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## **Leadership styles in SMEs**

*-a quantitative study of the leadership styles exhibited by managers of  
SMEs in Sweden through the use of the multifactor leadership  
questionnaire*

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## Abstract

Despite the large quantity of studies done on the field of leadership and small and medium sized enterprises (SMEs), current literature lacks the link between these two topics and very little research has actually been done to examine the relationship between leadership styles and management within SMEs operating in Sweden. Taking into account the relevance of this research topic, this thesis aims to recognise and understand leadership styles in SMEs as observed by the employees of the company. In doing so, this thesis further aims to explore which leadership style is the most common amongst managers of SMEs. To achieve this, a quantitative approach was applied in Swedish SMEs. Data were obtained through the use of the Multifactor Leadership Questionnaire (MLQ). Through this study the conclusion was made that transformational leadership was the most displayed leadership style amongst managers as seen by their employees. The topics of the role gender and industry have on leadership are also analysed and the results discussed. The practical implications of findings are also presented.

**Keywords:** SMEs, Sweden, transformational leadership, transactional leadership, passive-avoidant leadership, multifactor leadership questionnaire, MLQ

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# 1. Introduction

Which is the most common leadership style used by managers of SMEs in Sweden today, why is this interesting to acknowledge, and how does it differ between different industries?

With the often extreme workload and demands placed on managers in small and medium sized enterprises (SMEs), many do not stop to reflect on the importance their inherent leadership qualities might have on the success of their business as a whole.

With the current rise in scandals within big corporations worldwide, the world is in greater need of capable leaders than ever before. One needs to look no further than the Volkswagen emissions scandal and the BP Oil spill to see such examples. In particular, these leaders play a crucial role in encouraging and motivating individual employees and in steering the direction of the organization (Moriano et. al, 2011).

## 1.1 Background

Small and medium sized enterprises (SMEs) are the lifeblood of the modern day economy and represent 99% of all businesses in the EU alone (European Commission, 2018). Today's companies need compelling leaders who are capable of successfully navigating the intricate and rapidly changing global environment that they are increasingly being exposed to (DuBrin, 2001; Sakiru et al. 2013). Owing to the fact that SMEs are often placed in an economic, social and environmental context where their actions will have a far-reaching impact, the understanding of leadership becomes vitally important not only to the company but for the environment it finds itself in (Sakiru et al. 2013).

While there may be several postulated definitions of leadership, this thesis will describe it as a process whereby others are influenced to understand and agree willingly on what needs to be done and how to effectively do it. In other words leadership can be seen as a way to facilitate individual and collective efforts in order to reach a common objective (Yukl, 2006).

Leadership styles can be grouped into many categories: autocratic, democratic, self, shared and servant leadership to name but a few. However, in the context of the SME environment the leadership styles of transactional, transformational and passive-avoidant have warranted the most attention as they are the most valuable to leaders of small organisations (Bass, 2008).

Langowitz, 2010). Therefore, this study will focus on these three leadership styles due to the more personal, hands-on and impactful nature of their characteristics.

The research available on leadership and SMEs is broad and extensive, however, current literature lacks the link between these two topics and little has been done to examine the relationship between leadership styles and management within SMEs. What leadership styles do managers of SMEs use to motivate employees? Are these managers aware of their chosen leadership style and the inherent strengths and weaknesses therein? Moreover, the lack of available research on this link is even greater when we look within the context of the Swedish SME market. Do SMEs located in Sweden adhere to the findings of the research done on SMEs located elsewhere? The theories are fragmented and there is a need for further research on the separate topics of leadership and SMEs to be combined into a single study looking at leadership within SMEs in the Swedish market (Short et al. 2002; Franco & Matos, 2013; Ogarca et al 2016). This thesis aims to provide this link. For this reason, the research presented in this study focuses only on SMEs owned and operated in Sweden. Moreover, Sweden was voted the best country in which to do business (Forbes, 2017) and also boasts the second most profitable SME sector out of any European country (European Commission, 2018). Therefore it is of particular interest and value to study leadership and SMEs within the confines of the Swedish borders.

Furthermore, studies done on SMEs in Portugal (Franco and Matos, 2013) and Canada (Development Bank of Canada, 2015) revealed that industry played a significant role on the leadership style employed by managers of SMEs. These studies however, only focused on industries within these two respective countries and there is a lack of empirical research done on this topic within Sweden. Could the same apply within Sweden - do owner/managers of SMEs across different industries exhibit different styles of leadership? Answers to this question are needed to help explain why certain industries perform the way they do as well as in helping SME owners when hiring new managers. If an SME owner is aware of what leadership style is best suited for his/her industry, they are better equipped at hiring an appropriate manager who possesses characteristics related to the particular leadership style. Finally, the topic of gender should also be mentioned. Studies done by Paustian-Underdahl (2014), Tate (2015) and Chapman (2017) outlined that females would often use different leadership techniques towards their subordinates than their male counterparts.

Their studies also revealed that different genders responded differently to various leadership techniques used by their managers. However, none of these studies looked at the employee itself and the style of leadership they believed their manager/s used. In fact, research in this field is limited and even more so when looking within Sweden. Do employees of different genders observe different leadership techniques in their manager/s?

Therefore, this thesis aims to provide insight into the role gender and industry have on leadership. All these factors shall be measured through the use of the multifactor leadership questionnaire (MLQ) developed by Bass and Avolio (2004).

## 1.2 Purpose of study

The purpose of this thesis is threefold:

Firstly, this thesis aims to provide an overview and analysis of the existing knowledge on the topic of leadership within SMEs. This will be achieved through the presentation of a study on the available literature on leadership and SMEs.

Secondly, this thesis aims to investigate which of the three leadership styles of transformational, transactional and passive-avoidant is the most prominently used by managers in SMEs as observed by their employees.

Lastly, this thesis will detail potential benefits of this knowledge to owner/managers of SMEs. Having an understanding of how their employees perceive their style of leadership is the first step in creating more aware managers who are better equipped at leading SMEs and ensuring their firms' continual growth and competitiveness. This brings us to the main research question and subsequent secondary questions:

*Primary Research Question:*

*1. Which leadership style is the most prominently used by managers in small, young SMEs in Sweden, as observed by their employees?*

*Secondary Research Questions:*

*2. How can SME managers benefit from understanding how their employees perceive the leadership styles they exhibit?*

*3. What role does gender and industry play in SME leadership?*

### **1.3 Outline of thesis**

This thesis is structured to first present a theoretical overview of the main aspects of SMEs and leadership characteristics in the format of a literature review, as in Chapter 2. The chapter serves to lay the groundwork by introducing various leadership techniques, the overall importance of leadership in SMEs, as well as the importance of using an appropriate leadership style together with situational adaptation. Our research methodology is qualitatively described in Chapter 3 alongside the questionnaire employed to examine different leadership styles in the SMEs. The data and findings are presented and analysed in Chapter 4, particularly focusing on leadership styles, industry and gender. Finally, Chapter 5 consists of a general discussion and conclusion relating to the purpose, research questions and empirical results obtained. Based on the outcomes of this study, some practical suggestions are made, and further research opportunities are pointed out.



## 2. Literature Review

Since one of the two primary objectives of this thesis is to provide a theoretical overview of the best available knowledge on the topic of leadership within SMEs, this chapter aims to best summarize the current literature. Multiple studies have been carried out to-date with respect to both leadership and SMEs, therefore the following sections serve to specify only the most relevant information with the goal of giving the reader a background to help understand the obtained results and analysis approach of this study. Furthermore, this literature review will link the currently available research on leadership with that of SMEs. The aim of doing so being to provide insight into the importance of looking at these two separate fields of study in combination.

The bulk of the following chapter is skewed towards unpacking the characteristics of leadership rather than providing a meticulous analysis of SMEs as we have observed leadership to have a vital impact on success of SMEs. This will become evident in the text which follows.

### 2.1 Leadership and leadership styles

Leadership is regarded as a very abstract topic which has been widely dealt with by various authors who, through the years, have developed different approaches, theories and categories in an attempt to define this phenomenon (Ammeter et al. 2002; Tirmizi 2002). Research shows us that there is no one size fits all leadership style that is appropriate for every situation. Instead, leaders will exhibit varying amounts of leadership styles, displaying more or fewer of the characteristics of each required for the particular situation they find themselves in (Azevedo, 2002; Bolden, 2004).

#### 2.1.1 A brief background to leadership

Never before has the need for competent leaders been voiced so loudly. In the context of our changing, globalized environment, leadership holds the key to not only individual success but also to the success of corporations and nations. However, despite the importance placed on

leadership there remains a certain mystery as to what leadership actually is or how to define it (Bolden, 2004).

In separate studies, Yukl (2006) and Vardiman et al. (2006) describe leadership as a process of influencing others to achieve goals. Senge (1990) believes that leadership is more about incentivizing others to perform tasks to reach common objectives, while Hersey et al. (2001) argues that the essence of leadership involves realizing objectives with and through people. Furthermore, leadership can simultaneously be viewed as the art of inducing compliance, a group process, an exercise in influence, a form of persuasion and an effective tool to achieve goals (Bass, 2000). With that said, according to Kotter (1990) the possibility of mistakes occurring increases while the likelihood of success diminishes more and more if leadership is removed from the equation. All these views of leadership are well summarized in Northouse's review of leadership theory (2018). He identified four common themes in the way leadership is conceived: Leadership is a *process*, it involves *influence* and occurs within a *group context* usually resulting in *goal attainment*. At its core however, Kotter (2001) suggests that leadership is about inspiring, motivating and encouraging others to work towards a common goal. Building on this, Alas et al. (2007) identify leadership in terms of individual traits, leader behaviour, follower perceptions, role relationships, influence on task goals, influence over followers and influence on organizational culture. This view on leadership is already discussed a year earlier and concentrates on the dyadic relationship between a leader and their followers rather than on what conditions need to be in place in order for effective leaders to emerge or develop (Vardiman et al., 2006). Furthermore, Bolman & Deal (1991) suggest that leaders display leadership behaviours in one of four types of frameworks: structural, political, human resource or symbolic. The particular style chosen by the leader can be either effective or ineffective depending upon the behaviour chosen in certain situations.

A picture of leadership is beginning to form and while it is clear that there may be many varying definitions of leadership it is nevertheless important to understand and compare them. Looking at the above literature, it is clear that leadership is well researched and defined and that having a good leader could play a substantial role in the successful management of SMEs (Bolden, 2004).

## 2.1.2 Characteristics and personalities

### *Leadership Earned vs Leadership Acquired*

It is common practice for the founder of a company to move on to become CEO once the company scales up from a start-up to a fully functioning enterprise. However, often in these situations the company performance has been observed to decline and even fail as a result of poor leadership (Picken, 2017). This can be due to a number of factors but most commonly it is because the CEO skill-set is incredibly difficult to master. (Horowitz, 2013) observed that founders generally are more interested in the product they created than in the running of the company. Without a strong desire to learn the skills demanded of a CEO, the founder will fail. A further study done by Lee et al. (2017) showed that founder-CEOs are more confident than their non-founder counterparts i.e. a professional CEO who was hired into the position. Furthermore, they discovered that founder-CEOs use more optimistic language in meetings and on social media. They were in turn, more likely to issue performance forecasts that were too high and often perceived their firms as being undervalued. This led Lee et al. (2017) to conclude that individuals thrust into a leadership position, as in the case of founder-CEOs, displayed fewer of the traits required for them to succeed than those individuals who earned a leadership role by being hired into the position, as in the case of professional CEOs. To better understand this, one can look at Facebook founder and CEO Mark Zuckerberg who, through inadequate and overconfident management practices, led Facebook into one of the largest data privacy scandals to befall a large tech company (Aziza, 2018). Being aware of the difference in attitude of leaders who have earned their position through training and experience as opposed to those who were thrust in to the role with little to no leadership experience is important in helping SME owner/managers understand the future success or failure of the organisation and the impact that leadership has on this success.

### *Natural Born Leaders and Self-made Leaders*

According to Andersson (2012), when it comes to leadership, like most things, we observe that the distribution falls along a bell curve. There are individuals - natural born leaders if you will - who start out at the end of the curve and as their careers progress they become even greater leaders. Then there are those at the bottom of the curve who, despite all their efforts, will never become more than mediocre. Then there is the middle of the curve which forms the vast majority and is where most of us reside. It is in this section that Andersson (2012)

found that most people who begin with a moderate amount of leadership capability can actually become good and even great leaders. When we think of this group we think of people like Martin Luther King Jr. While working as a baptist minister, King showed adequate leadership abilities in leading his congregation. It was only once he was thrust into the role of activist and leader in the civil rights movement that his true potential was realised and his moderate amount of leadership capability transformed into one of the greatest examples of leadership of the 20th century (George, 2016). Furthermore, there are theories like the great man theory which are based on the belief that leaders are exceptional people, born with the innate ability to lead (Bolden, 2004). These individuals will likely exhibit strong leadership traits from a very young age, often placing themselves in a position of power or dominance over their peers (Andersson, 2012). The results of these studies are important in helping us understand why some people seem born to lead whereas others are born to follow. However, they don't provide a possible reason as to what makes individuals incline one way or the other. The important question here should not be will someone become a leader but rather will they become a *good* leader? These questions are important for management of SMEs to be aware of when selecting employees for promotion or hiring external managers. Moreover, we must ask ourselves how are modern leaders performing in SMEs, are they acting like good leaders according to their employees?

#### *Great and not-so-great leaders - what makes them?*

Behavioural and trait theories of leadership have proved unsuccessful in the past in isolating a definitive set of characteristics befitting of describing what makes a great leader (Bolden, 2004). Despite this, many studies are continuously being carried out on trying to define what makes a great leader. Gleeson (2016) suggests that not all situations require the same leadership style. Instead of using a select set of leadership styles, leaders need to adapt to their surrounding environments and empower the team to succeed together. They must trust in their beliefs and possess a certain degree of confidence, without overstepping the bounds of arrogance. One might look at the example of Pope Francis who, while showing unwavering confidence and faith in his belief, has adapted his leadership style to suit the modern day Catholic and in doing so has electrified the church and attracted numerous non-Catholic followers by energetically setting a new direction (Lashinsky, 2016). Furthermore it has been said that great leaders often need to make the difficult choices and self-sacrifice to their own

lives in order to enhance the lives of others around them (Gleeson, 2016). This can be seen in the unrelenting pace observed by Mintzberg (1990) of numerous managers he shadowed during the writing of his book. Here, managers were seen as leaders of their respective organisations and were often called upon to make the sacrifice and put in the long hours required of leaders in their positions. Adding to this, it is essential that a great leader both understands and is respected by the team they are leading. Having the ability to show empathy, care and in doing so earn the respect of the people you are leading are all attributed to being a great leader (Gleeson, 2016).

When it comes down to it, (Gleeson, 2016) postulates that the most important factor of great leadership is whether or not the leader is achieving the desired result. The single most powerful tool that all leaders use to move from being good to great is their ability to be truly self-aware (Mintzberg, 2009; Andersson, 2012). Being self-aware allows leaders to understand what their actual strengths and weaknesses are and in doing so are better able to accept what they need to do in order to improve and grow (Andersson, 2012). This understanding of what defines a great leader, together with the knowledge of the factors contributing towards someone achieving this status, are important tools for providing managers and leaders with a benchmark in leadership to strive towards.

From the above literature we start to get an understanding of what constitutes a good leader and the various signs that might indicate when an individual is achieving this status. One thing that does become clear from reading the above studies is that good leaders all obtain a certain degree of success in what they do - but is success alone a good measurement of one's ability to lead? Furthermore, can a leader's success in one setting be interpreted as meaning he/she will be successful in any setting? The above literature does not provide answers to these questions but they are questions that should be answered if we are going to understand how to measure and quantify successful leadership in SMEs in this thesis.

### 2.1.3 Leadership in various contexts

#### *The impact of the size of the organisation on leadership*

As Langowitz (2010) and Bolden (2004) have discovered, leadership styles vary greatly depending on the situation or context the leader finds themselves in. Furthermore Goffee & Scase (2015) showed that this holds true for the size of the organisation under leadership.

Through their study of small tech-firms they showed that the most successful (as judged by sales and profit growth) were those whose leaders exhibited strong democratic leadership. Strong leaders with a clear vision and strategy for the organisation are needed to manage the type of person attracted to work in a small company (Goffee & Scase, 2015).

On the other hand when looking at larger organizations decentralized controls and leadership through all levels of the organization were observed as the keys to success (Gleeson, 2017).

An explanation of this is given in the fact that one single leader simply does not have the time or resources to interpret mounds of data about their company performance, industry, economic environment or competitors. Neither do they have the ability to pass this information on to the relevant parties in real time. Large organizations move too quickly for that model to be effective. As organizations grow and evolve, there is a much greater need for levels of delegation and decision making to occur at all levels. Instead, leaders must focus on guiding the organization and communicating the vision while delegating and assigning tasks to others (Gleeson, 2017). It is clear from the above research of Gleeson that the leadership styles employed by managers of small organisations vary greatly to those used to achieve results in larger organisations. This difference appears to be crucial in helping one realise the importance of adapting ones leadership style to suit the organizational climate.

The results of the above studies help us to understand the role that the size of the organization plays in the leadership styles employed by successful managers. These are important theories to bear in mind as they will provide insight later in this thesis as to why employees observe certain leadership styles more than others in their managers. Could the size of the enterprise have an effect on the leadership style used by managers? If so, what other factors could have an influence on leadership?

### *The Influence of Culture and Geography on Leadership*

The core principles of what defines good leadership might be universal, however, to see the full extent of successful leadership qualities requires one to look at culture specific conditions. The reason for this is eloquently described in the way different cultures vary in their implicit definition of leadership and the qualities one needs to display to be considered a leader (Chamorro-Premuzic & Sanger, 2016).

Furthermore, research by Gelfand, Erez and Aycan (2007) has shown that leaders' decision making, communication style and interpersonal abilities are influenced by the geographical

region in which they operate. These findings are important to bear in mind when defining what leadership is, what makes a successful leader and what brings about this success as these definitions will vary across different cultural and geographical locations around the globe (Chamorro-Premuzic & Sanger, 2016; Gelfand, Erez & Aycan 2007). This knowledge is useful in helping one understand the importance of situational adaptation to the achievement of successful leadership in practice.

From the above we can see that both geography and culture have an effect on the leadership style used by managers however, none of these studies talk in particular about the cultural and geographical context of Sweden in particular. In the current globalized world this is an important factor to consider for managers of SMEs, especially those based in Sweden which is home to one of the most culturally diverse business regions in the world (Lamson, 2013).

#### *Leadership in the Swedish Context*

Having looked at leadership in a global context and how it is interpreted differently in various countries the following section aims to touch on the Swedish leadership style - often shown as being knowledge-based, team oriented and delegatory (Isaksson, 2008). In his book, Isaksson (2008) describes how the international trend of organisations is to move towards flatter, team-centred structures. The ability shown by Swedish managers' to hold international teams together is a competitive advantage in this respect. This is achieved through listening to people, a non-confrontational management style, change-orientation and delegation. Moreover, according to Lewis (2006) another term often used to describe the leadership culture in Sweden is that of "primus inter pares", a Latin phrase meaning "first amongst equals". This is typically used as an honorary title for individuals who are formally equal to other members of their team but are awarded unofficial respect and recognition. This "first amongst equals" approach to leadership offers a new way of managing in the 21st century. Through this method not only do managers allow employees to have a degree of freedom within their role and the business structure as a whole, but in doing so managers become more self-aware and lead from this place of mindfulness that all employees have different functions to perform and diverse opinions to contribute (Alexander, 2013).

The characteristics of the Swedish way of leadership can be summarized as: teamwork, the desire for consensus and conflict avoidance. Furthermore, the fact that Swedish management is considered to be decision and action oriented are all characteristics that work towards

making the Swedish style of leadership one of the most studied and replicated in the 21st century. (Isaksson, 2008; Söderhjelm et al. 2018). Therefore, the prevalence and recognition garnered worldwide by the leadership culture in Sweden make it a relevant topic to bear in mind when studying the concept of leadership within SMEs, not just in Sweden but in the world in general.

#### 2.1.4 The modern leader

##### *Management and Leadership*

As a central topic to this thesis is leadership and management it becomes important to describe the two concepts in relation to each other and discuss their relative similarities and differences.

The idea of separating leadership from management was already put forward four decades ago by Abraham Zaleznik in a 1977 Harvard Business Review article with the deceptively subtle title “Managers and Leaders: Are They Different?”. The article caused a major disruption in business schools throughout the world with the argument that managers focus too much on process rather than the substance of their work. Zaleznik(1977) further stated that while managers are good at keeping control, order and the competence of a group, they lack the creativity, imagination and ethical behaviour to guide corporations through times of change and drive the vision of the company. He suggested that this is where leaders need to come in.

Management is said to be about about coping with complexity while leadership in contrast is about dealing with change (Kotter, 2001). In the increasingly complex business climate we see in the modern 21st century, there is a growing need for leaders to steer companies through the major changes characteristic to large organisations. Simply put, more change often necessitates greater leadership (Kotter, 2001).

A managers goals arise out of necessities and are influenced by the culture and vision of the organisation in which they reside. A leader on the other hand exhibits an active, personal attitude towards their goals (Zaleznik, 1977). Kotter (2001) goes on to say that managers accomplish their goals by organising and staffing, controlling and problem solving while leadership, in contrast, aligns people towards a common goal and vision by inspiring and motivating. Kotter’s view of leaders aligning people through inspiring and motivating is built upon by the leadership style known as “shared leadership”. Carson, Tesluk & Marrone (2007)



have shown that teams do well when relying on the leadership provided by the team as a whole rather than looking to a single individual to lead.

Although there are many studies done on the benefits of separating leadership and management, there are still those that believe that both roles are one and the same and that “the bipolar representation of managers and leaders as completely different people can be misleading and potentially harmful in practice” (Bolden, 2004). Bolden (2004) further believes that management and leadership are an integral part of the same job. This view is supported by Mintzberg’s (2009) reasoning that managers need to take on both the roles of management and leadership within their organisation.

A drawback of Kotter’s separation of management and leadership is that it reinforces the negative image of managers being controlling, task-oriented and limited to routine. (McCrimmon, 2016). McCrimmon (2016) further states that this separationist view serves to box leaders into a corner as to the personality traits they should possess instead of allowing for a much wider range of characteristics, personalities and influencing styles.

This view is expanded by Goleman (2000) who argues that leaders should not exhibit merely one leadership style but instead should allow themselves to be flexible to a variety of styles in order to best adapt to the challenges of the complex organisational structure of the modern organisation.

As the literature explains above, to successfully run an organisation and adapt to the challenges of a constantly changing, complex modern world, managers need to exhibit varying amounts of leadership and management traits concurrently, depending on the current economic climate within their organisation. The concept of separating management from leadership is still relatively new. Therefore, having a greater understanding of this theory and the inherent differences and similarities between management and leadership could aid SME owners in achieving success or at least make them more aware of their own preferences. Seeing as self-awareness is key to good management, (Mintzberg, 2009; Andersson, 2012), this is something that all SME owners should be mindful of.

### *Male vs female leadership styles and the importance of gender equality*

In the current leadership climate around the world we continue to find that men predominantly fill the upper roles in leadership and management positions. A phenomenon Paustian-Underdahl (2014) postulates is a result of their stronger drive for success brought

on by a fear of failure. However, studies reveal that when all leadership contexts are taken into consideration, women and men do not differ in their perceived ability to effectively lead. Interestingly, when ratings by peers are examined, women are seen to score significantly higher than men in leadership effectiveness. Conversely, when asked to rate themselves, men were found to rate themselves as being significantly more effective at leading than women would rate themselves (Paustian-Underdahl, 2014; Tate, 2015; Chapman, 2017).

Research done by Chapman (2017) found that female leaders tended to adopt more accommodative strategies in the workplace when compared to their male counterparts. Female leaders chose to form coalitions in an inclusive, accommodating fashion when engaged in competitive activities. On the other hand, men were found to engage in more exploitive techniques, using coalitions to gain individual advantages.

The idea of women being nurturing has been found by Tate (2015) to extend into their style of leadership. Studies which were carried out on predominantly female-led organisations found them to exhibit more of a culture of acceptance and teaching and moreover were shown to have more of a flat hierarchical structure in comparison to their male-led counterparts' organisations. This led Tate (2015) to conclude that having women in leadership positions within the firm led to greater female-friendly cultures inside the firm.

Despite the aforementioned differences in female vs male leadership styles, it is worth mentioning that gender differences are often brought upon by societal and cultural pressures placed on these leaders to adopt behavioural patterns consistent with society's belief of how a man or woman should lead. In general, society tends towards attributing aggressive, dominant qualities to males and passive, dependant qualities to females (Chapman, 2017). These theories on the benefits of female led organisations and the qualities of the female leadership style are important in advocating for a gender balanced leadership team and the necessity for equality within organisations.

To summarize, what the above literature shows us is that males and females do differ in their preferred styles of leading and additionally, there is no gender that is necessarily better at leading than the other. While the above studies only spoke about gender in general and not in the context of SMEs it is still interesting to note as later in this thesis we will test whether these hypotheses hold true when we focus on SMEs in particular.

### 2.1.5 Leadership styles studied in this thesis

Different leadership styles have an effect on the performance and organizational effectiveness of a team (Nahavandi 2002). *Autocratic leadership* is centered on the boss with this person holding all responsibility and authority. In the *democratic leadership* style, subordinates are involved in the decision making and the style is centred around their contributions. *Self leadership* involves the leader having a developed sense of who they are, what they can do and what their goals are, combined with the ability to influence their communication, emotions and behaviours to enable themselves to reach these goals. *Shared leadership* broadly distributes the responsibility of leading amongst the team or organization such that the members lead each other. *Servant leadership* is a style whereby an individual interacts with others with the aim of achieving authority rather than power and in doing so promote the well-being of those around them (Raza, 2015). However, for the purposes of this study, this thesis will focus on three leadership styles, namely: transformational leadership, transactional leadership and passive-avoidant leadership as measured with the use of the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (2004). Through an extensive literature review, we have observed that these three styles are the most applicable in the context of SMEs. This observation is supported by the studies of Langowitz (2010) and Bass (2008). They found that these styles not only stimulate employees motivation and creativity but in the confines of small companies, like SMEs, these leadership styles are exhibited by managers and leaders in the majority of successful companies (Langowitz, 2010). Therefore, as outlined above we can see that managers of SMEs will stand the most to benefit out of a greater understanding of these three styles than any of the previously mentioned leadership styles. In the following sections, we expand on the aforementioned leadership styles in order to provide a thorough background to their defining characteristics.

#### *Transformational leadership*

The notion of 'transformational leadership' was first mentioned by Burns (1978, p. 20) who described it as an interaction between two parties where "leaders and followers raise one another to higher levels of morality and motivation". Transformational leaders were found to inspire, motivate and encourage their followers to believe in a unified, common vision - that of the organisation -- and to use this common vision to achieve collective goals (Moriano et al. 2014).

Culture is an important tool in the arsenal of a transformational leader and is often used to drive engagement. Through this approach, transformational leaders are found to bring about motivation and encouragement. This is not achieved through a motivational speech or performance by the manager, but rather through empowering employees and creating a culture that stimulates and inspires employees to perform at a higher level of engagement (Anthony & Schwartz, 2017). Transformational leaders are seen by Bass (2008) as hands-on, proactive individuals who exhibit a vested interest in their efforts to achieve the development not only of the organisation but of the individuals comprising it. In doing so they raise both the levels of performance of the company as well as the moral and ethical standards of the employees.

#### *Transactional leadership*

Transactional leaders were found to be characterized as people who create clear structures, pathways and guidance to employees to allow them to achieve their goals (Bass & Bass, 2008). This role is described as transactional as the employees do something for the leader who in turn does something for them. The amount of reward and intensity of work are all variables decided upon by the leader, as Moriano et al. (2014) observed. Furthermore, it was found that this is the typical leadership style exhibited in modern companies where greater performance is rewarded more and lesser performance is often penalized. Moreover, the incentive based nature of this style is seen as key to its practice (McCleskey, 2014). According to Bass and Avolio (1997), the strongest trait of transactional leadership is clarification. It is based on a clear understanding both of what needs to be done, as well as the implications of the rewards or punishment should the desired results not be achieved.

#### *Passive-avoidant leadership*

Finally, we look at passive-avoidant leadership, sometimes commonly known as “laissez-faire” but what our study will refer to as “passive-avoidant”. Passive-avoidant leadership is divided by Avolio and Bass (1999) into two parts: firstly there is the laissez-faire component i.e. leadership that exhibits a passive indifference towards subordinates and tasks; and secondly, passive management-by-exception which utilizes punishments and other forms of deterrence when tasks are not completed to performance standards. Such leaders are clarified by the fact that they avoid clarity, instructions and specifications when issuing tasks.

Moreover, it was found that they don't provide adequate goals and standards to be achieved by followers (Bass & Bass, 2008). Passive-avoidant leadership describes the leaders who avoid all types of responsibility, fail to follow up on tasks with employees and demonstrate a lack of any type of leadership whatsoever over his/her subordinates (Avolio & Bass, 2004).

In contrast to the aforementioned three predefined categories, from a thorough literature survey we can conclude that there is not one pure leadership style which exists, as confirmed/supported by Azevedo (2002). What is seen in practice rather is that leaders exhibit varying amounts of leadership styles, displaying more or less of the characteristics of each required for the particular situation they find themselves in. This idea is expanded on by Bolden (2004) who states that there is no ideal leadership style best fitted to all situations. Leaders rather need to display the appropriate leadership style depending on the situation.

As has been presented in the first part of this chapter, a compact notion of leadership is still not universally described and accepted. Since leaders are people, their individual personalities and situations leading to their becoming leaders contribute to the vast number of leadership characteristics. The many studies which have been carried out allow us to at least pinpoint some qualities of these individuals in order to summarize their styles and extract common attributes of great leaders.

Although intuitive, we have observed that culture and geography also play a vital role in leadership, both in and outside of the business environment. As society continues to evolve, the description of the modern day leader and manager is further blurred and the importance of gender equality becomes evident.

Furthermore, we have observed that the organizations within which these leaders find themselves greatly influence their approaches. This brings us to the second part of our literature study. In the sections which follow we aim to introduce and describe the characteristics of small and medium sized enterprises in order to ultimately link leadership styles to these corporations.

## 2.2 Small and medium sized enterprises (SMEs)

The second half of this literature review focuses on SMEs and links back to the previous section on leadership, highlighting the prominent role of SMEs in the Swedish economy and the increasingly major influence leadership has on SME success.

### 2.2.1 A brief background to SMEs

There is a growing recognition amongst economists of the important role SMEs play in the economy of a country. This is reinforced by the fact that SMEs represent 99% of all businesses in the EU alone (European Commission, 2018).

As in the rest of the EU, SMEs play an important role in the economy of Sweden, accounting for more than 62% and 66% of value added to the economy and employment respectively (European Commission, 2018). Therefore, it becomes clear that SMEs play a major role in the economy and are a large contributor to national employment. Combine this knowledge with the evidence stated in the previous chapter that leadership has a major influence on the success of an organization and we start to get an idea of the importance of looking at these two fields of study in combination rather than as two separate entities.

#### *Some SME definitions*

Some authors believe there is no universally accepted definition of SMEs, since the definition depends on where it is being defined and who is defining it (Ward, 2005). Regardless of the definition used, there are two criteria employed when defining SMEs globally: the number of employees in the organisation and/or the organisations fixed assets and annual turnover. However, it is important to define what an SME is in the context of this thesis and for this reason this thesis will adhere to the definition given by the European Commission (Recommendation 2003/361/EC, published in OJ L 124 of 20.5.2003, p36): *SMEs are defined as all enterprises employing less than 250 employees*. Within this broader definition, SMEs are further categorised into micro enterprises, having no more than 10 employees and a turnover or balance sheet total of no more than 2 million Euro per year. Small enterprises, having between 10 - 49 employees and a turnover or balance sheet total which doesn't exceed 10 million Euro per year. Finally, medium enterprises, which are defined as having

between 50 - 250 employees and a turnover or balance sheet total not exceeding 50 million Euro.

### 2.2.2 The growth and performance of SMEs

#### *Barriers to growth and development*

Seeing as SMEs are such crucial drivers of economic growth and job creation, it becomes important to discuss the topic of their growth, what hinders it and the mechanisms which govern it. A study done by Wang (2016) found that the most significant obstacle that hinders SME growth is access to finance brought on by the high costs of borrowing and a lack of consultant support. Besides a difficulty in access to finance, a further study by the Business Development Bank of Canada (2015) found that another obstacle faced by business owners/managers of SMEs was a substantial increase in operating costs. This is often brought on by rising demand for their products causing businesses to dedicate more resources to meet this demand resulting in increased spending which has to be taken from other departments within the company. This problem of cash flow is particularly prevalent in companies experiencing high growth. However, the authors found that it is not only the businesses finances that come under pressure during periods of high growth, its human resources do too. Work teams need to step up to meet the increased demand or new employees need to be hired which results in a change in the companies dynamics.

What we can see from the literature is that SMEs have to tackle a range of different barriers and challenges. A common observation amongst most of the studies is that SMEs face a problem with finance, more specifically, a problem of access to funding. However, the research also shows that these barriers can vary considerably when looking at different markets and industries. The obstacles and challenges faced by SMEs in their growth to become larger organisations are important topics to bear in mind for any SME business owner/manager. Furthermore, if we look back at the evidence presented by Kotter (2001) in the previous chapter on how leaders play a crucial role in guiding a company through change, we can start to see the urgent need to further study leadership within the context of SMEs. Doing so will provide knowledge and a framework for managers to be aware of their own personal leadership styles and how best to navigate the challenges and change faced by the modern day SMEs.

### *The role of education and experience*

A factor that has been shown to have an impact on SME performance is that of the education level and knowledge of senior management within the company. In a study done on 188 SMEs in Europe, Karadag (2016) found that the performance of the SMEs studied had a strong and positive correlation with the education level of the business owner/manager. Furthermore, it was discovered that the age and relevant stage in the growth of the company played a significant role in SME success. Karadag (2016) stated that those companies who were 5 years or older saw a noticeable improvement in performance when compared to younger firms (less than 5 years old). Moreover, Karadag (2016) also concluded that younger managers were more willing to try newer, modern leadership styles when compared with their older counterparts.

### **2.3 Leadership in SMEs**

Anderson (2009) and (Richbell et al. 2006) found various organizational factors that were shown to influence leadership in SMEs. However, according to Short et al. (2002), researchers have so far not been able to reach a consensus about these factors and the degree to which they influence the organisation. Therefore, the more we can understand the influence leadership has on SMEs, the more they can be assisted in their growth and development process.

### *The impact of the leader*

The influence which a leader has on his/her followers constitutes the most important difference between the way in which leadership is applied in a large enterprise as opposed to an SME (Mihai, 2015). In a large corporation, with the management being layered on many hierarchical levels, each leader is only able to influence and be in contact with a small number of employees, specifically his/her direct subordinates. However, in a small or medium sized enterprise the manager has a more direct and personal influence on his/her staff (Bass, 1981; Ladzani et al. 2010; Kilpatric, 2009).

The global challenges faced by SMEs today require that the various people in charge adopt leadership roles in guiding and directing their companies through the uncertainty and change



facing modern SMEs (Ladzani et al. 2010). It is important that organisations develop effective leadership at various levels within the firm, define goals, ensure clarity of objectives, build high performing teams, develop internal talents and nurture an innovative culture (Kilpatrick, 2009).

Having mentioned previously the difficulty in determining what factors influence leadership in SMEs, Anderson (2009) goes on to propose three separate categories to help quantify the factors that are shown to have an influence on the work of the leader as an instrument to stimulate SME growth and performance: Firstly, the leader's personal features and characteristics; secondly, the leader's goals, motivations and intentions and thirdly, the leader's behaviour in the role. The first category relates to how previous experience and level of education, together with motivation and personal values can impact or influence the leader's role (Gray & Mabey 2005). The second aspect reveals to us how the leaders motivations and intentions are reflected in their actions and attitude towards work and colleagues. The third category Anderson (2009) mentions is based on the leader's behaviour towards their ability to adequately control the organization's administrative planning.

Furthermore, Ireland and Hitt (1999) propose that the development of certain behaviours by leaders results in higher company performance and greater profit growth. Schwenk and Shrader (1993) defend this claim by stating that firm performance and growth are related to the behaviour, attitude and vision adopted by the leader. In this context the leader and the style of leadership used play a significant role in the inherent success of the firm.

Increasingly what authors like (Franco & Matos, 2013) are finding is that the style of leadership adopted by leaders within the organization has a considerable impact on the management and running of the firm. With the current volatile, global market faced by many SMEs, leaders are being demanded to cope with the uncertainty and competitiveness that arises from market globalization. Furthermore, leadership takes on a more fundamental importance when viewed in light of global competition and the level of standards demanded by customers. It was Porter (1996) who stated that effective leaders must be able to provide the company with the necessary discipline for it to determine what needs to be done in order to respond to the changes in industry while still holding on to the company's identity.

What the above studies show us is that the influence of the leader on his/her subordinates is greatest in smaller sized organizations and that the leader can indeed have a considerable impact on the successful management of the company. This further motivates the urgent

need to study leadership in small companies like SMEs. Therefore, seeing the above mentioned roles leadership plays in the successful running of a firm and the need for leadership in SMEs facing globalization it becomes important to study what impact, if any, the leader and his/her style of leadership has on the performance and success of the SME.

#### *Why transactional, transformational and passive-avoidant leadership?*

As detailed above one can see the prominent role SMEs hold in the economy and the major part they play in terms of employment, national wealth and a driver of future economic growth.

Adding to this one can also see the impact leaders and their different styles of leadership have on the performance and organizational effectiveness of a company. Owing to these two facts, it becomes imperative that we study the role leaders and leadership plays within the context of SMEs. However, due to the numerous and varied styles of leadership, it becomes difficult to decide exactly which leadership styles to study and apply within the context of SMEs. Throughout the literature that deals with leadership, the styles of transactional, transformational and passive-avoidant are the most applicable in the context of SMEs (Langowitz, 2010; Franco & Matos, 2013). This is due to a number of reasons Langowitz (2010) argues: firstly, the inherent nature of the characteristics of managers using these styles lends itself to being more effective in smaller organizations. Furthermore, managers exhibiting these styles were able to stimulate employees motivation, creativity and innovation but only when in the confines of a small company (this effect decreased as the size of the company increased).

Therefore, the reason for the selection of these three leadership styles in this thesis is twofold: firstly, due to the fact that the characteristics of these styles are more useful to owner/managers of smaller companies (SMEs) and secondly, and as argued by (Langowitz, 2010. Franco & Matos, 2013. Ogarca et al 2016) they are the most commonly used leadership styles amongst managers of SMEs.

## 2.4 Chapter summary

Through an analysis of the above theoretical review we can see the importance leadership plays in the successful operation of an SME and managing of employees. From the literature

above it becomes clear that various leadership styles exist and managers will often exhibit varying degrees of each style depending on the situation they find themselves in. In understanding the differences between the leadership styles of transformational, transactional and passive-avoidant we can observe the need for managers to be aware of their preferred style and the associated pros and cons that accompany it. Furthermore we notice how the size of the organization has an effect on the leadership displayed by managers. More importantly, the smaller the organization the greater the impact of the leaders is on their respective followers. It is further explained above that SMEs are a vital aspect of the economy of any country. Coupling this with the knowledge that leadership can play a key role in SME success or failure and we understand the importance to study this topic of leadership within the context of SMEs.

### 3. Methodology

This chapter will provide three aspects regarding the methodology of the research. Firstly, a motivational discussion for the choice of method will be presented. Secondly, a detailed description of the measurement tool used will be explained. Finally, a reflective discussion regarding the credibility and drawbacks of the study will be provided.

#### 3.1 Research approach and design

A quantitative approach in the form of an online survey was chosen as most suitable for this specific study. Indeed, the motivation behind the use of a deductive approach for analysis of quantitative data was taken in order to meet the second purpose of the research. The deductive approach has a top-down design, meaning that the "scientific inquiry proceeds by formulating a hypothesis in a form that could conceivably be falsified by a test on observable data" (Overmars, Verburg & Veldkamp, 2007). The online survey targeting SMEs based in Sweden allowed a successful collection of data on leadership styles used by managers, according to their employees. While the managers' perspective might also be interesting to observe, this study focuses solely on the perception of the employees. The choice of excluding the managers from the research was supported by the motivation that the employees will most likely provide more accurate, honest interpretation of management styles, as managers might be biased towards their own particular leadership style. To measure the empirical data a version of the Multifactor Leadership Questionnaire - MLQ (Bass and Avolio 2004) was applied. The choice of using a standardized questionnaire was motivated by two reasons, firstly the literature presented in chapter 2 shows the importance within SMEs of the three leadership styles measured by the MLQ, secondly the MLQ is the current industry standard for measuring these leadership styles. Furthermore, to avoid prejudicing the respondents, questions were formatted in such a way that the actual leadership style was never mentioned, but rather employees were asked to choose from certain predefined behaviours, actions and attitudes they feel best suit various work-related situations. A qualitative approach could also have been used to achieve more in-depth answers, however the online responses are anonymous resulting in a honest result and so this was the more suitable approach for this specific purpose and research.

### 3.2 Data collection

The Multifactor Leadership Questionnaire is not a new creation but rather a standardized format relating to the three aforementioned leadership styles targeted in this research. However, a condensed and edited version was applied for this specific study, originally developed by Avolio and Bass (2004).

The amount of companies approached were 78, all based in Sweden with a minimum of ten employees each. There were two steps of the approach, firstly phone calls to all companies aiming to get in touch with the managers, else HR or other relevant people were contacted that could help distribute the survey. Secondly, there were emails sent out to reach the rest of the companies that did not reply through phone calls. Approximately half was eager to participate and promised they would distribute the survey to their employees and/or colleagues, meaning that potentially around 350 people could have received the survey. Nevertheless, after three weeks of several reminding emails, there were only 30 responses collected in total from eight different industries.

In addition to the questions found in the original version, there were questions regarding gender and industry, aiming to analyse differences between these factors when collecting the data. The MLQ was originally created with the sole purpose of evaluating the transformational-, transactional-, and passive-avoidant styles of leadership. The original version of the MLQ included 73 questions however, this research created a compressed version of 40 questions exclusively related to employees assessing their leaders. Moreover, the survey is based solely on multiple-choice questions with answers categorized between 1-5, where 1 = Not at all, and 5 = Frequently, if not always. Furthermore, in addition to examining the three aforementioned leadership styles, nine related categories were observed. Firstly, five categories were related to the transformational leadership style, namely: idealized influence (attributes), idealized influence (behaviour), inspirational motivation, intellectual stimulation and individualized consideration. Secondly, two categories were related to the transactional leadership style, namely: contingent reward and management by exception (active). Lastly, two categories were related to the passive-avoidant leadership style, namely: management by exception (passive) and laissez-faire. To avoid confusion the "categories" in this study were originally named "scales" in the MLQ

created by Avolio and Bass (2004), the choice to change it is motivated by the understanding of “categories” as more suitable for its purpose.

### 3.2.1 Measurement tool used to show research reliability

To assess the reliability of the results collected from the MLQ the research was in need of an accurate measurement tool. The Cronbach Alpha ( $\mu$ ) reliability analysis was used to measure the internal consistency of the MLQ and the level of consistency amongst the aforementioned categories observed in this particular study. Calculating the categories within each leadership style generated a reliability alpha greater than 0.60 (see table 1), with the exception of the idealized influence (attributed) within the transformational leadership section as well as management by exception (passive) within the passive-avoidant leadership section which showed slightly lower numbers. The minimum reliability alpha value varies depending on who you might ask. According to Churchill (1979), Cronbach alpha values of 0.60 or higher are interpreted as acceptable, however, more recently Goforth (2017) states, everything above 0.50 is acceptable. Hence the aforementioned two exceptions are also applicable for the analysis of the empirical data, yet not emphasized or focused on as much as the other results. Moreover, the reliability coefficient for each leadership style group was calculated as follows: 1) transformational leadership group  $\alpha= 0.871$ , 2) transactional leadership group  $\alpha= 0.744$ , 3) passive-avoidant leadership group  $\alpha= 0.630$ .

Therefore, with all categories within each group showing  $\mu$  higher than 0.50 and the total Cronbach Alpha within each group showing a minimum of 0.630, these numbers demonstrate acceptable statistical reliability of the psychometric tool applied for this particular research.

Table 1 - MLQ Multifactor leadership questionnaire and reliability analysis

Leadership Style	Scales	Question Number	Cronbachs Alpha
Transformational	Idealized influence (attributes)	16,19, 22	0.583
	Idealized behavior (behavior)	6, 21, 31	0.690
	Inspirational motivation	9, 11, 23, 33	0.631
	Intellectual stimulation	2, 8, 27, 29	0.757
	Individualized consideration	13, 17, 26, 28	0.656
Transactional	Contingent reward	1, 10, 14, 32	0.787
	Management by exception (active)	4, 20, 24	0.688
	Management by exception (passive)	3, 11, 15, 18	0.521
Passive-Avoidant	Laissez-faire	5, 7, 25, 30	0.635

### 3.3 Data sampling

It was important to on one hand be transparent with the approach and findings, on the other hand be clear with the participants as to why they were being chosen to participate. A generalization of the results might not be possible due to the relatively small sample size however, through a transparent methodology showing the process and design of the method as well as the results, future research could expand further. Also, this study aims to show high credibility and this was achieved through selecting SMEs that have already received a moderate amount of success in terms of profit and company growth. Furthermore, participants were informed of the intention of the study and the relevant subject matter of the survey, which according to Saunders et al. (2012) adds to the credibility of the study.

During the course of the research for this thesis 78 companies were contacted from within Sweden and amongst 8 different industries. Due to the anonymous nature of the survey only information relating to the total number of individuals participating (30 total), the gender of

the participants (13 female, 17 male), total amount of industries represented (8), as well as the number of participants representing each industry was collected. Smart Cities (4), Energy (8), Food Innovation (3), Clean Technology (1), Medical Technology (6), Smart materials (1), IT (4), Economics (4). The list of industries in the questionnaire was created according to what the companies contacted were working with. There were three more industries to pick from; Life Science, Law and IoT, they are not included above as there were no participants from those industries.

### 3.4 Quality of the study

This section will detail the importance of validity, reliability and generalizability in our thesis. Indeed, to ensure that the study and the written paper have reached scientific transparency, these concepts are vital to be aware of and assess.

*Validity*, entails the absence of systematic measurement errors (Heale & Twycross, 2015). To reach high validity, the choice of research method was carefully selected in relation to the targeted leadership, SMEs, and the time restriction given. Using a standardized tool, implemented in previous research on the same three leadership styles with successful results, too motivates a high validity. The questionnaire consists of a carefully selected number of questions with clear and relevant indicators; this too raises the relevance of using the MLQ in this research and increases the accuracy of the final results.

*Reliability*, entails the absence of unsystematic measurement errors (Heale & Twycross, 2015). Accordingly, this concept concerns the technique chosen as well as the execution. Collecting specifically 30 replies was, as previously mentioned, not a scientific rule, rather a minimum sample size to provide adequate data to support the reliability, validity and generalizability of the research. An acceptable sample size provides the possibility to distinguish the normal distribution, which is vital in statistical research as it represents real-valued random variables whose distributions are unknown. (Sapsford, 1999). Approaching 78 companies with a minimum of ten employees each, half of them promising to participate yet only collecting 30 replies, something is problematic and important to discuss. This is known as the statistical shortfall and the greater the shortfall is the lower the chance to properly



generalize the empirical results and findings of the research. There are surely multiple reasons for this; one could blame fatigue as most companies claim they receive several surveys every day, another could be that the managers that we contacted did not have time to distribute the survey to their staff and so they were not even aware of its existence, a third could be that the managers did distribute them but that the employees had too much on their hands not being able to reply. Effectively, the amounts of responses collected were enough to provide reliability to the research, however to make generalizations a greater amount of responses would have been necessary. Through sharing aforementioned awareness, future researchers might find better loopholes for how to decrease such shortfall.

*Generalizability*, entails the plausibility to generalize the results on one hand and to redo the research on the other (Brennan, 1992). The MLQ has been used in previous research regarding the same three leadership styles showing successful results; hence our choice is supported and possible to generalize. Besides, sharing the list of questions included in the survey as well as the results collected from the empirical data shows a comprehensive scientific transparency. Hence, this study allows duplication by future postulants. Also, the companies selected for participation covered eight industries and multiple locations around Sweden, this demolished the risk of a bias towards a particular leadership style potentially occurring in one specific area or industry. Indeed, exploring the leadership styles across varying industries and geographical areas allows a greater potential for the results and insights gained to be generalizable.

### 3.5 Critical discussion of the methodology

Due to the limited amount of time to conduct this research, complications have undoubtedly occurred. This section will provide a critical and transparent discussion of the methodology; participation discrepancy, contextual drawbacks and MLQ pitfalls.

The *discrepancy* between the amount of SMEs reached out to and the amount of SMEs participating was surprisingly high; 78 SMEs asked, only 30 individual replies. Generally, online survey response rates are low; subsequently the prerequisites to receive a valid amount of replies within the time frame given for this research was challenging. Indeed, there

is no surprise that a higher responding percentage could increase the accuracy of the empirical results, however, the amounts of replies are not as important as the quality of the results. Certainly, high qualitative replies allow a qualitative analysis and potentially unique and useful findings. The amount of time put into the analysis of each questionnaire was immense as well as the reflection and discussion between the researchers of the study; the quality of the analysis is resilient, thought through and of interest for future research of the topic.

The choice of collecting anonymous replies however is one *contextual factor* that brings a few limitations to the study. There was considerable amount of thought behind the list of SMEs contacted, aiming to reach out to a comprehensive range of industries in Sweden, however with sole knowledge about the industries that participated, it was basically impossible to know what companies to contact and beg for participation. In example, employees responding from a company with a unique culture and management could potentially show comparable results; an overrepresentation of replies from one company could hence lower the possibility to generalize the final results. However, as there were a total of eight industries participating, the risk of previous stated potential complication is insignificant in this study. Lastly, the focus group is limited to SMEs owned and operated in Sweden; this limits the possibility to generalize the data into an international context. Nevertheless, Sweden was voted the best country to do business in Forbes (2017) annual “Best countries for business” list and also boasts the second most profitable SME sector out of any European country (European Commission, 2018). Therefore, it is still of particular interest and value to study leadership and SMEs within the confines of the Swedish borders.

The primary intention was to conduct a cross-sectional study combining qualitative interviews with a quantitative survey, but due to time restrictions and low response rates the qualitative method had to be excluded from the research. Accordingly, the empirical data was collected through solely the *MLQ*, potentially affecting the accuracy of the final results undesirably. On the other hand, some of the questions could have been tough to respond to truthfully if asked in person and so a qualitative interview would have been inadequate and unreliable. A few questions within the *MLQ* were potentially a little challenging; consequently the responses to those questions might not be corresponding to their actual point of view, but rather a fault

due to misunderstanding the question or not knowing what to choose. However, the questions were carefully selected from a previous research and post collecting the results there was no sign to these kinds of complications in our study either.

## 4. Empirical Data and Analysis

This chapter will present an overview of the empirical findings from the questionnaire. These findings will be presented in table format and a short description of the meaning of the categories used to define the three leadership styles measured will be given before the data is analysed in detail. A discussion and conclusion of these empirical findings and results will follow in chapter 5.

### 4.1 Results and analysis: Transformational leadership

Before moving on to presenting the results it is of interest to briefly describe the meaning of the categories mentioned previously that relate to the style of transformational leadership. All definitions are from Avolio and Bass (2002). When looking at transformational leadership we see:

1. *Idealized influence (attributes)* - leaders possessing these traits exhibit great power and influence over their subordinates in such a manner that the latter place full confidence in them and show a will to follow diligently and identify with the mission.
2. *Idealized influence (behaviour)* - these leaders motivate and inspire subordinates through their vision and belief in the organization and its capabilities. Idealized influence can be seen as the charismatic category of transformational leadership whereby such leaders become idols to their followers and often place the needs of the latter above their own.
3. *Inspirational motivation* - leaders fitting this type will encourage and motivate by means of setting goals, deadlines and objectives and thus challenging their followers to achieve more. They build relationships with followers and create a change in values towards a common ground through interactive communication.
4. *Intellectual stimulation* - in this category, leaders stimulate their followers to be creative and innovative through questioning the norm and constantly finding new ways to solve old problems. In this group followers are not publicly criticised but rather creativity and questioning of old assumptions is openly encouraged.

5. *Individualized consideration* - these leaders empathize with followers and recognize subordinates as being individuals with their own needs, wants and desires. By doing this the leader creates an environment where the followers can develop and express themselves individually thereby developing a culture that facilitates personal developmental growth. Leaders within this category lend themselves towards being great mentors or trainers.

Table 2: MLQ - Multifactor leadership questionnaire results (Transformational leadership)

Scale	Question number	1 (Less likely)	2	3	4	5 (Most likely)
Idealized influence (attributes)	16	6 (20%)	2 (6.7%)	5 (16.7%)	9 (30%)	8 (26.7%)
	19	4 (13.3%)	2 (6.7%)	2 (6.7%)	8 (26.7%)	14 (46.7%)
	22	0 (0%)	5 (16.7%)	4 (13.3%)	6 (20%)	15 (50%)
Idealized behavior (behavior)	6	3 (10%)	5 (16.7%)	3 (10%)	8 (26.7%)	14 (46.7%)
	21	0 (0%)	2 (6.9%)	3 (10%)	8 (26.7%)	16 (55.2%)
	31	3 (10%)	12 (40%)	3 (10%)	7 (23.3%)	5 (16.7%)
Inspirational motivation	9	1 (3.3%)	3 (10%)	0 (0%)	17 (56.7%)	9 (30%)
	11	12 (40%)	7 (23.3%)	4 (13.3%)	2 (6.7%)	5 (16.7%)
	23	1 (3.3%)	3 (10%)	4 (13.3%)	12 (40%)	10 (33.3%)
	33	1 (3.3%)	0 (0%)	4 (13.3%)	17 (56.7%)	8 (26.7%)

Intellectual stimulation	2	0 (0%)	2 (6.7%)	3 (10%)	16 (53.3%)	9 (30%)
	8	2 (6.7%)	1 (3.3%)	0 (0%)	20 (66.7%)	7 (23.3%)
	27	3 (10%)	1 (3.3%)	1 (3.3%)	16 (53.3%)	9 (30%)
	29	4 (13.3%)	0 (0%)	4 (13.3%)	17 (56.7%)	5 (16.7%)
Individualized consideration	13	6 (20%)	9 (30%)	2 (6.7%)	8 (26.7%)	5 (16.7%)
	17	2 (6.7%)	5 (16.7%)	1 (3.3%)	6 (20%)	16 (53.3%)
	26	2 (6.7%)	3 (10%)	3 (10%)	8 (26.7%)	14 (46.7%)
	28	6 (20%)	7 (23.3%)	4 (13.3%)	9 (30%)	4 (13.3%)

## MLQ Questions relating to transformational leadership

### *Idealized Influence (attributes)*

Q16: Your manager goes beyond his/her own interest in the group's well-being

Q19: Your manager acts in a way that achieves others' respect

Q22: Your manager demonstrates a sense of power and confidence

### *Idealized behaviour (behaviour)*

Q6: Your manager converses about her/his most important beliefs and values

Q21: Your manager considers the ethical and moral consequences of his/her decision

Q31: Your manager emphasizes the importance of having a single mission direction

### *Inspirational motivation*

Q9: Your manager speaks optimistically about the company's' future

Q11: Your manager waits for things to go wrong before beginning to act

Q23: Your manager articulates a positive and motivating vision of the future

Q33: Your manager expresses confidence in reaching targets

### *Intellectual Stimulation*

Q2: Your manager examines situations critically asking if they are suitable

Q8: Your manager looks for alternative ways to solve problems

Q27: Your manager gets others to look at problems from different angles

Q29: Your manager suggests new alternatives, ways of carrying out and complementing activities

### *Individualized Consideration*

Q13: Your manager invests time in teaching and training

Q17: Your manager treats others as people rather than treating them just as members of the group

Q26: Your manager considers each person as having needs, skills and aspirations that are different from those of others

Q28: Your manager helps others to develop their strengths

From analysis of the data presented in Table 2 we observe that most employees identify their managers as exhibiting a transformational style of leadership. This is evident in the fact that the majority of employees responded with a 4 or 5 in the MLQ. Within this transformational leadership group results, we can see that employees who identify this style of leadership as observed in their leader also attribute the characteristics of idealized influence (attributes) and intellectual stimulation as those which stand out the most in their leaders.

This is shown when leaders instil a sense of confidence and belief in their followers as well as stimulating their followers through encouraging creativity.

Looking at the idealized influence (attributes) we observe that the clear majority of respondents agreed that they saw these characteristics in their respective leaders.

The idealized influence (attributes) category regarded three questions. The first question (Q16) asking whether the employees perceived their managers as focused on the groups well-being rather than themselves, the majority agreed and positively ensured the statement. The second question (Q19) asking whether they understood their managers to behave in a respectful way, again, the statement was ensured. The third question (Q22) asking whether the employees thought their managers indicated power and confidence, again, the majority of the replies corresponded positively to the statement. Effectively, the results show that most employees saw a strong presence of idealized influence (attributes) in their managers.

This category presents leaders who manage to influence their employees well enough to make them confidently follow and identify themselves with the missions of their leader. This trait resembles positively with a successful leader of an SME; a leader who works closely to her/his employees and has to spend much time and effort into influencing the staff positively as they are the core of the company much more than perhaps a massive enterprise selling mobile phones. This is in accordance with our theory and that of Bass (2008) and Langowitz (2010) who states that leadership has a greater impact in smaller organisations such as SMEs. Through the data collected and previous research results, it can be concluded that leadership has a large influence on the success of organisations, especially smaller ones. This is important information to anyone occupying a leadership position within an SME to be aware of and use to encourage and motivate employees and in doing so, ensure the success of their firm.

The idealized influence (behaviour) is similar with most employees answering that this characteristic is exhibited by their managers.

The idealized influence (behaviour) category regarded three questions. The first question (Q6) asking whether the employees thought their managers communicated their key values and beliefs, again, the majority of responses ensured the statement positively. The second question (Q21) regarding whether the employees thought their managers considered ethical and/or moral consequences of their decisions, similarly to the previous questions, the majority of the responses were aligned and ensured positively to the statement. The third question (Q31) however showed an exception. This question asked whether the employees understood their manager to be emphasizing the importance of a single mission directive, and the results were completely scattered between left and right on the scale. Effectively, the results show that most employees saw a strong presence of idealized influence (behaviour) in their managers, except for the question regarding the managers ability to show the importance of a single mission directive, for that the individual observations and opinions were dissimilar. This category presents leaders that motivate and inspire their employees through their optimistic belief in the capabilities of the organization. In addition, this is also the category of managers that become their employees idols and essentially place their own matters second to those of their employees. Again, this is a trait that resembles positively with that of a successful leader of an SME; without a vision the former start-up would have stagnated and never successfully developed to become an SME. The people are the key



players of an SME and without a leader showing a strong vision, the employees would not be able to work effectively to their individual potentials. This correlates with Gleeson's (2016) findings that a common aspect among great leaders is that they are both understood and respected by the team they are leading. Further studies (Gleeson, 2016; Andersson, 2012) showed that employees responded better to leaders whom they viewed as personally believing in the organization's vision. Both the findings of this thesis and the studies outlined above confirm this observation. This information is interesting for SME managers as it shows the importance of motivating employees through creating a vision and a culture of respect within the organization.

In relation to inspirational motivation, we again see most respondents answering fairly strongly that they observe their managers showing these characteristics.

The inspirational motivation category regarded four questions. The first question (Q9) asking whether the manager spoke optimistically about the company's' future, the majority was aligned and ensured positively to the statement. The second question (Q11) asking whether the manager waited for things to go badly before they acted upon it, and to this statement the majority displayed a negative response, meaning that the managers showed a transformational leadership style rather than anything else. The third question (Q23) asking whether their manager communicated a motivating and positive vision of the future, the majority was again positive to the statement. The fourth and final question (Q33) within this category asked whether their manager expressed confidence in reaching their targets, similarly here the majority was aligned and positive in ensuring the statement. Effectively the results show that most employees saw a strong presence of inspirational motivation in their managers, with the exception of the question regarding the manager waiting or not for things to go badly before acting upon it. For this question most employees were aligned in their responses, all showing low numbers, meaning that their managers did not wait until acting. In fact, leaders fitting the traits of the inspirational motivation category are the people who use interactive communication as a tool to create common values amongst all within an organization. In addition, deadlines and objectives are tools being used to challenge and encourage the employees to develop and improve, essentially this would also prevent situations from being uncontrolled and ending up badly. Again, this is a trait that resembles

very well with that of a successful leader of an SME; a person who understands the success story of common values early on as well as challenging the people to continually develop.

Our observations in this category of questions are confirmed by the literature presented in the first part of this thesis. The findings of Alexander (2013), Isaksson (2008) and Söderhjelm et al. (2018) revealed that leadership in Sweden is characterized by a strong teamwork and “first among equals” approach. These type of leaders work closely with subordinates, having a clear understanding of their tasks and deadlines and as such have greater control and are more likely to observe problems before they become severe and can thus step in and provide assistance. This is interesting as it shows that not only is the Swedish leadership style one of the most studied and replicated in the 21st century, as mentioned earlier, but it appears that SME managers within Sweden are, in fact, displaying the typical characteristics associated with Swedish leadership.

Following this and looking at intellectual stimulation, we notice a high consistency in the responses with the majority of all employees selecting 4 on the MLQ rating.

The intellectual stimulation category regarded four questions. The first question (Q2) asked whether the manager critically questioned different situations before deciding if they were suitable or not, and to this statement the employees were completely aligned and positive towards the statement. The second question (Q8) asked whether the manager looked for alternative ways to solve problems, again the majority responded positively to the statement. The third question (Q27) asked whether the manager gets people around them to look at problems from different angles, similarly here the responses were positive and aligned. The fourth and final question (Q29) within the intellectual stimulation category asked if the manager suggested alternative ways for how to manage and carry out activities, again the employees were positive and aligned to the statement. Effectively, the result shows that most employees saw a strong presence of intellectual stimulation being used by their managers. This category presents a leader who questions norms and stimulates their employees to be innovative and creative, essentially encouraging their employees to find new ways to solve problems. Again, this trait resembles positively with that of a successful leader of an SME; a person who needs to be up to date and show a uniqueness to uphold a competitive advantage in relation to other actors competing within the same industry. This idea of a leader is supported in literature by Goffee & Scase (2015) when they state that leaders who set a clear

vision and strategy for the organization, one that is different to industry standards, are often viewed as being more successful than other leaders regardless of whether they actually achieve more success or not. This shows us how important it is to employees to have a leader who believes in what they are doing and is willing to push the envelope in order to achieve greater things.

Finally, when we look at individualized consideration, we again observe that most employees agree that they see this trait in their managers with two exceptions, first (Q13) and last (Q28). The individualized consideration category regarded four questions. The first question (Q13) asked whether the employees felt that their manager invested time in training and teaching, and the responses were scattered with the majorities at 2 and 4. Accordingly, about a third of the respondents thought their managers did not invest any time, about a third thought they invested a lot of time, the final third were scattered. The second question (17) asked whether the managers treated their employees as people rather than only members of a group, and the majority of the responses were aligned and positive to the statement. The third question (Q26) asked if the managers managed to consider each person as having aspirations, skills and needs that were dissimilar to others, and again the responses from the employees were mostly positive and aligned. The fourth and final question within this category (Q28) asked if the manager helped others to develop their strengths, and similar to the first question the responses to this statement were completely scattered showing a strong disagreement in how their managers achieved this or not. Effectively, the results for this final fifth category within the section of the transformational leadership show much greater complexity and dissimilarities than the four aforementioned, the results from the first and last question within this category were completely scattered. These two questions regarded the managers engagement in investing time in training and teaching, as well as helping their staff to develop their strengths further. Indeed, the individualized consideration category presents leaders who show a great skill in mentoring as they empathize with their employees and understand them as individuals, this creates an environment that allows their employees to grow. Indeed, this trait resembles greatly with that of successful leaders of SMEs, hence such scattered results show limitations in these managers that should be considered. When we look at the literature presented earlier we observe how Gleeson (2016) concluded in his study that the leaders who were able to achieve the greatest volume

and quality of work were those that were both respected by their followers and who had the greatest respect for their followers. This is the second time in our study where we have seen support for this belief and thus leads us to believe that an important aspect for leaders of SMEs is to respect their subordinates because in doing so they will earn respect in return. Essentially, mutual respect in the workplace plays a key role when looking at a company's long term sustainability and growth and this is something important for SME owner/managers to be aware of.

#### 4.2 Results and analysis: Transactional leadership

When looking at transactional leadership we have the following definitions of the categories used in the MLQ according to Avolio and Bass (2002):

1. *Contingent reward* - this is based on leaders not only defining and setting organizational objectives but also recognizing and rewarding followers for attaining them. This characteristic is based on the assumption that individual and group performance will improve through the use of rewards and incentives.
2. *Management by exception (active)* - conversely to contingent reward, this characteristic involves leaders punishing subordinates for failing to meet previously defined objectives. This calls for constant monitoring and observing of follower performance so corrective measures can be enforced should failures occur.

Table 3: MLQ - Multifactor leadership questionnaire results (Transactional leadership)

Scale	Question number	1 (Less likely)	2	3	4	5 (Most likely)
Contingent reward	1	2 (6.7%)	1 (3.3%)	2 (6.7%)	18 (60%)	7 (23.3%)
	10	5 (16.7%)	3 (10%)	3 (10%)	13 (43.3%)	6 (20%)
	14	14 (46.7%)	3 (10%)	4 (13.3%)	5 (16.7%)	4 (13.3%)

	32	3 (10.3%)	3 (10.3%)	1 (3.4%)	15 (51.7%)	7 (24.1%)
Management by exception (active)	4	9 (30%)	6 (20%)	3 (10%)	5 (16.7%)	7 (23.3%)
	20	6 (20%)	7 (23.3%)	5 (16.7%)	10 (33.3%)	2 (6.7%)
	24	3 (10%)	7 (23.3%)	4 (13.3%)	11 (36.7%)	5 (16.7%)

### MLQ Questions relating to transactional leadership

#### *Contingent reward*

Q1: Your manager gives help to others in exchange for their efforts

Q10: Your manager discusses who is responsible for attaining specific performance goals

Q14: Your manager makes it clear what each one can expect to receive when performance targets are reached

Q32: Your manager expresses satisfaction when others correspond to his/her expectations

#### *Management by exception (active)*

Q4: Your manager focuses attention on irregularities, mistakes, exceptions and deviations from expected standards

Q20: Your manager devotes his/her whole attention to dealing with mistakes, complaints and failings

Q24: Your manager directs his/her attention to failings so as to attain the expected standards

Through analysis of the data presented in Table 3 we observe both scattered and more or less aligned results from the respondents. When we look at contingent reward we can see that the majority of employees answered that they agree that this characteristic is observed in their manager, with one exception (Q14).

The contingent reward category regarded four questions. The first question (Q1) asked whether the managers gave help to others in exchange for their efforts, and the majority of the responses were positive and aligned. The second question (Q10) asked whether the managers discussed who was responsible for attaining specific performance goals, again the

majority was positive to the statement and more or less aligned. The third question (Q14) asked whether the managers made it clear for what each one could expect to receive when performance targets were reached, this time the majority was negatively aligned towards the statement. The fourth question (Q32) asked if the managers expressed satisfaction when others corresponded to his/her expectations, here there was an aligned majority responding positively to the statement.

Effectively, the results show that most employees saw a strong presence of the contingent reward category in their managers. This category presents a leader who believes that rewards and incentives can improve a company's performance level and uses it to build up a strong and long lasting organizational structure. Indeed, this trait could be resembled both positively and negatively to that of a successful leader in a SME. On one hand, a leader who constantly rewards employees that show positive performance might have a negative and stressful effect on the others that need longer to perform similarly, on the other this approach could also be motivated to increase the incentives to all employees in the company to perform better in the long run. This finding is in line with studies done by Azevedo (2002) and Bolden (2004) where they found that leaders need to display varying styles of leadership depending on the situation they find themselves in and the employees they are surrounded by. This is very important for SME owner managers to keep in mind when leading a diverse team. Employees have different strengths and weaknesses and understanding this and using it to utilise employees in the best manner will enable the manager to gain the most efficiency from their team as well as create a greater level of employee job satisfaction. This is of special importance for owner/managers of Swedish SMEs as Sweden is home to one of the most culturally diverse business regions in the world (Lamson, 2013).

Looking now at management by exception (active) we observe that the majority of respondents agree that they observe these characteristics in their managers with another exception (Q4).

The management by exception (active) category regarded three questions. The first question (Q4) asked whether the managers focused attention on irregularities, mistakes, exceptions and deviations from expected standards, and this was the most evenly scattered responses throughout the entire questionnaire, not showing more alignment towards one or the other.

The second question (Q20) asked if the managers devoted her/his whole attention to dealing with mistakes, complaints and failings, again the responses were scattered and unaligned. The third and final question (Q24) within this category asked if the manager directed his/her attention to failings so as to attain the expected standards, and also for this questions the responses were scattered. Followingly, it must also be noted that the responses for the management by exception (active) category were noticeably more scattered than the contingent reward category, perhaps relating to difficulty in the understanding of the questionnaire or disagreement amongst employees as to the observation of these characteristics in their managers. Effectively, the results show that this category within the section of the transactional leadership shows much greater complexity and dissimilarities than the aforementioned results; all three questions about whether the employees saw a strong presence of the management by exception (active) category in their managers showed scattered results between far left (1) to far right (5). This category presents a leader who, conversely to the contingent reward approach, uses punishment as a result for employees failing to meet company objectives. With all questions regarding this category showing scattered results, there is essentially a great difference between the approaches of the managers to the employees participating in this research. Whether this is a result of situational based complex questions, or a genuine difference in their approaches, this is impossible to motivate. However, this trait can be argued to resemble both positively and negatively in relation to a successful leader of a SME; on one hand, a leader who does not let their employees be self-managed and punishes them as soon as they do something not aligned with the company objectives, will potentially not grow much at all as it decreases the incentive for the employees to be creative and innovative. On the other hand, if an employee is constantly not listening to the company objective and on multiple occasions failing to deliver on tasks, then potentially a punishment such as not giving that extra bonus that was being promised if succeeding could be acceptable and relevant to implement.

This again links to research done by Azevedo (2002) and Bolden (2004) showing us the importance of situational dependency on the leadership style chosen by managers. Individual employees respond differently to various leadership styles used on them by their managers. This is an important point for leaders of SME to realise in order to understand why certain employees are better suited to certain tasks as opposed to others.

### 4.3 Results and analysis: Passive-avoidant leadership

Lastly, in regards to passive-avoidant leadership we identify the following definitions of the categories used in the MLQ according to Avolio and Bass (2002):

1. *Management by exception (passive)* - leaders in this category only act when the problem or situation becomes severe. They will leave followers to fend for themselves and often only allow themselves to become available in emergencies.
2. *Laissez-faire* - this characteristic is associated with an absence of the typical leadership behaviours in the leader. Here leaders avoid making important decisions and are often unavailable to their followers and do not get involved in important matters.

Table 4: MLQ - Multifactor leadership questionnaire results (Passive-avoidant leadership)

Scale	Question number	1 (Less likely)	2	3	4	5 (Most likely)
Management by exception (passive)	3	3 (10%)	2 (6.7%)	2 (6.7%)	8 (26.7%)	15 (50%)
	11	12 (40%)	7 (23.3%)	4 (13.3%)	2 (6.7%)	5 (16.7%)
	15	7 (23.3%)	3 (10%)	5 (16.7%)	4 (13.3%)	11 (36.7%)
	18	6 (20%)	8 (26.7%)	4 (13.3%)	7 (23.3%)	5 (16.7%)
Laissez-faire	5	16 (53.3%)	3 (10%)	3 (10%)	5 (16.7%)	3 (10%)
	7	13 (43.3%)	7 (23.3%)	6 (20%)	2 (6.7%)	2 (6.7%)
	25	14 (46.7%)	7 (23.3%)	3 (10%)	3 (10%)	3 (10%)
	30	14 (46.7%)	5 (16.7%)	4 (13.3%)	5 (16.7%)	2 (6.7%)



## MLQ Questions relating to passive-avoidant leadership

### *Management by exception (passive)*

- Q3: Your manager interferes in problems when they become serious
- Q11: Your manager waits for things to go wrong before beginning to act
- Q15: Your manager shows he/she believes in “if it isn’t broken, don’t fix it”
- Q18: Problems must become chronic before your manager acts

### *Laaissez-faire*

- Q5: Your manager avoids getting involved when important matters arise
- Q7: Your manager is absent when employees need her/him
- Q25: Your manager avoids making decisions
- Q30: Your manager takes a long time to respond to urgent matters

Taking into account the data presented in Table 4 we can observe partially scattered results in the responses from employees however, there is a slight bias towards employees disagreeing that their managers display the characteristics associated with passive-avoidant leadership. If we look at management by exception (passive) we notice scattered results with questions 3 and 15 scoring high on the MLQ scale. Questions 11 and 18 on the other hand scored relatively low. On inspection of the questions we see that questions 3 and 15 relate to whether employees feel their managers prefer to stick to routines and will only interfere with assistance upon deviation from said routines. On the other hand, questions 11 and 18 ask employees if their managers wait for problems to become chronic before beginning to act. The similarity in these questions may have led to the scattered responses seen from employees in their answers.

Focusing now on laissez-faire we can clearly see that employees strongly disagreed with this characteristic and felt strongly that this was not something they observed in their managers. These questions related to the presence and availability of the manager to his/her employees. This is interesting to note as this is the strongest correlation of results that was detected through the survey which indicates to us that the majority of the managers amongst the SMEs interviewed were against utilizing any form of laissez-faire characteristics in their leadership styles. These findings are in agreement with those of Lewis (2006) and Gleeson (2016) whereby they state that the modern leader in Sweden is present and available to his/her

employees and earns their respect by giving respect in return. This again shows the importance of mutual respect in the workplace of SMEs. Furthermore these findings show us that the managers of the SMEs interviewed showed an interest in their employees work and were able to make the decisions needed of a person in their position. This confirms the findings of Ireland and Hitt (1999) who argued that managers who exhibited a personal interest in employee performance and career growth resulted in higher company performance and greater profit growth. This is useful information to any SME manager wanting to gain more performance out of their employees while simultaneously creating a nurturing, respectful work environment.

#### 4.4 The effect of gender on leadership styles observed by employees

We now turn our focus to the data presented in Table 5 to analyse the results of the effect of gender on leadership styles observed by employees. This table shows us what percentage of male and female employees observed each leadership style in their managers.

Firstly, looking at the transformational style of leadership, overall we can see a greater observation amongst female respondents towards a transformational style of leadership in their managers. The exception being the individualized consideration characteristic which relates to leaders who have the ability to empathize with followers and create an environment that encourages personal growth. This is interesting as it shows us that female employees are more likely to view their leaders as exhibiting transformational leadership characteristics. Furthermore it can be said that female employees are more inclined to observe their managers as working in tandem with leaders of the organization to complete objectives as this is one of the characteristics of transformational leadership. This idea is supported by research done by Chapman (2017) who concluded that females adopted more accommodative strategies and chose to form coalitions in an inclusive, fashion whereas males were found to engage in more exploitive techniques to gain individual advantages over their rivals.

Although female employees were found to observe a transformational leadership style in their managers more than their male counterparts did, it is worth noting that the males only fell slightly behind, with as little as 1% less in some instances. This could lead us to conclude that, as part of an SME all employees, regardless of gender, feel that their voice will be heard

and that they will have an impact in the managing of the company. When we link this to the literature (Bass, 1981; Ladzani et al. 2010; Kilpatric, 2009) that states that the effect of leaders is greater in smaller companies we can see the importance of the relationship between leader and subordinate in the SME setting. This is an important point for SME managers to take note of and remember just how much of an impact their leading of employees can have on the firm.

The greatest variance between the genders was shown in idealized influence (behaviour) with 11% fewer male employees observing their managers displaying this characteristic over the females in this category. This characteristic is exhibited by leaders who motivate followers through their belief in the organization's vision and their charismatic attitudes. This finding is interesting to note as it implies that males are less likely to see their managers as working towards the overall vision and mission goal of the organization than their female counterparts. This could be because males feel threatened by charming, charismatic leaders especially if the leader is also a male. Females on the other hand might be less inclined to view people in positions of power who display charismatic personalities as a threat. Again, we see this in literature (Paustian-Underdahl, 2014; Tate, 2015; Chapman, 2017) where researchers found that males would often rate themselves as being a better leader than their other male colleagues. Women on the other hand would rate themselves as having a worse leadership potential than their female colleagues. This could point to an insecurity in the males as they see their colleagues and managers as threats whereas females are less inclined to take such a view. Understanding this difference between the way male and female employees view themselves in the workplace is useful information to an owner/manager. Knowing this will enable the manager to be more aware and avoid making gender biased decisions based on preconceived notions of him/herself and fellow employees.

If we now look at the transactional style of leadership we can see a clear preference amongst male respondents to observe characteristics associated with this style of leadership in their managers. The greatest difference between genders within the transactional category fell within management by exception (active) with 16.7% more male employees viewing this characteristic in their managers than females. The management by exception (active) characteristic relates to leaders punishing subordinates for failing to meet predefined goals

or objectives. This is interesting to note the large difference between males and females in this category and the tendency for males to observe these characteristics more than their female counterparts do. This could point to an idea that male employees of SMEs are better motivated by threat of failure or punishment than by other means when compared with their female counterparts. This is in line with research by Paustian-Underdahl (2014) who found that males predominantly occupied upper roles in management positions which he linked to their stronger drive for success brought on by a fear of failure.

Lastly we focus on passive-avoidant leadership. Here we notice an almost identical correlation between male and female employees observing this style of leadership in their managers. It is interesting to note the relatively small difference between genders within this style, showing us that almost identical amounts of male and female respondents were inclined to view characteristics relating to this style of leadership in their managers. The close correlation is interesting and lends itself to the conclusion that both males and females can relate equally to this leadership style, whether it be positively or negatively. This idea could be of use to a manager of a team comprising equal amounts of men and women.

Furthermore we can see from the results that the leadership style least observed by employees from their managers, regardless of gender, was that of passive-avoidant and especially laissez-faire with as few as 42.5% of male and 44% of female respondents stating they observed their managers displaying characteristics associated with this style of leadership. This leads us to understand that all employees of the SMEs studied, males and females, are more inclined to view their managers as leading with a more hands-on, personal approach and to be available to their employees rather than to be absent in their managing style. We can see supporting arguments for this view if we look at the research by Gleeson (2016) who states that successful leaders empower their teams by being involved in their work, but not overbearing. We also see Mintzberg (1990) state that leaders should understand and be respected by the team, both of which are only achieved through being present and available to their employees. Therefore if we look at how Gleeson (2016) and Mintzberg (1990) define a good leader as being involved and respected, together with the data that shows that employees agree with their research and observe more hands-on leadership from their managers, we can conclude that the passive-avoidant style of leadership is neither a good leadership style nor one that is commonly observed by employees

in their managers. This information can be extremely useful to a newly appointed manager of an SME who is looking for new, practical ways to lead his/her employees.

Table 5: MLQ - Multifactor leadership questionnaire results (Gender)

Leadership style	Scale	% Male	% Female
Transformational	Idealized influence (attributes)	74.6	75.6
	Idealized influence (behavior)	67	78
	Inspirational motivation	68	77
	Intellectual stimulation	77	79.5
	Individualized consideration	70	63
Transactional	Contingent reward	71.7	66
	Management by exception (active)	67.7	51
Passive-avoidant	Management by exception (passive)	64	62
	Laissez-faire	42.5	44

Overall we see the leadership style most observed by employees in their managers, regardless of gender, was transformational. Here we see that as many as 77% of males and 79.5% of females showed an inclination towards seeing characteristics of intellectual stimulation in the leadership styles of their managers. Consequently, the manager is most effective in facilitating high performance from employees within the organization when he/she provides coaching and mentoring (i.e. individual consideration), shares a sense of common vision (i.e. inspirational motivation), encourages employees to think in different ways (i.e. intellectual stimulation) and earns employees' trust and confidence (i.e. idealized influence). This is in line with the studies mentioned earlier which found that transformational leadership characteristics foster employees' creativity and innovation, leading to an overall increase in performance and standard of work (Jung et al. 2003; Shin and Zhou 2003). To an SME manager, this knowledge that transformational leadership is the most commonly practiced leadership style amongst managers of SMEs, as observed by their employees, can be useful for two reasons: Firstly, it provides some insight into helping managers understand how other

managers act and achieve results. Secondly, it shows managers what leadership characteristics to focus on and nurture in other managers-in-training.

#### 4.5 The effect of industry on chosen leadership style

Through analysis of the data presented in table 6 we are able to understand which of the three leadership styles of transformational, transactional or passive-avoidant are more greatly observed in the managers amongst the industries that were studied. It is important to note that the results displayed in table 6 show the percentages of leadership styles exhibited by the leaders which were studied as seen by their employees. As one leader can exhibit more than one style, the percentages of course do not add up to 100.

Firstly, looking at clean technology we can see that the majority of managers within this industry are seen by employees to exhibit characteristics of a transformational leadership style while the leadership style the least noticed by employees of their managers is that of transactional. One reason for this could be that clean technology is a relatively new industry with new, fresh leaders who are more likely to exhibit more modern leadership styles such as transformational. This argument is supported by Karadag (2016) who, through his research, concluded that younger managers were more willing to try newer, modern leadership styles when compared with their older counterparts.

Secondly, if we look at the economic sector, we observe a clear preference of managers within this industry to show a transformational style of leadership. Here, employees responded that in 80% of their managers they see characteristics similar with this style of leadership while only 46% of the managers showed traits of a passive-avoidant style. This is interesting to note as traditionally, managers within the financial and economics sector motivate their employees through bonuses and promotions which are both clear techniques of transactional leadership. The reason we have observed that employees in this sector claimed that their managers show transformational leadership traits as opposed to transactional could be due to the fact that the organizations these employees and managers find themselves in are located in Sweden. In their research, Isaksson (2008) and Alexander (2013) stated: the Swedish leadership style can be characterized as teamwork, a desire for consensus and a

strong emphasis on culture. These characteristics are all typical of transformational leaders and therefore supports the theory that although managers in the economics sector typically display a transactional leadership style, when looking at the Swedish economic sector the style of transformational is more dominant.

Looking now at the employees from the energy industry we notice again a clear preference for managers within this sector to display traits of a transformational leader with employees responding that they see this style of leadership in 73% of their managers. As Busu (2017) postulated, employees within the renewable energy and similar industries are motivated more by a strong vision and a bigger picture of saving the planet than by monetary or career incentives. Both of these motivators are linked to characteristics of transformational leadership. It is then a worthwhile observation to note that the data collected in this study corroborates with this finding. This leads us to conclude that not only do employees in the energy sector respond better to being lead in a transformational manner but furthermore, managers within this sector are actually observed by their employees as leading in a transformational manner.

If we now turn our attention to the food innovation industry we observe that managers working within this sector exhibit a strong preference towards a transformational style of leadership. Amongst respondents within this industry, we can see that 79% of managers show characteristics of this leadership style while the least common style observed is passive-avoidant leadership with only 46% of managers displaying traits of this style. The results from the respondents within the food innovation sector are interesting for two reasons: not only did the employees observe transformational leadership characteristics in their managers more than any other industry but they also observed passive-avoidant characteristics the least out of all the industries. This may be attributed to a number of reasons, one being that the employees interviewed for this study predominantly came from a kitchen or bakery environment. In such environments where subordinates work in very close proximity (often in the same kitchen) to their managers, this allows managers to be more hands-on and available to their subordinates. As such and as supported by literature (Gleeson, 2017; Goffee and Scasse, 2015), managers in these smaller organizational structures, like kitchens, benefit from applying a more personal approach to their leadership of subordinates.

Furthermore, from our results we can propose an answer to one of the questions posed earlier: the size of the industry does have an influence in the leadership style adopted by managers.

Looking at the I.T. sector in table 6 we observe a similar trend as with the previous sectors with most managers showing a preference towards using a transformational style of leadership in their approach to management. Moreover, respondents from this sector indicated that they observed transactional leadership characteristics in 64% of their managers - the second highest out of all industries. One of the reasons for this observation might be the stage of company lifecycle development that the companies interviewed were in. All companies were in the initial phases of transitioning from start-up to fully functioning SME and as such and as supported by Wang (2016), access to finance was becoming a problem. This might have caused owner/managers to lead with a more financial-guided mindset and use monetary and promotional incentives to motivate employees - both typical transactional leader characteristics. Furthermore, as these organizations were expanding so too were their operating costs and strain on human capital, this is in line with research done by the development bank of Canada (2015) who found that these two issues were indeed, an obstacle to SME growth. Both these issues will force employees to have to step up and take on more workload and responsibility. This results in employees demanding greater salaries and benefits from their managers and as such a transactional leadership style would work best in this environment. This is confirmed by the findings of the questionnaire.

If we look now at the medical technology industry, here we observe a close correlation between characteristics of transformational and transactional leadership being exhibited by managers with 78% and 75% of managers displaying these leadership styles respectively. Something that must be pointed out is the close relation between the results from medical industry and food innovation with employees from both sectors observing high transformational and low passive-avoidant characteristics in their managers. The medical industry and the food innovation industry were both sectors where we observed respondents working in the closest proximity to their managers as opposed to the other, larger industries. This further supports our previous argument as well as those by Gleeson (2017), Goffee and Scasse (2015) that the size of the industry plays a role in the leadership style chosen by



managers. It is reassuring to see that not only does literature point to these styles being most effective in smaller organizations but that empirical data shows us that managers within these organizations employ these techniques in practice too. Furthermore, the medical technology industry also saw employees responding with the highest observation of transactional leadership amongst their managers than any other industry. This is most likely due to the highly structured hospital environment the employees find themselves in (most respondents in this industry were nurses and doctors). In such a high stakes environment where clarity is paramount leaders need to be clear with their instructions and create clear structures, pathways and guidance to employees to allow them to achieve their goals - all attributes which Bass and Bass (2008) and Bass and Avolio (1997) relate to transactional leadership.

Finally, if we look within the industry of smart cities we again see a bias of managers towards using a transformational style of leadership in their managing of employees. This industry was, however, the industry with the least percentage of managers displaying traits of this leadership style with only 68% of them doing so as seen by their employees. This could be due to the fact that smart cities was also the industry where we observed the least amount of employees responding to our questionnaire and as such the results are not as reliable as those we have seen in the other industries.

*Table 6: MLQ - Multifactor leadership questionnaire results (Industry)*

Industry	Leadership Style	% Leaders exhibiting this style (as observed by employees)
Clean technology	Transformational	74
	Transactional	55
	Passive-avoidant	65
Economics	Transformational	80
	Transactional	56
	Passive-avoidant	46
Energy	Transformational	73
	Transactional	61
	Passive-avoidant	56

Food innovation	Transformational	79
	Transactional	62
	Passive-avoidant	46
I.T.	Transformational	77
	Transactional	64
	Passive-avoidant	53
Medical technology	Transformational	78
	Transactional	75
	Passive-avoidant	53
Smart cities	Transformational	68
	Transactional	59
	Passive-avoidant	53

To summarize, what we can see from the results displayed in table 6 is that employees felt very strongly that their managers exhibited characteristics of a transformational leadership style more than any other style regardless of industry. This correlation was so clear in fact, that employees in every industry agreed with this statement. Furthermore, we also observe that the style of passive avoidant was the least commonly observed leadership style amongst managers in these industry's (clean technology being the only exception). These observations are interesting for a number of reasons: firstly, we notice from the previous chapter that both males and females favour a transformational leadership style from their managers. This correlates with the findings in this chapter that all managers, regardless of industry, were seen as displaying a predominantly transformational leadership style. This is a reassuring observation that managers are displaying the leadership characteristics desired of them by their employees.

## 5. Discussion and Conclusion

In the current global business market, characterized by many competitors, globalization and the constant need to innovate, SMEs are needing to find new methods of coping and adapting to this volatile environment. The individuals spearheading this process of change are, first and foremost, the leaders of these enterprises. Their actions, behaviour and ultimately, style of leadership have a large influence on the management of the firm. However, up until now not much empirical research has been conducted into just which leadership style is the most prominently used by managers in small, young SMEs in Sweden. This was the main aim of our study. Through this, we hoped to provide insight into how SME managers can benefit from an understanding of this knowledge and furthermore, what role gender and industry had on the leadership in the SMEs chosen.

Based on the empirical evidence obtained through this study we conclude that there was no one single pure leadership style observed by employees in the managers of the SMEs investigated. Instead, respondents answered that they saw a variety of leadership styles in their managers. However, it was clear from the data that certain leadership styles were more observed than others. In fact, transformational leadership was the style observed most prominently by employees in their managers and thus, we concluded, this is the most common leadership style utilized by these managers.

One purpose of this study was to investigate the leadership styles of transformational, transactional and passive-avoidant used by managers at SMEs based in Sweden. To the best of our knowledge, this had not been previously achieved in the Swedish context and would therefore be a new contribution to our understanding of two well-known but fragmented theories: leadership and SMEs. Besides an understanding of the role leaders play in SMEs, this study contributes to making owners and managers aware of the potential impact and influence their leadership style has on the successful operation and growth of their organization.

This thesis also provides an overview and analysis of the existing knowledge on the topic of leadership within SMEs. This was achieved through the presentation of an in-depth study on

selected literature on leadership and SMEs. The literature chosen was in line with that used in previous studies on the separate topics of leadership and SMEs.

Through this study, we concluded that a compact notion of leadership is still not universally described and accepted. Since leaders are people, their individual personalities and attitudes contributed to the vast number of leadership characteristics. The many studies which have been carried out allowed us to pinpoint some qualities of these individuals in order to summarize their styles and extract common attributes of great leaders. Although intuitive, we presented how culture and geography also play a vital role in leadership, both in and outside of the business environment. As society continues to evolve, the description of the modern day leader and manager is further adjusted and the importance of gender equality becomes of greater importance. Additionally, through this study the findings indicated how the organizations within which these leaders find themselves greatly influence their approaches.

Furthermore, we presented arguments motivated by literature for the importance leadership plays in the successful operation of an SME and managing of employees. From the literature presented it became clear that various leadership styles exist and managers will often exhibit varying degrees of each style depending on the situation they find themselves in. In understanding the differences between the leadership styles of transformational, transactional and passive-avoidant we can see the need for managers to be aware of their preferred style and the associated pros and cons that accompany it. Following this, literature was presented that made the case for the role that the size of the organization has on the leadership displayed by its managers. The most important finding of this being that the smaller the organization the greater the impact of the leaders is on their respective followers. Essentially, there is an immense amount of literature regarding both leadership and SMEs separately, but not as much when it comes to looking at the two in combination. The literature used in this research was carefully chosen to suit the purpose and as previously mentioned the findings collected were very much supported by previous literature and research.

Through this thesis, we observed that SMEs are a vital aspect of the economy of any country. Coupling this with the knowledge that leadership can play a key role in SME success or failure and we understand the importance for managers to have a thorough understanding of the influence their personal leadership style has on the success of the firm.

Furthermore, this thesis investigated which of the three leadership styles of transformational, transactional and passive-avoidant is the most prominently used by managers in SMEs as observed by their employees. Through this study the conclusion was made that transformational was the most displayed leadership style amongst managers as seen by their employees. This was an expected result as it was motivated by previous studies done by Bass (2008) and Langowitz (2010). Furthermore, the study revealed that the majority of employees indicated that they did not observe their managers displaying traits related to passive-avoidant leadership. This is interesting to note as it was the strongest correlation of results that was detected through the survey which indicates to us that the majority of the managers amongst the SMEs interviewed were against utilizing any form of passive-avoidant or laissez-faire characteristics in their leadership styles.

Moreover, this thesis detailed the potential benefits of this knowledge to owner/managers of SMEs. Through an in depth analysis of the literature review and empirical data the importance of having an understanding of how their employees perceive their style of leadership was outlined.

This is the first step in creating more aware managers who are better equipped at leading SMEs and ensuring their firms' continual growth and competitiveness.

The most important practical implication of this study is for leadership and management development in SMEs. If the style of leadership exhibited by SMEs' owner-managers has a significant role in the way employees perform and the way the company is operated then owner/managers of SMEs need to encourage leadership of this kind. Previous literature also postulates that employees are more receptive to transformational leadership in the less complex and more informal setting of SMEs. Findings detailed in the literature review portion of this study support this view. In this study, employees were more likely to rate leaders as displaying characteristics of transformational leadership. Further research is needed however to explore whether managers are indeed acting in this manner or whether it is just the perception of the employee. As argued by previous studies, the ability of transformational leaders to positively influence subordinates and the organization as a whole allows the opportunity for these leaders to have a further influence on other organizational variables.

The transformational leadership style could potentially increase employees' job commitment and satisfaction and ultimately their overall performance.

The practical implication to managers of understanding how their employees perceive their style of leadership is the first step in creating managers who are both aware of their own perception of their leadership style as well as the view of their employees.

However, this study is not without limitations. The discrepancy between the amount of SMEs reached out to and the amount of SMEs participating was surprisingly high. Arguably, there is no surprise that a higher responding percentage could increase the accuracy of the empirical results. Indeed, the results, behaviours and conclusions obtained in this thesis are only valid for the thirty cases studied and as such should be interpreted with caution. The choice of collecting anonymous replies was a further contextual factor that brought a few limitations to the study. Furthermore, few responses combined with a promised anonymity also meant that there were fewer data from each industry than was hoped for. This outcome resulted in a limited analysis of each individual response as well as a reduced possibility to generalize the final results. Lastly, the focus group is limited to SMEs owned and operated in Sweden; this limits the possibility to generalize the data into an international context. The primary intention was to conduct a cross-sectional study combining qualitative interviews with a quantitative survey, but due to time restrictions and low response rates the qualitative method had to be excluded from the research. Accordingly, the empirical data was collected through solely the *MLQ*, potentially having a negative effect on the accuracy of the final results.

## 6. Future Research Proposals

Finally, we wish to provide ideas for how to improve future research within this field. Given the drawback of only studying the observation of the employees, it would be interesting to learn how the leaders perceive their own style of leadership and whether this aligns with the observations of their employees or not. Performance is a further variable that would be interesting to study. If we could measure the correlation between performance and these three leadership styles and in doing so, measure the success in a company related to manager behaviour, this would be of great use to business owners/managers. Furthermore, all the SMEs studied were confined to the Swedish market. While this was valuable nonetheless, in the future it would be interesting to study and compare SMEs from a variety of regions. A final point to note would be the correlation between the employees observations and their preferences. It would be interesting to study how closely the leadership styles the employees observed in their managers aligned with the styles that they *preferred* to see. Additionally, it would be interesting to study leadership across companies within various industries as well as studying the various leadership styles displayed by managers at different hierarchal levels within the same company. These studies would be interesting as it could make managers more aware of the expectations of their employees when they move between industries. Correlating the two above mentioned theories could result in a study that measures whether an organization is more or less successful when their employees are being led in the manner in which they want to be led. This could be achieved through either solely creating a more detailed survey including questions regarding all aforementioned aspects, producing a cross-sectional study or combining quantitative and qualitative data through a combination of a more detailed survey and semi structured interviews. Lastly, with more time there is an essential value in interviewing both employees and managers and gaining an understanding into the views and opinions of both.

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# Leadership in SMEs: What leadership style do you see your manager apply in your workplace?

This survey has been made for academic purposes and will be used as part of a master's thesis dissertation at Lund University and as such will be kept strictly confidential. It aims to collect data from employees of SMEs in Sweden with regards to what they observe about their managers leadership styles.

The survey will consist of pre-written statements about a managers behaviour. Participants will then be asked to select the number that best corresponds with their individual perception of the statement. There is no right or wrong answer, the results will be anonymous and the survey should take between 10-20 minutes to complete.

Are you an employee or a manager? \*

Employee

Manager

Other: .....

Gender \*

Female

Male

Other

### What industry are you working within?

- Smart Cities
- Energy
- Food Innovation
- Clean technology
- Medical technology
- Life Science
- Smart materials
- IoT
- IT
- Economics
- Law

### Q1/40 Your manager gives help to others in exchange for their efforts

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

### Q2/40 Your manager examines situations critically asking if they are suitable

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q3/40 Your manager interferes in problems when they become serious**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q4/40 Your manager focuses attention on irregularities, mistakes, exceptions and deviations from expected standards**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q5/40 Your manager avoids getting involved when important matters arise**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q6/40 Your manager converses about her/his most important beliefs and values**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q7/40 Your manager is absent when employees need her/him**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q8/40 Your manager looks for alternative ways to solve problems**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q9/40 Your manager speaks optimistically about the companys' future**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q10/40 Your manager discusses who is responsible for attaining specific performance goals**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q11/40 Your manager waits for things to go wrong before beginning to act**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q12/40 Your manager speaks enthusiastically about what must be carried out**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always



**Q13/40 Your manager invests time in teaching and training**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q14/40 Your manager makes it clear what each one can expect to receive when performance targets are reached**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q15/40 Your manager shows he/she believes in "if it isn't broken, don't fix it"**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q16/40 Your manager goes beyond his/her own interest in the group's well-being**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q17/40 Your manager treats others as people rather than treating them just as members of the group**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q18/40 Problems must become chronic before your manager acts**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q19/40 Your manager acts in a way that achieves others' respect**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q20/40 Your manager devotes his/her whole attention to dealing with mistakes, complaints and failings**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q21/40 Your manager considers the ethical and moral consequences of his/her decision**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q22/40 Your manager demonstrates a sense of power and confidence**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q23/40 Your manager articulates a positive and motivating vision of the future**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q24/40 Your manager directs his/her attention to failings so as to attain the expected standards**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q25/40 Your manager avoids making decisions**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q26/40 Your manager considers each person as having needs, skills and aspirations that are different from those of others**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q27/40 Your manager gets others to look at problems from different angles**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q28/40 Your manager helps others to develop their strengths**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q29/40 Your manager suggests new alternatives, ways of carrying out and complementing activities**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q30/40 Your manager takes a long time to respond to urgent matters**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q31/40 Your manager emphasizes the importance of having a single mission direction**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q32/40 Your manager expresses satisfaction when others correspond to his/her expectations**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q33/40 Your manager expresses confidence in reaching targets**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q34/40 Your manager is effective in dealing with others' needs in relation to work**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q35/40 The leadership methods that your manager uses are satisfactory**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q36/40 Your manager gets others to do more than is expected**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q37/40 Your manager is effective in representing her/his group at higher hierarchical levels**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q38/40 Your manager works with others satisfactorily**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q39/40 Your manager raises other people's desire to obtain success**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Q40/40 Your manager is effective in dealing with the organization's needs**

	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently, if not always

**Did you find the questions easy to answer?**

Yes

No

**Other thoughts or comments**

I am the manaher  
.....

Thank you very much for participating! Please press submit when you are ready.

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