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ANALYSIS OF LEADERSHIP STYLES IN CROATIA

Abstract

During the last two decades, leadership has become the focus of intense interest and research by scientists and theorists. A large number of leadership models have been developed in order to define and enable a certain level of business flexibility that is crucial for survival in a new business environment characterized by frequent market changes, growing global competition and technology development together with demographic changes of employees. This paper aims to determine the dominant leadership style in organizations in Croatia. For the purpose of this paper, empirical research was conducted with the goal of defining the leadership styles of top and middle management of 205 active organizations in Croatia. The research was based on the leadership model developed and established by Rensis Likert. An analysis of leadership styles variables showed that there is a distinguished leadership style in organizations in Croatia. Furthermore, there is an empirically distinguished leadership style concerning the size of the organizations, ownership type and the branches of activity of the organizations in Croatia.

Keywords: leadership style, leadership, manager, Croatia, Likert

1. Introduction

Management and leadership have been the interest of many researchers for decades, but the second half of the 20th century records an intense interest for comprehension and distinction between management and leadership. Leadership presents a management function directed toward people but it also represents a process of influence aimed at achieving individual and organizational goals. Literature has listed a variety of models for leadership style definition. The Rensis Likert model is the most known and used model for defining leadership styles.

Together with theory review, the paper presents the results of conducted empirical research. The paper is composed of four parts. Following the introduction, the second part concerns the theoretical findings of leadership function and leadership styles. The third part shows empirical research of determination of prevailing leadership style, while the fourth part gives the main results and findings.

2. Theoretical review of leadership function and leadership styles

There are numerous definitions of leadership. Vrdoljak Raguž (2009) presents some of the most important and recognized definitions:

- Leadership is "...behavior of individuals directed toward group activities toward chosen and shared goals (cf. Hemphill & Coons, 1957)".
- Leadership is "...practice in which individuals mobilize institutional, political, psychological and other resources to enhance and to accommodate the motives of followers (cf. Burns, 1978)".
- Leadership is "...a process of group influence on group organized values and creation of environment where everyone can achieve their goal (cf. Richards & Engle, 1986)".
- Leadership is about "...vision articulation, achieving values and creating environment where all the goals can be achieved (cf. Richards & Engle, 1986)".

By the end of last century, research was based on situations that show how leadership works. In consequence, all of the theories and empirical research are classified into three types of approaches (Northouse, 2010):

- approach based on personal characteristics;
- behavioral approach;
- situation approach.

Northouse (2010) identifies four components that are common to almost all leadership definitions:

- Leadership is process;
- Leadership includes enforcement;
- Leadership appears in group context;
- Leadership includes achieving a goal.

According to literature dealing with leadership, leadership styles in modern management are extremely complex and represented with numerous definitions. Two basic styles, autocratic and democratic, present the main characteristics on which other models of leadership are developed. In theory, there are three basic leadership styles (Bahtijarević-Šiber et al., 2001):

- *Autocratic leadership style* is based on centralization of power and authority in the hand of one person. An autocratic leader has unlimited power in decision-making. The leader, autocrat, commands by using systems of punishment and rewards.
- *Democratic leadership style* is characterized by inclusion of subordinates in the process of decision-making. There is two-way communication, which is motivating for the group members, and for individuals; employees are allowed to communicate their own ideas, which encourages creativity and innovation.
- *Laissez-faire style* is characterized by avoidance of responsibility. Group members are advised to choose their assignments and to do what they do best and in the best possible way. The communication flow is primarily horizontal between equal members.

3. Research of prevailing leadership style in organizations

3.1. Definition of goals and methods of research

Research of leadership styles is based on the Likert analytical method for organization analysis and identification of the average leadership style. The Rensis Likert model, introduced in 1961 is the most known and used model for defining leadership styles. The research will cover six components that, according to Likert, define leadership styles (Vrdoljak Raguž, 2010):

- Leadership as the first component of leadership styles is measured by: loyalty of the leader toward subordinates, feeling of freedom in communication with the leader and use of ideas of subordinates;
- Motivation is measured by the following components: forms and ways of motivation tools, responsibility for goal achieving and teamwork ;
- Communication inside organizations is measured by the following components: usual flow of information and how well managers know the problems of subordinates;

- Decision making is measured with the help of the following components: the level of decision making, employee participation in decision making and motivation of employees;
- Goals are measured by the following components: ways of forming goals and existence of resistance toward goals;
- Controlling is measured by the existence of resistance toward rules and the purpose of control sheets.

Research will enable the analysis of the prevailing leadership style according to the Likert system:

a) Extremely authoritative (autocratic) style – system I – range from 0 to 1,

b) Paternalistic style – system II – range from 1 to 2,

c) Consultative style – system III – range from 2 to 3,

d) Participative style – system IV – range from 3 to 4.

Considering the theoretical and empirical research, the primary goals of research are to prove if there is a distinguished leadership style in organizations in Croatia. Furthermore, the research aims to prove if there are distinguished leadership styles concerning the size, the ownership type and branch of activity of the organizations.

Table 1. Distribution of the sample according to basic branches of activity

Branch of activity	N	Share (%)
Agriculture, forestry and fishing	9	4.39
Mining and quarrying	2	0.98
Manufacturing	22	10.73
Electricity, gas, steam and air conditioning supply	3	1.46
Water supply; sewerage, waste management and remediation activities	7	3.41
Construction	16	7.80
Wholesale and retail trade; repair of motor vehicles and motorcycles	46	22.44
Transportation and storage	4	1.95
Accommodation and food service activities	17	8.29
Information and communication	12	5.85
Financial and insurance activities	9	4.39
Real estate activities	2	0.98
Professional, scientific and technical activities	8	3.90
Administrative activities	6	2.93
Public administration and defense; compulsory social security	2	0.98
Education	6	2.93
Human health and social work activities	3	1.46
Arts, entertainment and recreation	5	2.44
Other service activities	25	12.20
Activities of households as employers; undifferentiated goods – and services –producing activities of households for own use	1	0.49
Activities of extraterritorial organizations and bodies	0	0.00

Source: authors

3.2. Methodology

The population of the research was based on all active organizations of all sizes in Croatia. The research was based on the organizations listed in the project "555 financially most successful organizations and comparison of all economic sectors" and the project "Small are big" that listed 303 most successful small organizations in Croatia. A total of 700 questionnaires were sent out, specifically to managers/directors (after the elimination of those organizations that were no longer active or had no active electronic address) from February to August 2013. The data presented here refers to the observed year, i.e. 2013.

For the purpose of this research, a Limesurvey questionnaire from the University of Zagreb Computing Centre (SRCE) was used. A total of 205 fully answered questionnaires were returned which represent 29.29% of base data. Questionnaires were based on the Likert analytical method and included closed-type questions (with only one exception: What is the year your organization was founded?)

3.3. Research results

The main goal of this chapter is to present the research results as well as the whole procedure of data representation. The presented results will include the main characteristics of the organizations included in the research as well as the styles of leadership.

3.3.1. Main characteristics of the organizations in the research sample

Table 1 shows the distribution of the sample according to each basic branch of activity. The structure of the sample can be considered satisfying for making relevant conclusions regarding the defined goals since the aim of the research was to include as many organizations in different branches of the activities. The most represented in the sample are the processing industry, wholesale and retail sales, accommodation and other service activities that are expected since these activities dominate the structure of registered organizations in Croatia.

It is reasonable to conclude that organizations in private ownership are dominant in the sample (82.93%). The structure of the sample considering the ownership type of organizations is shown in Table 2.

Table 2. Distribution of the sample according to ownership type

Answer	N	Share (%)
state	20	9.76
private	170	82.93
mixed	15	7.31

Source: authors

The third researched characteristic is the size of the organizations according to the number of employees. In this context, it is important to mention that there is no standardized definition that could embrace the organization size. The number of employees represents transparent criteria. All organizations are divided into four basic groups, as follows: micro organizations from 1 to 9 employees, small organizations from 10 to 49 employees, medium organizations from 10 to 49 employees and large organizations from 250 employees and more. Considering the size of the organizations in the sample, it is reasonable to conclude that this sample is satisfying. The structure of the sample according to the size of the organization is shown in Table 3.

Table 3. Distribution of the sample according to number of employees

Answer	N	Share (%)
Up to 9 employees	50	24.39
10-49	71	34.63
50-249	42	20.49
250 and more	42	20.49

Source: authors

Table 4 shows the distribution of the sample according to the year of foundation and it is reasonable to conclude that "younger" organizations prevail in the sample. The sample can be considered satisfying since the conducted research covered the organizations ranging from those founded before 1990 to those founded in 2012.

Table 4. Distribution of the sample according to year of foundation

Foundation year	N	Share (%)
Before 1900	6	2.93
1901 – 1950	9	4.39
1951 – 1970	15	7.32
1971 – 1990	30	14.63
1991 – 2000	67	32.68
2001 – 2012	78	38.04

Source: authors

Considering the above-defined main characteristics, the quality of the sample allows relevant conclusions about previously defined goals.

3.3.2. Analysis and definition of prevailing leadership style in organizations in Croatia

As previously mentioned, the Likert model was used for diagnosing the prevailing leadership style. According to Likert, the most effective leadership style is system IV, which indicates the participative leadership style. The conducted research shows the extent to which Croatian managers use the participative leadership style (system IV). Regarding the statistical indicators shown in Table 5, the consultative leadership style is the prevailing leadership style in researched organizations. Consultative leadership style dominates in five of the six leadership components. The first characteristic, motivation, is in contrast to the consultative leadership style since the mean is 1.72, showing an extremely authoritative leadership style. Overall, the prevailing leadership style according to the Likert leadership scale would be between paternalistic and consultative leadership style with a mean of 2.78.

The analysis of leadership styles variables has shown that the organizations' behavior and practice of researched managers in Croatian organizations is the combination of paternalistic (system II) and consultative leadership style (system III). Accordingly, the analysis and results of conducted research show that there is a prevailing leadership style in Croatian organizations.

Table 5. Statistical view of variables of leadership styles and prevailing leadership style in organizations

		Motivation	Interaction	Organization goals	Decision making	Communication	Control	Leadership styles
N	Valid	205	205	205	205	205	205	205
Mean		1.72	3.02	2.98	2.71	3.17	3.07	2.78
Median		1.50	3.00	3.00	3.00	3.33	3.50	2.89
Std. Deviation		0.696	0.70	0.92	0.80	0.76	0.98	0.81
Percentiles	25	1.25	2.60	2.60	2.00	3.00	2.50	2.33
	75	2.00	3.40	3.80	3.00	3.67	4.00	3.31

Source: authors

Table 6. Statistics of leadership style variables and prevailing leadership style according to organization size

Number of employees		Motivation	Interaction	Organization goals	Decision making	Communication	Control	Leadership styles
Up to 9	N	50	50	50	50	50	50	50
	Mean	1.74	3.13	3.14	2.83	3.37	2.98	2.86
	Std. Deviation	0.67	0.63	0.87	0.85	0.60	0.93	0.76
	Median	1.50	3.00	3.20	3.00	3.33	3.00	2.84
10 - 49	N	71	71	71	71	71	71	71
	Mean	1.66	2.99	2.94	2.62	3.19	3.02	2.74
	Std. Deviation	0.64	0.72	0.91	0.77	0.74	0.89	0.78
	Median	1.50	3.00	3.00	3.00	3.33	3.50	2.89
50 - 249	N	42	42	42	42	42	42	42
	Mean	1.80	2.97	2.85	2.81	3.04	3.12	2.76
	Std. Deviation	0.67	0.71	0.95	0.75	0.76	0.93	0.80
	Median	1.63	3.00	3.00	3.00	3.00	3.50	2.85
250 and more	N	42	42	42	42	42	42	42
	Mean	1.71	3.00	2.97	2.61	3.02	3.23	2.75
	Std. Deviation	0.80	0.72	0.88	0.81	0.89	0.91	0.84
	Median	1.63	3.10	3.20	3.00	3.00	3.25	2.86

Source: authors

3.3.3. Analysis and definition of prevailing leadership style in researched organizations concerning the size, the ownership type and branch of activity of the organizations

An analysis of the prevailing leadership style was conducted concerning the size of the organizations defined by the number of employees as shown in Table 6.

The prevailing leadership style in organizations up to nine employees that were included in the research is between system II and system III, respectively, between the paternalistic and consultative style. Further, the prevailing leadership style in organizations that employ between 10 and 49 employees is also between system II and system III (paternalistic and consultative style). In organizations that employ from 50 to 249 employees the prevailing leadership style is between system II and system III with a mean of 2.76, respectively, between the paternalistic and consultative style. In organizations that employ 250 employees and more the prevailing leadership style is also between system II and system III with a mean value of 2.75. The motivation factor in analysis of the prevailing leadership style according to the size of the organizations belongs to system II, which represents an extremely authoritative leadership style with a mean value of 1.74. For organizations up to nine employees, it was 1.66; for organizations from 10 to 49 employees, 1.80; for organizations from 50 to 249 employees and organizations that have 250 employees and more, the mean value was 1.71. The analysis and results of the research lead to the conclusion that the prevailing leadership style considering the size of the organization is between system II and system III but in most categories closer to system III. This confirms that

there is a prevailing leadership style considering the size of the organizations.

Table 7. Statistical view of leadership style variables and prevailing leadership style according to ownership type

Ownership type		Motivation	Interaction	Organization goals	Decision making	Communication	Control	Leadership styles
State	N	20	20	20	20	20	20	20
	Mean	1.76	2.92	2.53	2.48	2.80	2.78	2.54
	Std. Deviation	0.73	0.84	1.13	0.91	1.03	1.02	0.95
	Median	1.50	3.10	2.60	2.50	3.00	3.00	2.62
Private	N	170	170	170	170	170	170	170
	Mean	1.70	3.03	3.02	2.73	3.21	3.10	2.80
	Std. Deviation	0.69	0.68	0.88	0.78	0.69	0.96	0.78
	Median	1.50	3.00	3.00	3.00	3.33	3.50	2.89
Mixed	N	15	15	15	15	15	15	15
	Mean	1.90	3.07	3.05	2.80	3.16	3.17	2.86
	Std. Deviation	0.62	0.67	0.98	0.78	0.91	0.99	0.83
	Median	1.75	3.00	3.20	3.00	3.33	3.50	2.96

Source: authors

An analysis of the prevailing leadership style was conducted concerning the ownership type organizations as shown in Table 7. According to the research, the prevailing leadership style in organizations in state ownership is between system II and system III with a mean value of 2.54. In organizations in private ownership, the prevailing leadership style is also between system II and system III. In organizations with mixed ownership, the prevailing leadership style is closer to system III (consultative leadership style) with a mean value of 2.86. This confirms that there is a prevailing leadership style considering the ownership type.

An analysis of the prevailing leadership style was conducted also according to the basic branch of activity of the organizations. According to the research data, the prevailing leadership style is between system II and system III with a mean value of 2.54 in water supply, sewerage, waste management and remediation activities, and with the highest mean value of 3.40 in activities of households as employers; undifferentiated goods – and services – producing activities of households for own use. This confirms that there is a prevailing leadership style considering the branch of activity.

4. Conclusion

For the purpose of this paper, empirical research was conducted with the goal of defining the leadership styles of top and middle management of 205 active organizations in Croatia. The research was based on the leadership model developed and established by Rensis Likert. Considering the theoretical and empirical research, the primary goals of research were to prove if there is a distinguished leadership style in organizations in Croatia and if there are distinguished leadership styles concerning the size, the ownership type and branch of activity of the organizations.

Table 8. Mean of leadership style variables and prevailing leadership style according to branch of activity

Branch of activity	N	Leadership style
agriculture, forestry and fishing	9	2.78
Mining and quarrying	2	2.90
Manufacturing	22	2.82
Electricity, gas, steam and air conditioning supply	3	2.89
Water supply, sewerage, waste management and remediation activities	7	2.54
Construction	16	2.81
Wholesale and retail trade; repair of motor vehicles and motorcycles	46	2.84
Transportation and storage	4	2.86
Accommodation and food service activities	17	2.85
Information and communication	12	2.63
Financial and insurance activities	9	2.68
Real estate activities	2	2.76
Professional, scientific and technical activities	8	2.78
Administrative activities	6	2.67
Public administration and defense; compulsory social security	2	2.95
Education	6	2.37
Human health and social work activities	3	2.96
Arts, entertainment and recreation	5	2.76
Other service activities	25	2.76
Activities of extraterritorial organizations and bodies	1	3.40
Total	205	2.78

Source: authors

An analysis of leadership styles variables showed that the organizations' behavior and practice of researched managers in Croatian organizations is the combination of paternalistic (system II) and consultative leadership styles (system III). The analysis and results of the research indicate that the prevailing leadership style considering the organization size is between system II and system III but in most categories closer to system III. According to the research, the prevailing leadership style in organizations in state ownership is between system II and system III with a mean value of 2.54. In organizations in private ownership, the prevailing leadership style is also between system II and system III.

In organizations in mixed ownership, the prevailing leadership style is closer to system III (consultative leadership style) with a mean value of 2.86. According to the research data, the prevailing leadership style is between system II and system III with a mean value of 2.54 in water supply, sewerage, waste management and remediation activities, and with the highest mean value of 3.40 in activities of households as employers; undifferentiated goods – and services –producing activities of households for own use. Considering the results of the research, there is a distinguished leadership style in organizations in Croatia, and there are distinguished leadership styles concerning the size, the ownership type and branch of activity of organizations in Croatia.

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Analiza stilova vodstva poduzeća u Hrvatskoj

Sažetak

U posljednja dva desetljeća vođenje je postalo predmetom intenzivnoga zanimanja i proučavanja znanstvenika i teoretičara. Razvijaju se brojni modeli vođenja kojima se pokušava omogućiti postizanje određene razine fleksibilnosti poslovanja koja je od iznimne važnosti za opstanak u novom poslovnom okruženju koje je okarakterizirano učestalim promjenama na tržištu, rastućom globalnom konkurencijom, ubrzanim razvitkom tehnologije te demografskim promjenama zaposlenika. Cilj rada je utvrditi dominantni stil vodstava u hrvatskim poduzećima te će se u tu svrhu provesti empirijsko istraživanje radi utvrđivanja stilova vodstva metodom anketiranja vrhovnoga i srednjega menadžmenta aktivnih poduzeća utemeljeno na Likertovom modelu vodstva. Istraživanjem se želi pristupiti dijagnostičkom modelu za utvrđivanje dominantnoga stila vodstva prema dobivenim odgovorima na šest komponentni koje po Likertu određuju stilove vodstva: vođenju, motivaciji, komunikaciji, odlučivanju, ciljevima i kontroliranju.

Ključne riječi: stilovi vodstva, vodstvo, menadžer, srednja poduzeća, velika poduzeća