

**Peer-reviewed academic journal**

**Innovative Issues and Approaches in  
Social Sciences**

**IIASS – VOL. 5, NO. 3, SEPTEMBER 2012**

## **Innovative Issues and Approaches in Social Sciences (IIASS)**

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### **Typeset**

This journal was typeset in 11 pt. Arial, Italic, Bold, and Bold Italic; The headlines were typeset in 14 pt. Arial, Bold

### **Abstracting and Indexing services**

COBISS, International Political Science Abstracts, CSA Worldwide Political Science Abstracts, CSA Sociological Abstracts, PAIS International.

### **Publication Data:**

Sldip – Slovenian Association for Innovative Political Science  
(Slovensko društvo za inovativno politologijo)

Innovative issues and approaches in social sciences, 2012, vol. 5, no. 3  
ISSN 1855-0541

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# **AN EMPIRICAL STUDY OF TRANSFORMATIONAL LEADERSHIP IN SLOVENIAN ENTREPRENEURSHIP**

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## **Abstract**

The present article reports on the results of a quantitative empirical survey of leadership styles of Slovenian entrepreneurs, owners and/or founders of SMEs. The study aimed to answer the following research question: Which leadership style enhances the success of a leader's organisation? On the basis of the existing literature, we hypothesised that the transformational leadership style is likely to increase the effectiveness and success of a business. We also hypothesised that Slovenian entrepreneurial leaders used the transformational leadership style to a greater extent than the transactional leadership style. The survey was conducted using the self-reported Multifactor Leadership Questionnaire on a sample of 100 entrepreneurial leaders from the entire territory of Slovenia. The results suggest that Slovenian leaders use transformational leadership more than transactional. The use of transformational leadership was correlated with increased self-reported effectiveness of their organisation. The article concludes with a discussion on the impact of transformational leadership on enhancing the effectiveness of Slovenian business. Implications for future research are discussed.

**Keywords:** entrepreneur, leader, transformational leadership, transactional leadership, effectiveness.

## **Introduction**

The study of organisational leadership has been dominated by change-oriented leadership models and practices for the past 30 years (Groves and LaRocca, 2011), these include transformational leadership (Bass, 1985; Avolio and Bass, 1991), charismatic leadership (Conger, 1999), and visionary leadership (Nanus, 1992). Several qualitative and meta-analytic reviews (Lowe, Kroeck and Sivasubramaniam, 1996; Conger,

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1999; Judge and Piccolo, 2004) have demonstrated the significant effects of change-oriented leadership at all three levels of analysis (individual, group, and organisational). The results of transformational leadership studies are significant, including positive effects on follower effort, performance, job satisfaction, and organisational commitment (Lowe et al., 1996), organisational citizenship behaviours (Podsakoff, Niehoff, Moorman and Fetter, 1993), net profit margin (Waldman, Ramirez, House and Puranam, 2001), leadership effectiveness during periods of organisational change (Groves, 2005), and leadership effectiveness in engendering follower innovative behaviour (Pieterse, Knippenberg, Schippers and Stam, 2009). In trying to conceptually distinguish transformational from transactional leadership recent literature has focused on the research of Burns (1978), and Bass (1985) and colleagues (Avolio and Bass, 1991; Bass and Avolio, 2000). All of those scholars claimed that transactional leaders influence followers by controlling their behaviours, while transformational leaders influence their followers by developing and communicating a collective vision and inspiring them to look beyond self-interests for the common good of the team, organisation etc. (Groves and LaRocca, 2011). The most recent model of transformational leadership was developed by Bass, Avolio, and other scholars (Bass, 1998; Avolio, 1999) and includes five leadership dimensions: (i) idealised attributes, (ii) idealised behaviours, (iii) inspirational motivation, (iv) intellectual stimulation, and (v) individualised consideration (Bass and Avolio, 2000).

In contrast to transformational leadership, transactional leadership is defined as leadership that supports the *status quo* through mutual leader and follower self-interests across three dimensions: contingent reward, active management-by-exception, and passive management-by-exception (Bass and Avolio, 2000). Transactional leaders demonstrate in everyday business life: 1) strong intention to specify the standards for compliance and punishment for non-compliance, 2) close monitoring of followers for any deviances, mistakes and errors (so that corrective action can be taken as soon as possible), and 3) contingent reward by clarifying follower expectations and offering recognition and rewards when goals are achieved (Groves and LaRocca, 2011). In spite of considerable empirical support for the previously mentioned dimensions of transformational and transactional leadership (e.g., Bass, 1998; Avolio, 1999; Bass and Avolio, 2000), some other studies have disclosed a number of different factors which might be important for the design of leadership model (e.g., Carless, 1998; Yukl, 1999; Turner, Barling, Epitropaki, Butcher and Milner, 2002; Yukl, 2002; Pieterse et al., 2009).

Since leadership is a process in which an individual influences a group of individuals to achieve a common goal (Northouse, 2007: 3), one may ask, what is the right way in which a leader in today's rapidly changing Slovenian society and its entrepreneurial sphere should impact the most meaningful on his followers to achieve efficient and effective results. It is generally accepted that leadership is one of the major factors of success or failure in life (not only in business but also in the private and/or public), because it has a greater impact on events, than any other factor. A leader's most important task is to mobilise the hampered and frustrated ambitions of his followers and members of his team, to mobilise their competencies that have fallen asleep, and enable them to ignite a new enlightened and holistically minded spirit in all its unpredictable glory and power. In connection with changes in society there are also logically changing needs of the various leadership competencies and styles. Leaders must adapt their style of leadership to the changing needs of society and followers, but on the other hand, there is "interdependence of style of leadership and style of leader that always derives from his essential ideas and a sense of human nature" (Covey, 2000: 52). From this it follows that there is no single and sole style of leadership, which could be uncritically, stiff, universally used and would only lead to success.

There have been as many definitions conceptualised about this complex phenomenon as there have been academics engaged with it<sup>3</sup>. For example, understanding the phenomenon of leadership as a process means that we are not speaking about the traits in character, or characteristic located in an individual, but the interaction between a leader and his followers. Process in this case means that the leader has an impact on followers and *vice versa* - even his followers have an impact on him. Leadership is a type of social relation in which the action of a leader and his followers appears to be a reciprocal, interactive. Therefore, leaders need "supporters (a group of followers) and followers need leaders" (Burns, 1978 in: Northouse, 2007: 3). Both of them, leaders and followers are involved in the leadership process as two sides of same coin (Rost, 1991 in: Northouse, 2007: 4). Leadership in this context means "the ability to influence, encourage and direct the staff to the aim pursued. [...] A successful leader cooperates with team

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<sup>3</sup> In this regard, a recent review study in this field provides a very useful insight into "recent theoretical and empirical developments in the leadership literature, beginning with topics that are currently receiving attention in terms of research, theory, and practice" (Avolio, Walumbwa and Weber, 2009: 421).

members in creating a favourable climate to achieve organisational goals" (Možina in: Možina et al., 2002: 499). Leadership is the action - a good leader makes his colleagues be successful (Schmieder, 2006: 21). The good leader can mean the difference between success and bankruptcy (Robbins and Judge, 2008: 175). Leaders are artists in the management of people with the aim of achieving common goals. They are like the orchestra conductor who "achieves that all comply with total musical score, total quality sound and tempo, which he sets" (Černetič, 2004: 31). Leadership is thus the ability to influence the group to achieve the vision or goals, which may be formal, or informal<sup>4</sup> (Robbins and Judge 2008, 176). Leadership is primarily the use of power and influence, based on the interests of people, allowing short- and long-term efficient and effective operation of the organisation (Tavčar, 2005: 16). It is implemented only when leaders are mobilising people with some shared motives and intentions, be they institutional, political, psychological or other (possibly in competition or conflict with others), in order to arouse, engage and satisfy the motives of followers. Thus, leadership often tends to elitism, unconsciously, as it projects heroic images on a shady background of dark, monotonous, helpless masses (Burns, 2002: 916). The essence of leadership is therefore skills and habits that are reinforced in practice. "When you become more skilled, when it becomes a habit, the less you are engaged in the mechanics of leadership and more towards results" (Taylor, 2003: 45). From this perspective, leadership can be linked with the arts of a leader's influence on the effective management of his followers' emotions (Goleman, Boyatzis and McKee, 2001: 182-6). It means passion, values and self-image on one hand and position (in the hierarchy) and impact on the other (Heifetz, 1994: 13), it is an active and a reflected act, the choice between participation and observation, which always requires the strategy of learning and adaptation (Heifetz, 1994: 276). Leadership is actually powered by "the ability to retain creative tension, the energy that is created when people develop a vision and tell the truth (their best one) about the current reality" (Senge, 1999: 16). "Leadership is vision" (Drucker, 1995 in: Senge et al., 1999: 16). Moreover it is "the capacity to translate vision into reality" (Bennis in: Maxwell, 1997: 14). In this regard, the Alaska proverb tells that *only the lead sled dog has a different view in the dog sled*.

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<sup>4</sup> The formal appointment of a leader in the hierarchy and the actual running of everyday practices does not always match. Individuals may in special circumstances come to the fore and take leadership i.e. temporary informal management (Goleman, 2001: 205).

If in the above definitions of the concept of leadership we tried to get to a general understanding of this phenomenon, then we can conclude the following: a) leadership is a process, b) it has to do with the influence, c) it occurs in groups, and d) leadership includes also the achievement of objectives. Out of this it may be deduced or summarized very general and widely applicable definition: *Leadership is a process whereby an individual influences a group of individuals to achieve the common objective of the organisation* (Maške and Jelovac, 2011: 3-12). It is important to remember about a person acting as a leader that everything he does in the modern business life, he does it in a way that leads him to the achievement of both personal moral as well as corporate social responsibility (Jelovac, 2012).

Academics have discovered several types of leadership and, consequently leaders. Several studies in the late 20th century, as we have already mentioned, compared the effects of transformational leadership with transactional leadership effects, indicating that inspirational leadership possesses a lot of components, which can very reliably lead to success of the whole team. But organisations in the 21st century, their structure and dynamics, are different and, consequently, the pace of their action is faster. This raises new ideas about where the leader should invest his energy. Perhaps this means less visionary and more connectivity or networking. Some researchers put in a high place the leader's so called *soft skills and qualities*, such as the need for self-knowledge, the development of emotional intelligence competencies and skills of positive thinking. However the leader definitely must be bold and confident *in himself*. Today's leader must take a decision about the right action at the right time; while it must be constantly alert "on the ball". Successful leadership depends to some extent on the possession of suitable leaders' qualities (who have an open-minded, extroverted personality and developed a sense of conscience) and on presenting of their proper behaviour. While the efficiency of leadership may be a result of the proper behaviour at the right time, it is obvious that there is quite a common understanding of what the leader should be. For leaders we should select individuals with specific characteristics and predisposition to certain behaviour, with the qualities, skills, and virtues that these individuals could turn into *inspirators of their followers*, and individuals with the emotional intelligence that enable all this. It has appeared in practice that those who exhibit these characteristics, could learn to become better leaders<sup>5</sup>.

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<sup>5</sup> Somewhat different point of view is represented by Peter Drucker in his seminal work *The Practice of Management* (1954) asserted that »leadership cannot be created or promoted. It cannot be taught or learned» (Drucker, 1954: 158).

Leadership plays a central role in the understanding of group behaviour, as the leader is the one who usually presents a vision and direction towards the goal. However, the leader cannot change things alone – the whole team with well thought-through roles and with dedicated people should support him. In the era of globalisation, corporation cannot operate isolated such as like an island, leader also cannot remain isolated from his followers. The key to a more open organisation must represent a more open leader - open to new ideas and markets, open to others, open to learning, because the new processes require new skills and/or know-how. Leadership is probably one of the most studied and explored areas of development management, but unfortunately the "practice of improving leadership skills and leadership behaviour in our organisations, it seems that does not follow the results of theoretical research" (Wash, 2006: 155).

By way of a comparative analysis of relevant sources of recent literature in the field of leadership, we have correlated the theoretical findings of academics and the findings of recent researchers' studies of transformational leadership, which we dare to claim to be one of the most appropriate methods of leadership for today's business world. The construct of the so called transformational leader was founded by Burns (Lowe et al., 1996: 385), who defined leadership as transactional or transformational (Bass and Riggio, 2006: 3). Transformational leaders, in his opinion, stimulate and inspire their followers to achieve excellent results; on the other hand, they enable followers through the process to develop their own leadership skills. "They help them to grow and to develop leaders in a way to respond to their individual needs, to empower them and to help them sort the goals: individual goals of followers (their own), leader's goals, group's goals and wider organisation's goals" (ibid. 3). Bass developed further the idea of transformational leadership. In his extensive research has been proven that with the success of leadership likely related elements are charismatic leadership and inspirational leadership (Bryman, 1992 in: Cameron and Green, 2007: 128). Within the horizon of transformational leadership the leader transforms and raises the level of motivation and a sense of reasonableness towards the followers or to members of his team while doing so. The leader tries to combine and integrate his own goals and the goals of his followers into one common goal. He expands and even boosts confidence, trust and expectations within the members of his group. Burns adds to this that the transformational leader and his group raise each other to a higher level not only in motivation but also in ethics. Such a leadership is engaged in mobilising of hearts and minds of followers and helps everyone involved achieve greater satisfaction and sense of achievement. It is driven by the trust, care, interest and

support and assistance, rather than direct control. We could find a bunch of synonyms for transformational leadership: *inspiring, mobilizing, enthusiastic, moral rising, encouraging and others* (Burns, 2002: 916).

Transformational leadership carefully provides benchmarks and strategic limits in order to transform people and organisations. Transformational leadership tends to transform people, to expand their vision, to deepen their insight and understanding, to clarify the purpose, to act with their beliefs and values and to trigger the lasting, permanent changes that encourage the followers. Only the leader can initiate the changes when he acts as a "transformer" in any situation, in any kind of organisation – he is the "yeast" of the entire organisation. The leader who transforms must have "*a vision, initiative, patience, respect, endurance, courage and faith*" (Covey, 2000: 241). In this context, one of the most important tasks of a transformational leader is to encourage innovation in the behaviour of his followers, since numerous studies over the last twenty years have shown that the innovative behaviour of employees is of *great significance to organisational effectiveness and survival* (Woodman, Sawyer and Griffin, 1993; Scott and Bruce 1994; Oldham and Cummings, 1996; Shalley, 1995; West, Hirst, Richter and Shipton, 2004; Pieterse et al., 2009).

After years of study of the phenomenon of transformational leadership and development of its paradigms, the researchers have concluded that transformational leader acts upon the following elements:

- *charisma (idealised influence)*: such leadership provokes enthusiasm in co-workers, influences pride and confidence building, communicates important aims in a simple way, and inspires respect; team members follow his/her example and trust his/her vision, values, and try to identify with him/her. Proponents of transformational leadership distinguish between *attributed idealised influence* that reflects the charisma of the leader, gained through the socialisation process, and *behavioural idealised influence* that reveals his/her charisma through acts, behaviour centred on values, convictions and a feeling of mission;
- *inspirational motivation*: stimulates the spirit of his/her followers by setting his/her own example and encouraging their enthusiasm for achieving common objectives. Clearly represents the sense of their work, attractive and charming vision and challenges to his/her followers, inspires the collective spirit, optimism and enthusiasm;

- *intellectual stimulations*: the leader develops creativity and rationality, and challenges his/her followers at all times to solve problems in a systematic and creative manner;
- *individualised consideration (personal treatment of followers)*: personally speaks up for the development of every team member, treats everyone as an individual with particular personality, and not only as an employee or subordinated worker, supports and respects the employee, allows the employee more autonomy, stimulates bidirectional communication, is a good listener, applies the method of *management by walking around*. The leader acts like a *good coach and mentor* (Cameron and Green 2007, 129; Bass and Riggio, 2006: 5-7; Antonakis, Avolio and Sivasubramaniam, 2003: 264-5).

Based on our understanding of the existing literature and anecdotal evidence of Slovenian leadership practices, we hypothesised that Slovenian entrepreneurial leaders would already be in the process of becoming transformational leaders. Our study also aimed to replicate the findings of previous research conducted in developed Western countries which showed that the effectiveness of the leader's group or organisation was increased by the use of transformational leadership. We hoped to replicate this on a sample drawn from Slovenia, an EU member state in post-socialist transition.

We tested the following two hypotheses:

H<sub>1</sub>: Slovenian entrepreneurial leaders will use transformational leadership style more than transactional.

H<sub>2</sub>: The effectiveness of a leader's group or organisation will increase through the use of transformational leadership.

## **Method**

This is the first report of the results of our quantitative empirical survey of entrepreneurial leadership styles in Slovenia.

### **Sampling method**

Potential respondents were identified from publicly available electronic databases of AJPES (Agency of the Republic of Slovenia for Public Legal Records and Related Services) and Gea College of Entrepreneurship, Ljubljana, Slovenia, as well as the authors' personal networks. The survey was carried out between August 14 and September 14, 2009. Ultimately, 100 questionnaires that were suitable

for further analysis were collected. Of these 100 respondents, 67 were men, 32 were women, while one respondent did not provide the information on gender. The gender distribution of respondents in our sample approximately corresponds to the gender structure in the population of Slovenian managers (74.17% men, 25.83% women) (Statistical Office of the Republic of Slovenia, 31.12.2008, 121, SKP Rev. 2).

## **Measures**

We used the Multifactor Leadership Questionnaire (MLQ Form 5X-Short) (Avolio et al., 1999; Bass and Avolio, 2000). The MLQ is an established quantitative tool for surveying transformational leadership. The instrument has been tested in more than 75 studies and has been used for studying leaders of different types of organisations and leaders at different levels of the managerial hierarchy (Lowe et al., 2006). The MLQ has made it possible to collect “similar types of data using the same instruments, constructs, and model across all levels of leadership” (Bass and Riggio, 2006: 229). We chose this validated and reliable measure due to its widespread use in the literature and its excellent psychometric properties. Such a decision was supported by Lowe et al.’s (1996) meta-analysis of a decade of research using the MLQ which established its reliability and showed that it significantly predicted the effectiveness of organisational units.

The MLQ was translated from English into Slovenian by the authors. The translation was aided by the use of an existing Croatian version of the scale. The translated version was pilot tested on 10 native Slovenian speakers whose linguistic suggestions were taken into account in the final version. The version of the MLQ used in the present study consists of 45 self-rated statements on an ordinal Likert scale ranging from 0 to 4 which rates the frequency of use of various leadership behaviours. Using the answers from the questionnaire, the MLQ measures the following 12 constructs:

- Idealized Influence (Attributed)
- Idealized Influence (Behaviour)
- Inspirational Motivation
- Intellectual Stimulation
- Individualized Consideration
- Contingent Reward
- Management-by-Exception (Active)
- Management-by-Exception (Passive)
- Laissez-faire Leadership

- Extra Effort
- Effectiveness
- Satisfaction

The first five of these constructs (idealized influence [attributed], idealized influence [behaviour], inspirational motivation, intellectual stimulation, and individualized consideration) measure the *transformational leadership* concept, the following four items (contingent reward, management by exception [active], management by exception [passive], and laissez-faire leadership) measure *transactional leadership*, while the remaining three constructs measuring *outcome of leadership* are: extra effort made by subordinates, effectiveness and satisfaction.

Eleven demographic items were also added to the questionnaire (gender, age, birth order, postcode of residence, educational attainment, legal status of organisation, year of founding of organisation, postcode of organisation, total number of employees, total number of subordinates, total number of days spent in further education in the area of leadership in the last three years).

In order to explore the relationship between a respondent's leadership style and the effectiveness of his/her organisation or group (Hypothesis 2), we supplemented the questionnaire with the following three original items (also rated on a Likert scale ranging from 0 to 4) for the respondents to rate the effectiveness of their respective organisations, the change of effectiveness in the last three years, and their own leadership competencies:

1. I consider my organisation to be successful.
2. The effectiveness of the group (organisation) I lead has increased over the last three years.
3. As a leader, I believe I possess all the requisite contemporary leadership competencies (skills, knowledge and qualities).

As some respondents did not answer all the questions, the problem of missing data (which occurred in less than 5% of responses for each variable) was dealt by imputing the mean of all valid answers for each variable.

All statistical analyses were carried out using the Statistical Package for the Social Sciences (SPSS) version 16.0.

## Results

We have performed the factor analysis upon the first five constructs (i.e. idealized influence [attributed], idealized influence [behaviour], inspirational motivation, intellectual stimulation, and individualized consideration). Bartlett's test of sphericity and Kaiser-Meyer-Olkin measure of sampling adequacy were used to determine whether the data are appropriate for factor analysis. The internal consistency of scales was assessed by using Chronbach's standardised alpha. In the case of our survey  $\alpha$  had a value of 0.82 which indicate a strong internal consistency. Thus the factor analyses confirmed the adequacy of the Slovenian version of the questionnaire for the measurement of transformational leadership concept.

In the surveyed sample of Slovenian leaders ( $N = 100$ ), the most frequently used leadership behaviour was intellectual stimulation (mean value 3.38) while the laissez-faire approach (mean value 1.08) was the least frequently used. The ratings of the remaining MLQ constructs are shown in Table 1 below.

**Table 2: Means and standard deviations (SD) of self-rated frequency of use of various leadership behaviours**

<b>Variable</b>	<b>Mean (SD)</b>
Intellectual Stimulation	3.38 (.45)
Contingent Reward	3.29 (.50)
Inspirational Motivation	3.25 (.55)
Satisfaction	3.24 (.48)
Effectiveness	3.18 (.50)
Management-by-Exception (Active)	3.06 (.60)
Extra Effort	3.01 (.60)
Individualized Consideration	2.98 (.61)
Idealized Influence (Behaviour)	2.98 (.55)
Idealized Influence (Attributed)	2.65 (.69)
Management-by-Exception (Passive)	1.64 (.60)
Laissez-faire Leadership	1.08 (.71)

Our first hypothesis stated that Slovenian entrepreneurial leaders would use transformational leadership more than transactional. Based on the data shown in Table 2, it appears that in the studied sample, on average, transformational leadership was more frequently used.

**Table 3: Means and standard deviations (SD) of self-rated frequency of use of the two leadership styles**

<b>Leadership style</b>	<b>Mean (SD)</b>
Transformational	3.05 (.43)
Transactional	2.27 (.35)

Our second hypothesis stated that the effectiveness of a leader’s group or organisation would increase through the use of transformational leadership. A correlational analysis using Pearson’s correlation coefficient showed that all three self-report items we used to assess an organisation’s effectiveness (i.e., (i) I consider my organisation to be successful. (ii) The effectiveness of the group (organisation) I lead has increased over the last three years. (iii) As a leader, I believe I possess all the requisite contemporary leadership competencies.) were statistically significantly positively correlated with the concept of transformational leadership (see Table 3 below). On the other hand, the correlations between our three indicators of organisation’s effectiveness and transactional leadership were weak and statistically non-significant ( $p > .05$ ).

**Table 4: Pearson's *r* correlation coefficients measuring the strength of relationship between transformational leadership and self-reported measures of an organisation's effectiveness**

	<b>Transformational Leadership</b>
Organisation’s effectiveness	.22*
Recent increase in organisation’s effectiveness	.32**
Leaders’ self-rated competency	.32**

\* correlation is significant at the  $p < .05$  level (two-tailed)

\*\* correlation is significant at the  $p < .001$  level (two-tailed)

### **Conclusion**

The results of the present study suggest that Slovenian leaders use the transformational leadership style more frequently than transactional. Increased use of transformational leadership was significantly correlated with increased self-reported effectiveness of their organisation. Interestingly, no such relationship was found between the transactional leadership style and an organisation’s success.

The results obtained through our study are encouraging. Nonetheless, further empirical research in this extremely important and delicate area

would be merited. Further research on leaders in Slovenia could provide replicability of the obtained results. The principal limitation of our research has been the fact that the sample included only leaders and therefore the validity of our findings is uncertain. Further studies in a Slovenian business environment should be carried on a representative sample of followers. Only then could we have results that are not based on constructs measured by subjective self-assessments of leaders (who in their small- and medium-sized companies are not only founders and owners, but at the same time leaders and/or managers) regarding their personal leadership competencies. Hereafter, studies in different directions should be performed. At the same time, we are aware of the difficulties in obtaining a sufficiently representative sample of leaders and their followers.

Another direction of further study on leadership should follow the studies on the increase of the competitiveness of SMEs through the influence of innovation and social responsibility of their transformational leaders. At the same time, future studies should rely on the results of the up-to-date research which establishes, as we have already mentioned, that the innovative behaviour of employees is very important for the organisational efficiency and struggle for the survival on the market (Woodman et al., 1993; Shalley, 1995; Oldham and Cummings, 1996; West et al., 2004; Pieterse, et al., 2009). In today's rapidly changing business environment it is especially important for companies to achieve competitive advantage. Transformational leaders could achieve such an advantage by influencing the change of behaviour patterns and the mindset of their followers. However, research carried out by academics and the experiences of practitioners suggest that this is not enough. It would be interesting to see in this context how Slovenian leaders act as personally and socially responsible leaders in small and medium-sized companies. At the same time, it would be acceptable to rely on the result of an extensive number of studies in the developed world, dealing with the subject of Corporate Social Responsibility (CSR) influence on SMEs (Spence and Schmidpeter, 2003; Jenkins, 2006; Lepoutre and Heene, 2006; Courrent and Gundolf, 2009; Fitjar, 2011; Jelovac, 2012), which establish the importance of competitive advantage of socially responsible companies for their employees, consumers and investors. The important research question to be answered in further studies is as follows: Are Slovenian leaders, who are as far as we can see more likely to use transformational leadership, actually also moral leaders, who in the practice of their everyday business life take into account the standards of socially responsible acting? According to Groves and LaRocca there is a "surprisingly deficient in studies that examine the ethical values and moral underpinnings of transformational leadership"

(Groves and LaRocca, 2011: 511). Possible further studies that would associate transformational leadership style with the influence on moral values of followers would significantly contribute to the knowledge in the subject of transformational leaders. Transformational leaders have the charisma or idealised influence that inspire admiration in followers and make them identify with the leader. Consequently, we can assert that the transformational leaders with high moral standards motivate and inspire their followers, thus making employees satisfied and therefore increasing the efficiency in achievement of objectives of the organisation. The results of recent research “suggest that transformational leaders influence followers through the development of a collective vision that clearly delineates the salience of multiple stakeholders while inspiring all parties to look beyond self-interests for the betterment of the organisation and community” (Groves in LaRocca, 2011: 524).

All leaders in the developed world would be successful and excellent if there was a simple formula on how to lead people applicable to all situations. In reality, this is not the case. Therefore, many things are left to the leader’s personal judgement, his/her competencies, and use of common sense as well, which are important in the moment when a decision is reached. At the same time, many things depend on his/her capability and willingness to get to know oneself. The more possibilities he/she has to choose from, the more experienced he/she will get in making decisions as a leader (including wrong ones as well), and the probability that he/she will become an excellent leader is higher. A good leader who always adapts to changes and uses the new information at all times in order to improve his/her leadership has at the same time understanding of how theories work in practice. At the same time, such leader is aware of fickleness of human nature. There is an old saying: *there are no bad soldiers, only bad officers.*

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