersonal relationships, creating mutual understanding, and fostering trust (Yusnita, 2024). Good interpersonal communication skills include the ability to actively listen, provide constructive feedback, manage conflicts effectively, and build collaborative relationships. In various contexts such as workplaces, families, or social environments, effective interpersonal communication is a key factor in achieving common goals and strengthening bonds between individuals.

Leadership

Leadership is the ability of an individual to direct, influence, and motivate others towards achieving common goals

(Cahyono et al., 2023). It involves a combination of skills in decision-making, task delegation, effective communication, and resource management to create a clear vision and inspire others to follow. A leader is responsible not only for achieving organizational or group goals but also for developing and maintaining good relationships with team members or group participants. Leadership can be formal, such as in organizational structures at workplaces, or informal, such as in social groups or crisis situations within communities. Effective leadership is often characterized by the ability to understand individual needs and motivations, address challenges faced, and provide clear direction to achieve collaborative goals (Harahap et al., 2023).

Business Performance

Business performance refers to evaluating the outcomes of various operational and strategic aspects of a company or organization in achieving their goals and objectives (Lewaherilla et al., 2024). This includes various indicators such as revenue, profit, market share, operational efficiency, product or service innovation, customer satisfaction, and overall business growth. Evaluating business performance considers not only financial achievements but also aspects like sustainability, brand reputation, and social or environmental impact. Good business performance often indicates that a company can effectively manage its resources, adapt to market changes, compete well, and provide significant value to their stakeholders, including shareholders, employees, and the broader community (Ausat & Peirisal, 2021). Successful companies often have clear strategies, effective leadership, and active engagement from all members of the organization to achieve optimal business performance (Ausat, 2023).

Entrepreneurship

Entrepreneurship is the process of identifying, creating, and managing new business opportunities or innovations in the market (Sutrisno et al., 2024). It involves taking risks to start or develop new businesses with the aim of achieving profit and sustainable growth. Entrepreneurship is not limited to creating new companies but also includes activities such as developing new products or services, expanding markets, or restructuring existing businesses to enhance competitiveness (Atrup et al., 2023). Entrepreneurs often need to have creative skills, strategic vision, managerial capabilities, as well as resilience and toughness to face challenges in managing their businesses. Entrepreneurship can also play a crucial role in driving innovation, creating jobs, and stimulating economic growth at local, national, and global levels (Zen et al., 2023).

RESEARCH METHODOLOGY

This research employs a literature review methodology with a qualitative approach and descriptive analysis. The study utilizes Google Scholar as the primary source for gathering data from the years 2017 to 2024. Initially, 66 relevant articles were identified, but after a rigorous selection process, only 26 articles met the inclusion criteria for use in the analysis. The selection process involved considering direct relevance to the research topic on the role of interpersonal communication in fostering leadership that positively impacts business performance within the context of entrepreneurship. The selected articles provide in-depth insights and high relevance to these aspects, which were then analyzed descriptively to identify trends, key findings, and differing perspectives in the existing literature. The qualitative approach is employed to deeply understand the key concepts emerging from the selected articles, focusing on interpreting meanings and contexts from both theoretical and practical perspectives. This method allows for a comprehensive exploration of how interpersonal communication influences leadership effectiveness and subsequently impacts business performance in entrepreneurial settings.

RESULTS AND DISCUSSION

Interpersonal communication plays a central role in shaping effective leadership and positively impacting business performance, especially in dynamic and ever-changing entrepreneurial contexts. Successful leadership

in this context relies not only on technical and strategic abilities but also on the capacity to understand, inspire, and motivate others through effective communication.

Firstly, interpersonal communication enables a leader to build strong relationships with team members and other stakeholders. Active listening and understanding others' perspectives, responding empathetically to their needs and expectations, are vital skills here. By fostering open and honest dialogue, an entrepreneurial leader can create a work environment supportive of innovative idea exchange and broad acceptance of new concepts (Li et al., 2020).

Secondly, effective interpersonal communication plays a crucial role in enabling a leader to inspire the company's vision and mission to their team. Persuasively and structurally communicating long-term goals, an entrepreneurial leader can deeply engage team members in achieving significant milestones (Arthur Bwalya, 2023). More than just conveying information, inspiring communication can cultivate an organizational climate that supports growth and productive collaboration. This helps build a dynamic and inclusive corporate culture where individuals are motivated to contribute creatively and innovate.

In the context of entrepreneurship, which often demands quick decisions and adaptation to dynamic market changes, interpersonal communication plays a vital role in facilitating effective coordination and collaboration among team members. Leaders with strong communication skills can clearly and timely convey corporate policies, new strategies, or necessary changes, building profound understanding and collective support for the company's vision and direction. Effective communication reduces uncertainty and confusion among the team, enabling them to move forward synergistically and face challenges with confidence and courage (Ramadhini & Manafe, 2022).

Furthermore, in skill development and team coaching contexts, interpersonal communication is crucial for providing constructive feedback and meaningful guidance to team members. By communicating clearly and openly about individuals' potentials, weaknesses, and development opportunities, a leader can create an environment where team members feel supported and encouraged to achieve their full potential (Mazzetti & Schaufeli, 2022).

Effective interpersonal communication also plays a critical role in building strong trust among team members and external stakeholders. Solid trust is a critical foundation for developing collaborative and productive work relationships. Leaders who can consistently and clearly convey information reduce uncertainty and confusion within the organization, strengthening interpersonal bonds among team members (Yue et al., 2021). This creates an environment where collaboration becomes more effective, and operational efficiency can be significantly enhanced.

Furthermore, in addressing challenges and potential conflicts that arise in dynamic entrepreneurial contexts, effective interpersonal communication plays a central role in enabling a leader to manage disagreements or issues with a constructive and solution-oriented approach. The ability to listen empathetically, manage conflicts wisely, and foster collaboration to find joint solutions are key skills that support team harmony while enhancing productivity and work effectiveness (McKibben, 2017).

Moreover, in the era of globalization and amidst current business complexities, effective interpersonal communication includes the ability to interact cross-culturally and across generations. Leaders who possess a deep understanding and appreciation of cultural diversity and differing values are better equipped to build strong relationships with international business partners and successfully manage multinational teams (Ahmad & Saidalavi K, 2019). The ability to adjust communication styles, understand cultural nuances, and build trust across cultural boundaries are crucial skills in creating an inclusive and collaborative work environment on a global scale.

Equally important, effective interpersonal communication reflects integrity and authentic leadership. When a leader

communicates messages with honesty and consistency aligned with the company's values, and acts as a consistent role model, it strengthens trust and respect from team members while inspiring them to adopt similar attitudes and behaviors in fulfilling their duties and responsibilities. Authentic leadership rooted in strong integrity fosters the development of a strong corporate culture and high competitiveness, where every individual feels motivated to contribute their best (Obuba, 2023). Honest and consistent communication builds a stable foundation for effective collaboration and leads to achieving significant shared goals in a dynamic and complex work environment.

In this broad context, interpersonal communication is not merely seen as a tool for transmitting information but as the primary foundation of leadership that builds meaningful relationships, motivates individuals, manages conflicts, and shapes a strong organizational culture. Entrepreneurial leaders who master effective interpersonal communication can create a work environment that not only supports innovation but also sustains business growth amidst global change dynamics. Through skilled and empathetic communication, leaders not only convey visions and strategies clearly but also build deep understanding and collective commitment to common goals. The ability to manage conflicts constructively and influence organizational culture to be inclusive and achievement-oriented is at the core of successful leadership in this modern era. Thus, effective interpersonal communication serves not only as a communication tool but also as a driving force behind progress and success in adaptive and responsive enterprises.

CONCLUSION

Interpersonal communication plays a crucial role in shaping effective leadership in dynamic and evolving entrepreneurial contexts. With the ability to build strong relationships, inspire corporate vision, facilitate effective coordination, and manage conflicts wisely, interpersonal communication serves not only as a tool for transmitting information but also as a foundation supporting long-term business success and growth. Based on the findings of this research, several recommendations can be made:

1. Enhancement of Communication Skills: Entrepreneurial leaders need to continuously develop their interpersonal communication skills, including active listening, providing constructive feedback, and communicating clearly and consistently.
2. Emphasis on Positive Organizational Culture: Encourage leaders to use inspiring communication to shape a collaborative and achievement-oriented company culture.
3. Conflict Management and Problem-Solving Training: Provide regular training to leaders on managing conflicts constructively and seeking solutions collaboratively with their teams.
4. Openness and Transparency: It is important to ensure that communication within the organization is open, honest, and consistent to minimize uncertainty and strengthen trust.
5. Cross-Cultural and Generational Awareness: Encourage leaders to increase awareness of cultural and generational differences in their communication to effectively lead diverse teams.

By strengthening interpersonal communication at all levels of leadership, organizations can build a solid foundation for innovation, growth, and sustainability in today's rapidly changing business environment.

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Table. The Role of Interpersonal Communication in Effective Entrepreneurial Leadership

No	Key Findings	Explanation
1	Interpersonal communication builds strong relationships	Enables leaders to listen attentively, understand others' perspectives, and respond empathetically, fostering an environment where innovative ideas thrive.
2	Communication motivates and inspires	Allows leaders to articulate the company's vision clearly and persuasively, build a positive work culture, and enhance team collaboration.
3	Effective coordination and collaboration	Facilitates quick decision-making and adaptation to market changes, directs team efforts effectively through clear and timely communication.
4	Team coaching and development	Enables leaders to provide constructive feedback, guide individual development, and build competent and engaged teams.
5	Building trust and reducing uncertainty	Vital foundation for collaborative and productive work relationships, strengthens bonds within teams, and

		enhances organizational operational efficiency.
6	Managing conflict constructively	Allows leaders to handle disagreements empathetically, manage conflicts wisely, and seek collaborative solutions.
7	Cross-cultural and generational communication	Facilitates leaders in building strong relationships with international business partners, successfully leading multinational teams, and respecting diversity in values.
8	Reflecting integrity and authentic leadership	Consistently demonstrating company values, strengthens team trust, and inspires loyalty to tasks and responsibilities.
9	Foundation for meaningful relationships, motivation, conflict management, and organizational influence	Interpersonal communication is not just a tool for transmitting information but also builds an innovative environment, supports sustainable business growth.