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THE ROLES OF LEADERSHIP STYLES AND ENTREPRENEURIAL ORIENTATION IN DISTINGUISHING MORE FROM LESS SUCCESSFUL ORGANIZATIONS

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Abstract

Competitive advantage has an extremely important place in strategic thinking both within the organization and the country. The international competitiveness of a country is a reflection of the ability of the organizations within it to achieve success both on the national and international markets. The latest scientific researches attribute organizational performance and consequently competitive advantage to its leaders and their ability to optimally use available resources. Sources have shown that leaders facing the ongoing globalization market challenges through their behaviour can improve the organization's performance. Effective leaders enable it by increasing the level of entrepreneurial orientation of the organization (nurturing its proactive, innovative and risk-taking characteristics) through the interrelationships among its workers as well as their commitment, confidence and motivation for greater work quality. All these favourable effects are primarily enabled by transformational leadership style, first described by Burns (1978), and elaborated in detail by Bass (1985a), whose implementation is dominantly advocated in modern organizations. This paper explores which leadership characteristics can be used to improve the organization's performance, and whether less successful organizations can be distinguished from the ones that are more successful. The results of this study show that there are

specific characteristics that the organization should nurture if it wants to be successful and that less successful organizations can be distinguished from the ones that are more successful according to leadership style they use.

Key words: *competitive advantage, entrepreneurship orientation, organizational performance, leadership style*

JEL Classification: L26, L29

INTRODUCTION

In the contemporary, increasingly more open and integrated global economy, competitiveness is central to economic strategies, of both developed and developing countries. Competitiveness based on innovations, relation of price and performances, reduced product returns and creative destruction of existing competencies characterises the intensive and dynamic markets of today (Santora et al., 1999, Venkataraman, 1997).

The OECD (2011) defines competitiveness as a measure of the country's ability to, under market conditions, produce goods and services that pass the test of the international market, while maintaining and increasing the long-term real income of the population. On the other hand, Krugman (1996) advocates an extreme view that the concept of competitiveness is not applicable to the countries, but only to the enterprises.

In terms of the enterprise, the market share is most often used as an indicator of competitiveness at a particular point of time or its change over time. Other significant indicators include profitability, sales trends on the domestic and international markets and the ability of the enterprise for a long-term sustainability and development under the conditions of growing global competition.

Leko-Šimić (1999) states that the international competitiveness of a country is also a reflection of the ability of its economic entities to successfully engage in the above-mentioned global processes. Therefore, we can say that in creating a productive and competitive economy, public and private sectors are interconnected. The country is in charge of establishing a good fiscal and monetary policy, an efficient legal system and stable democratic institutions necessary for a successful economy. At the microeconomic level of the economy (Bezić, 2008, p. 31), wealth arises from the quality of the microeconomic business environment and operational practices and strategies at the enterprise level. Although

the public and private sectors differ in their basic roles, they are interconnected in creating a productive and competitive business. Therefore, competitiveness is a multidimensional phenomenon - necessarily present at the level of the enterprise, sector and country as a whole.

Competitiveness is a variable category and a challenge for organisations so they have to, in order to achieve or retain competitive advantage, continuously improve their activities on the market and constantly create new business rules (Carpenter and Sanders, 2007). As Galbraith et al. (2002) claim, there is a strong link between the leadership and the company's competitive advantage. Spillane (2005) also claims that the competitive advantage and the leadership are related, stating that the organisation has the ability to achieve whatever it thinks is possible provided it knows which way to go to achieve it.

The question is why some organisations at any of the aforementioned levels, despite the similar resources available to them or surrounding environment, are more successful than the other organisations in using these resources. According to the latest findings, this advantage is attributed to the leadership of the organisation and its ability to make better use of the resources available to them than other organisations, gaining thus a competitive advantage.

THE IMPORTANCE OF LEADERSHIP FOR THE ORGANISATION'S SUCCESS

The key sources of an organisation's strength that enable people to design and implement effective processes and thus achieve organisational success are leadership styles, organisational culture, skills and abilities and motivation are (Keller, 2006). Leadership is both a scientific discipline and practical skill related to the ability of individuals or organisations to lead or direct other individuals or organisations (Northouse, 2010).

The leader performs a number of important functions in the organisation they manage. They create a vision, set group values and norms, serve as a role and identification model, coordinate work, control internal relationships among group members, plan task execution, mediate internal disagreements and manage conflicts, give praises, encourage, but also point to mistakes and poor quality of work, present their group to others, etc. The hidden power of the leader is in controlling their own and other people's emotions. Great leaders are the ones

who are able to inspire us with their ideas, i.e. the ones who are able to, thanks to their attractive vision, lead us to the right direction, awaken in us passion and other powerful constructive emotions such as love, optimism, and hope as well as direct the entire group's energy towards achieving a common goal.

Leaders can positively inspire organisational creativity and entrepreneurial orientation, which are prerequisites for achieving desired results. When members of the organisation feel secure, or when they are approached with confidence, the leader has the ability to stimulate their best characteristics and motivation for the devoted accomplishment of goals (Schein, 1993). Accordingly, many authors argue that successful managers should know how to recognise and efficiently take into account three interdependent activities that need to be continually reviewed for the organisation to succeed (Veljić, 2011). These are:

- determining the direction of the organisation,
- designing the organisation and
- encouraging culture dedicated to excellence and ethically correct behaviour.

The interdependence of these three activities is obvious. Most failures in today's organisations can be attributed to the fact that the aforementioned three activities are not viewed equally. Successful leaders will probably create such an organisational culture that will enable rapid adaptation of the organisation to its ever-changing environment. Such a culture requires individuals in the organisation to be innovative, i.e. to constantly look for ways to improve their work as well as positive trends from the outside. (Romero, 2012).

Well-developed leadership competencies are a prerequisite for a successful work of organisations in today's competitive market. The decisions of modern managers have long-term consequences indeed, so every organisation seeks to expand and improve the competences of its leaders to enable them to make better quality decisions. Profit and non-profit organisations, governmental and non-governmental agencies, as well as educational institutions must deal with the complex situations on a daily basis. They can only do so if they create effective internal communication, emphasise a shared vision, dedication to achieving a common goal and awareness of the importance and necessity of accepting the necessary organisational changes. According to Ralean (2003), organisations of the 21st century are based on knowledge and require each member of the organisation to share their experience and knowledge with others for the organisation to achieve success. Leadership requires all employees to reconsider their shared beliefs and

create those which will enable a unique way of organisation's functioning based on creativity, innovation and a whole new set of abilities (Meredith, 2011).

LEADERSHIP STYLES

Leadership style consists of a series of aligned activities and procedures that make a specific, distinctive way to lead a group. Different leaders implement different leadership styles in line with their personality, education, but also nature, i.e. tasks characteristics of the group they lead, so each of them has their own, dominant leadership style. Additionally, the most successful leaders use a wide range of leadership styles as needed, depending on the characteristics of the specific situation and the competence level of the people they manage.

In the mid-seventies of the last century, it was noticed that many organisations have no response to the problems arising from the implementation of radical changes that should have been achieved in the short term. It was shown that the implementation of such changes has only been successfully carried out in organisations under the leadership of highly capable leaders. Leaders are change agents. Their success is measured by the way they strategically implement vision and mission.

Based on these findings, a whole series of research has been conducted with the aim to determine which leadership styles exist and how they affect the behaviour of people in the organisation and consequently organisational effect. Taking into account all the leadership styles known so far, Bass and Avolio (1999) united them into a unique model of Full Range Leadership Development. In it, based on the results of the research, they describe each of them in details, in terms of characteristics used to influence people and the ability to achieve the desired organisational effect.

In that model, the most significant ability to achieve positive influence on people and organisational impact have transformational leadership styles. Transformational leaders have a vision which they personally live, the ability to inspire followers to constantly outdo themselves, i.e. they can encourage entrepreneurial orientation in them. In addition, they understand the need for change, expansion, or complete transformation of organisational factors, in order to lead the organisation towards a vision that others may sometimes not even be able to imagine.

The transformational leadership style is related to the way a leader connects to the members of his team, creating a relationship that increases the level of motivation and morality both in the leader and team members. The leader takes care of the needs and motivations of the team members and tries to help them achieve their goals. The transformational leader has the ability to stimulate self-actualisation, i.e., motivate the reporting members of the group to help them to achieve more than what is expected of them. To achieve the desired goal, transformational leaders constantly use their personal vision and energy. This leadership style is represented by the following scales (Avolio and Bass, 2004):

- Idealised impact - attributed
- Idealised influence - behaviour
- Inspirational motivation
- Intellectual stimulation
- Individualised care

Leaders who apply transformational leadership styles to the employees in the organisation act in a way which encourages them to achieve full potential and more than what is expected of them. Thus, they become motivated to overcome their own interests for the good of their organisation, because they understand that the welfare of the organisation is also a prerequisite for their long-term benefit. By applying this approach to leadership, an atmosphere of cooperation is created in the organisations. This is extremely desirable because in such a way the organisation, through engaging employees in all major activities, achieves its maximum efficiency.

Burns (1978), in addition to the transformational form of leadership behaviour, also points out the transactional form, which found its place in the Full Range Leadership Development model. Transactional leadership style is based on a set of different leadership theories, which focus on the interchange between leaders and reports. Transactional leadership is reflected in tasks of a leader who decides what the reports should do so that the goals of the organisation could be achieved and in the allocation of these tasks to the reports and encouragement and motivation of the reports to reach the goals set.

By paraphrasing Burnes (1978), Bass (1985a, 1985b) described transactional leaders as the ones who:

- recognise what the subordinates want to get from their work and leaders ensure they get it if they deserve it with respect to their efficiency
- exchange rewards and promises of rewards for the appropriate levels of effort
- respond to the wishes and needs of the reports as long as they complete their tasks.

The final revision of the Full Range Leadership Development model (Bass and Avolio, 2004) speaks of two transactional styles that also make its scale:

- Conditional rewarding
- Active management by exceptions

Passive/avoidant leadership style, according to the latest revision of the Full Range Leadership Development model (Avolio and Bass, 2004), was introduced as the third leadership style, which is the most passive out of all in the model. According to the definition (Avolio and Bass, 2004), transformational styles are more active and more efficient than transactional, and transactional are more active than passive/avoidant leadership style. In the model of the full range of leadership passive/avoidant management represents the so-called non-leadership factor and consists of a scale:

- Passive leadership by exceptions and
- Laissez-faire, or the complete absence of leadership

In modern organisations, it is certainly better to use transformational than transactional leadership, because as described previously, transformational leadership results in higher efficiency (Bass and Avolio, 1994). Transactional leadership results in expected outcomes and the outcomes of transformational leadership exceed the expected outcomes. The leader who uses transactional leadership in modern organisations can only slightly encourage people to achieve organisational goals because their engagement will depend on the reward they have been promised to get if they achieve their goals. The transformational leader has the ability to encourage people to understand that the biggest reward lays in the constant pursuit of achieving goals which are meaningful for all employees and which accomplish a mission in which everyone wants to participate. With such an attitude, employees are eager to accept any changes because they understand that they need to constantly adapt to new market demands to constantly achieve the desired results.

This leadership style matches contemporary working groups that want to be motivated and empowered for success in times of uncertainty. Transformational leadership is a process that changes people and includes continuous work on emotions, values, ethics, norms and long-term goals, as well as an assessment of the reports' motives to meet their specific needs and to treat them as the unique human beings, what they are indeed. Transformational leadership is a process that describes the very essence of charismatic and visionary leadership (Northouse, 2010).

Effective leadership is seen as a source of development of governance and sustainable competitive advantage for improving organisational performance (Avolio, 1999; Lado et al., 1992; Rowe, 2001). Zhu et al. (2005) indicate that visionary leadership will result in a high level of connectivity, commitment, confidence, motivation, and thus in the performance in changing organisational environments. Buble (2010) argues that effective leadership of a growing company requires possession of skills such as self-awareness, teamwork, the ability to motivate others, empower and delegate, stimulate communication, and lead and manage positive changes. Each of these skills requires a combination of theory and practical action, as well as a well-designed action plan that helps the organisation react quickly but thoughtfully in the environment of rapid growth and uncertainty.

Mehra et al. (2006) argue that it is necessary to focus on improving leadership effectiveness in situations when organisations are looking for ways to be better than others. Team leaders are believed to play a key role in shaping collective norms, assisting with dealing with the environment and coordinating collective action. This perspective provides a valuable insight into the relationship between team leadership and performance (Guzzo and Dickson, 1996). Some studies have explored the strategic leadership role and how to use it to improve organisational performance (Judge et al., 2002, Judge and Piccolo, 2004, Meyer and Hepar, 2000, Yukl, 2002).

ENTREPRENEURIAL ORIENTATION AS A WAY OF ACHIEVING ORGANISATIONAL PERFORMANCE

According to Lumpkin and Dess (1996) entrepreneurial orientation is an integral part of the concept of strategic selection and refers to the intentions and actions of key decision-makers in a dynamic process. Entrepreneurial orientation is a process that is related to the methods, practices and styles of business

decision-making. It promotes entrepreneurial initiatives through all levels of management in formulating and implementing entrepreneurial strategies. So, it is not a creation or something that top management can impose. Instead, it represents the strategic attitude of all levels of management.

Bearing in mind its importance for the enterprise's efficiency (McGrath et al., 2000) entrepreneurial orientation is an important measure of how an enterprise is organised. Entrepreneurial orientation can explain, to a certain extent, management processes that enable some enterprises to overcome the competition because it facilitates activity based on detecting early signs of market opportunities and threats and creation of effective responses to them (Lumpkin and Dess, 1996).

According to Lumpkin and Dess (1996), entrepreneurial orientation is a phenomenon related to processes and activities related to the design and implementation of new business and includes five basic components: innovation, proactivity, tendency to take risk, autonomy and competitive aggressiveness. Innovation refers to the innovative activities of enterprises that include the development of new and improvement of existing products and services and new production methods and procedures (Antoncic and Hisrich, 2003). Proactiveness refers to the readiness and orientation of strategic management to take the initiative, i.e. the willingness of the enterprise to be the market leader in key areas of business, such as the introduction of new products or services, manufacturing technologies and administrative techniques (Morris et al., 2008). Entrepreneurial orientation is a tendency of the company to act autonomously and innovatively, to take risks and to take proactive initiatives towards potential market opportunities (Lumpkin and Dess, 1996). Autonomy is the ability and desire to seek for market opportunities independently, and it refers to actions undertaken by individuals and teams with the aim of achieving a new business concept, idea or vision (Lyon et al., 2000). Competitive aggression is the enterprise's tendency to compete with its competitors, i.e. the willingness of management to assume the leading role in the market and the dominant attitude towards the competitors.

Although entrepreneurial orientation is most often referred to as the characteristic of an enterprise rather than of an individual, Frese (2009) argues that entrepreneurial orientation should be viewed as a psychological construct. In almost all entrepreneurial orientation research, only one person from the mana-

gerial structure fills out questionnaires or conducts an interview with the researchers, which results in the research being reduced to the managerial perception of business operations. It is obvious that some quantitative parameters are not examined in such a way, but organisational culture or business climate, all of which are common variables of organisational psychology (Tonković Grabovac and Morić Milovanović, 2015). The interest for this construct is undoubtedly supported by the findings that there is a positive relationship between entrepreneurial orientation and business performance (Wiklund and Shepherd, 2003).

Engelen et al. (2012) have conducted research on 760 small and medium-sized enterprises in six countries, and they concluded that there is a strong link between entrepreneurial orientation and the organisation's performance. In addition, they found that four transformational styles of management significantly influence entrepreneurial orientation: the idealised influence - attributed and behaviour, inspirational motivation and individualised care, regardless of the country in which the organisation operates.

They also found that this effect is greater if the highest level of managers behaves constantly in a transformational way, which contributes to cascading or so-called domino effect of transferring the transformational leadership style (or a new system for making meaning in the organisation) from the higher to the lower managerial levels and consequent expansion of the transformational organisational culture (Kunhert, 1994, and Bass et al., 1987). A large number of examples of cascading transmission of transformational leadership have been recorded in various organisational environments. The consistent logic behind this effect is that managers at the lower levels have the feeling of taking control and they feel capable of implementing efficient management techniques with their associates and colleagues. Such action provides higher management with more excellent opportunities to plan future activities, as they do not have to spend time-solving routine problems related to tasks of the reports.

With the phenomenon of entrepreneurial orientation, researchers have agreed that all the above-mentioned characteristics can be presented under three stable dimensions: innovation, proactivity and willingness to take a risk. These dimensions are also the basis for drafting an entrepreneurial orientation questionnaire (Wiklund, 1999). However, as already mentioned, it is not enough that management alone is entrepreneurial oriented. Instead, for an organisation to succeed, it is necessary that all of the employees have such orientation. In

Croatia, the problem of entrepreneurial orientation is that the employees are much more focused on achieving their own vision of their business role and dedicated accomplishment of their own goals than to align with their colleagues about the common vision and goals (Pureta and Pureta, 2017). This necessarily leads to poorer results of the organisation, because the individual efforts of the employees in their joint work are mutually weakened, rather than multiplying their strength through a synergistic effect.

In today's uncertain and turbulent environment, organisations need to behave in an entrepreneurial fashion if they want to survive on the market. Increasingly faster development of new technologies and increasingly shorter production cycles force organisations to innovate to develop new ideas, products and processes and readiness to take certain risks because that is the only way for them to cope with the changes mentioned before. Also, increasingly larger competition (domestic and foreign) highlights the need for proactive market performance. The literature clearly states that increase of competition, rapid technological changes, growing globalisation and various other dynamic forces have a strong impact on increasing the importance of entrepreneurial orientation (Morić Milovanović, 2012).

RESEARCH

This research aimed to determine if more and less successful organisations in Croatia differ in terms of leadership style and entrepreneurial orientation. The hypothesis that more successful organisations have better represented transformational leadership styles and more developed all three dimensions of entrepreneurial orientation than those of less successful was set in accordance with the aforementioned previous research. If this hypothesis proves to be right, it will be another relevant proof of the importance of developing transformational leadership styles and entrepreneurial orientation in organisations so that they and the whole Croatian economy could become more competitive.

A whole set of measuring instruments has been drafted to measure the performance of an organisation, as it is an important indicator of the quality of work of an organisation. For this paper, the Organisational Performance Questionnaire was drafted, based on the results of Dess et al. (1984) and (1997), who found that it was possible to use performance measures based on the perception of the managers. Namely, according to the results of the research, it

was found that subjective performance measures correlated considerably with the objective ones, thus confirming their validity and reliability in this context (Dess and Robinson 1984, Venkatraman and Ramanujam 1987). For example, Chandler and Hanks (1993) claimed that estimates of business owners or executives (such as earnings, business volume, and sales growth) highly correlate with real data.

This measuring instrument of subjective assessment of organisational performance is designed so that the results obtained by its application could be compared to organisations with different industrial characteristics. It comprises of three elements that describe the performance of an organisation in relation to competitors in the same activity. These are growth indicators, financial indicators and indicators of overall business operation. The instrument consists of a total of 9 items researching the organisational performance of the enterprise. Respondents are asked to compare the behaviour of their organisation with the behaviour of other organisations of similar activity over the past three years in the following categories:

Growth indicators

- Sales growth
- Growth of the number of employees
- Market share growth
- Financing growth from own resources

Financial Indicators

- Profit before taxation
- Liquidity
- Ratio of profit and sales (income)

Indicators of overall business operations

- Overall performance/success
- Enterprise's image

Respondents assess the comparison of the behaviour of their organisation compared to others based on a 7-point scale, from the "significantly worse than the competition" response indicated by number 1, to the "significantly better than the competition" response indicated by number 7.

The entrepreneurial orientation questionnaire is based on the above-mentioned research and comprises of three dimensions - proactivity, innovation and risk-taking, each of which is described with three items. The respondents are asked to compare the behaviour of their organisation with the behaviour of other similar organisations over the past three years, given the following statements:

Proactivity

- In each situation, it tries to take the initiative (e.g. in relation to competitors, in projects, while working with others, etc.)
- It launches activities that competitors then follow
- It is often first to launch new products, services, processes, administrative techniques, etc.

Innovation

- It actively introduces improvements and innovations into its business operation
- It encourages employees to develop ideas to improve business operation
- It dramatically changes or introduces new products and/or services

Risk-taking

- It encourages employees to introduce new ideas and to take controlled risks
- It is very prone to high-risk projects
- Usually, it takes a firm, aggressive attitude to achieve its goals and eliminate competition

These statements are evaluated in a 5-level scale, from the “I do not agree” response, which is marked by number 1, to the “I completely agree” response, which is marked by number 5.

In addition to these two instruments, MLQ-5X (Avolio and Bass, 2004), a newer version of the questionnaire, was used which was based on the Bass’ Full Leadership Range model. It consists of nine scales, five of which refer to transformational leadership style, two to transactional leadership style, and two to passive/avoidant leadership style.

The questionnaire consists of 45 items. Each component of the management is represented by 4 items, while the other items are intended for measur-

ing organisational efficiency (satisfaction, effectiveness and motivation, or extra effort). All items are assessed through a Likert's 5-range scale, which reflects self-assessment of the frequency of individual behaviour ranging from 0 (not at all) to 4 (often).

The data was collected in June 2017 using the method of an online survey, and respondents are invited to participate via e-mail. The sample was suitable. The participants first got the instruction in which the research goal was described and it was emphasized that the survey was voluntary and anonymous, that there was no time limit or time limit for completing the questionnaire. In the instruction, the participants were also asked to respond to the questions as honestly as possible. Data were collected from 866 persons, and after the incomplete responses and the responses of those who were not in managerial positions were excluded, the final sample was obtained. It was made up of persons in managerial positions in Croatian organisations (N=761). The study involved 273 female and 483 male participants. Table 1 contains descriptive data on participants.

	N	%
<i>Age</i>		
Under 25	2	0.30
25-34	112	14.70
35-44	317	41.70
45-54	270	35.50
55-64	54	7.10
65 or above	6	0.80
<i>Education</i>		
High school	58	7.60
Bachelor	118	15.50
Master	380	49.90
Postgraduate	204	26.80
Not answered	1	0.10
<i>Position in organisation</i>		
Junior Supervisor	45	5.90
Middle Supervisor	135	17.70
Senior Supervisor	181	23.80
C-Level	400	52.60

Table 1: Descriptive Data on Participants in Research (N=761)

RESULTS

In order to determine the difference between more and less successful organisations, they are divided according to the obtained results on the scale of the organisational efficiency. Those with arithmetic mean lower than the average are classified as less successful, and those with arithmetic mean higher than the average are ranked as more successful. Multivariate analysis of variance was subsequently performed, which showed that more and less successful organisations differ statistically significantly with respect to the prevailing leadership styles, as well as the general development of all three factors of entrepreneurial orientation (Wilks' $\lambda = 0.80$; $F(12,748) = 15.41$; $p < 0.01$).

Thereafter, a discriminatory analysis was carried out, in which a significant function was obtained (Function 1 – Wilks' $\lambda = 0.80$; Chi-square (12) = 166.39; $p < 0.01$) that makes a clear distinction between these two groups of organisations. Table 2 shows the matrix of the structure of the function obtained.

	<i>Function 1</i>
Proactivity	0.94
Inovation	0.77
Risk-taking	0.77
Inspirational motivation	0.77
Idealized Impact (Attributed)	0.77
Conditional reward	0.77
Intellectual stimulation	0.77
Individualized concern	0.31
Idealised Impact (behaviour)	3.00
Active management by exceptions	0.22
Laissez-faire	-0.21
Passive control by exceptions	0.01

Table 2: Visualisation of the Matrix of the Structure after Conducted Canonical Discrimination Analysis (N=761)

The results shown in Table 2 show that the function obtained is most saturated by factors *proactivity, innovation and risk-taking as dimensions of entrepreneurial orientation and then inspirational motivation, idealised influence (attributed), intellectual stimulation, individualised care and idealised influence (behaviour)*

as the dimensions of transformational leadership style. This means that the combination of transformational leadership styles and entrepreneurial orientation is an important factor in the success of the Croatian organisations as well. In addition to these transformational leadership styles, it can be seen that more successful organisations use one transactional style more, which is a conditional rewarding system, which is also mentioned in the literature as a factor of success if combined with the transformational leadership styles, which is also the case here. This function is the least characterised, in relation to all of the above-mentioned factors, by another transactional leadership style, which is active management by exceptions. This is also logical because it is an active form of working with people, but it is the least effective among all the aforementioned. In the overview of the matrix of the structure of the obtained discriminating factor it can be seen that passive management by exception is not related to the function obtained. Also, the laissez-faire leadership style, which represents complete absence of management, is in a negative relationship with the obtained function, meaning that it is a more common characteristic of the less successful organisations. Such a result suggests that any management of people is more efficient than lack of management, which can only cause a negative business result.

As it can be seen in Table 3, on the basis of subsequent classification of organisations more or less successful in accordance with this discriminatory function, 74.3% of successful organisations, or 65.8% of those less successful, were accurately identified, further confirming its strength and validity.

	<i>Anticipated belonging to the group</i>			
	Less successful organisations		More successful organisations	
<i>Real belonging to the group</i>	n	%	n	%
Less successful organisations	235	65,8	122	34,2
More successful organisations	104	25,7	300	74,3

Table 3: Display of Enterprise’s Ranking Regarding its Effectiveness through Discriminatory Functions (N=761)

CONCLUSION

The results of this research show that there is a statistically significant difference between more and less successful organisations, given their dominant leadership styles and development of all dimensions of entrepreneurial orienta-

tion. This leads to a firm recommendation that any organisation that wants to succeed must necessarily understand the concept of entrepreneurial orientation and make a systematic plan to develop and maintain it. It is also important to consider the importance of the development of all transformational leadership styles as agents of entrepreneurial orientation development, with particular emphasis on inspirational motivation and idealised attributed influence. On them the strongest transformational potential lays as confirmed by this survey as well, i.e. for which a statistically significant association with all entrepreneurial orientation scales and generally all performance parameters were found.

This research has established what organisations need to systematically develop to gain and maintain a competitive advantage. In the long run, according to the above-mentioned research, such a strategy should lead to a greater competitiveness of the entire national economy.

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