

# ANALYSIS OF THE LEADERSHIP STYLE IN RELATION TO THE CHARACTERISTICS OF CROATIAN ENTERPRISES

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## ABSTRACT

Given the specificity of leadership, as well as the characteristics of the leader and their associates, but also the current business situation, it is necessary to adapt at all times in order to achieve maximum results together with employee satisfaction. The goal of the article is to explore the presence of different leadership styles (authoritarian, democratic, and laissez-faire) in Croatian enterprises. Survey research was conducted on a sample of enterprises, and level of usage of different leadership styles was measured using Leadership Styles Questionnaire. Six groups of enterprises were compared using Mann-Whitney test according to the level of usage of different leadership styles: (i) small and medium enterprises ( $\leq 250$  employees); (ii) large enterprises ( $> 250$  employees); (iii) enterprises in the growth and maturity phase (leaders); (iv) enterprises in the stagnation phase (followers); (v) enterprises with the main orientation towards international market, and (vi) enterprises with the main orientation towards domicile market. Results indicated that democratic style is the most present in all groups of enterprises, but in some groups of enterprises autocratic and laissez-faire are also often present.

## KEY WORDS

leadership styles, Croatia, Mann-Whitney test, leadership styles questionnaire

## CLASSIFICATION

JEL: M12

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## INTRODUCTION

The first scientific research in the field of leadership was recorded at the beginning of the twentieth century, as reported by Judge et al [1]. Numerous models, approaches and leadership theories have been formed based on a large amount of research and written studies on the importance and impact of leadership. The analysis of those studies made it possible to define three key factors that contribute to a better understanding of leadership: (i) characteristics of the leader, (ii) characteristics of their subordinates and (iii) characteristics of the situation.

According to those three factors which have an impact on leadership, leadership theories can be categorized into four key groups: (i) leadership theories based on leader's traits, (ii) leadership theories based on leader's behaviour, (iii) situational leadership theories and (iv) contemporary leadership theories.

At the beginning of the twentieth century, when the research of leadership and characteristics of a successful leader began, personal traits were the starting point, as indicated by Yammarino et al. [2]**Error! Reference source not found.** Cowley very early indicated that it was believed that leaders were born, not made and that it was a matter of genetic predisposition whether someone would become a successful leader or not [3].

Further research raised the question of leadership's behaviour and, therefore, in the second half of the twentieth century, many theories of leadership styles that describe leadership ranging from authoritarian (i.e. task-oriented leadership style) to democratic (i.e. people-oriented leadership style) appeared [4]. In addition, the attitude that leaders are born, not made has changed into the attitude that leadership is a skill that can be learned.

The continuation of scientific research on leadership showed that the personality of the leader and his behaviour are not the only factors, which have an impact on the successful leadership style, but that it is also necessary to take situational factors into account [5]. In other words, the leader should first define factors that are crucial in a particular situation in order to apply the appropriate leadership style in accordance with requirements of the situation.

Research in the area of leadership at the end of the twentieth century led to another change, which implies that a successful leader should not adapt their leadership style to the situation in which they are, but instead they should encourage changes in their surroundings and change it to create situations within which the set goals will be achieved [6]. The last-mentioned developmental phase of leadership was created within contemporary leadership theories, in which the transformational leadership stands out.

Nowadays, leaders are expected to create changes in the enterprise and encourage employees to change in order to achieve the set goals [7]. Only the leader who is an expert, who is educated and empathetic, can expect employee recognition, i.e. they can convince employees to follow them and contribute to the successful realization of the set goals [8].

Initial studies of leader's traits did not result in success, and thus scientists began studying leader's behaviour by focusing on a characteristic that differentiates them, and which could be relevant to leadership success. Also, the paradigm of leadership changed, which up to then had been based on the assumption that leaders are born, not made, and since then the assumption that behavioural patterns which are essential to leadership can be taught has been supported. This approach leads to new opportunities for social and economic development.

Scientists who supported behaviour-based leadership theories tried to define the best leadership style that would be effective in all situations, which lead to several theories and leadership models, such as: autocratic, democratic and laissez-faire leadership style.

When it comes to business start-ups as well as during business growth, it is extremely important to motivate employees and to encourage them to work. In addition, leaders should build harmonious relations with employees at the very beginning in order for their future collaboration to be successful. Transformational leadership is appropriate when it comes to business start-ups and during business growth, as it implies the ability to inspire and motivate associates to achieve goals [9].

Maturity and stagnation is a period in which enterprises need to take certain steps in order to re-establish the competitive advantage and become the market leader again [10]. When reoccupying a particular market share, it is necessary to have a task-oriented leader in order to achieve the goals as efficiently and effectively as possible and to restart the growth of the enterprise [11]. Leaders who are maximally oriented to the task and achieving business results are authoritative leaders [12]. The enterprise should be ready for employee dissatisfaction in those moments, but it is important to go back to the growth phase from the stagnation phase as soon as possible and focus on employee satisfaction, which is, in fact, what successful enterprises base their success on [13].

Small and medium-sized enterprises are mostly focused on employee relations and good customer relations, which means that it is important for a leader to be a person who trusts their associates, accepts their ideas and encourages a reward system and mutual communication [14]. The success of small and medium-sized enterprises depends mostly on innovativeness and creativity, which means that an innovative and creative way of directing and encouraging employees is expected from leaders too [15]. Large enterprises, which often have international offices as well, are extremely focused on international success and the achievement of competitive advantages on the international market, which requires a large number of employees. It is difficult to manage a large number of people and direct them towards a common goal, therefore it is very important to have a leader who is capable of motivating their associates to work and collaborate. Leaders who use benevolent-authoritative and/or consultative leadership styles can stand out in large enterprises [16],[17]. It is important to emphasize that the combination of several leadership styles is the best, i.e. that it is important to adapt to the situation in which the enterprise is. The research on leadership styles in the hotel industry, carried out in the Dubrovnik-Neretva County in the Republic of Croatia, has shown that participatory leadership style is the most common style of hotel managers, especially when it comes to motivating employees and encouraging them to work and achieve goals. Authoritative leadership style is used by hotel managers when making decisions and analysing responsibility for achieving goals. It can be concluded that hotel managers from the Dubrovnik-Neretva County adapt to the situation and behave accordingly with their subordinates [18]. Other examples of research of leadership style and related research on human resources were conducted by Lojpur et al. [19], Pejic-Bach, et al. [20],[21], and Rožman et al. [22].

Previous research conducted by Miloloža [23][24] has shown the use of leadership in Croatian enterprises regardless of the characteristics of the enterprise, which revealed that the dominant leadership style was the democratic style. However, the question arises whether it is like that in all enterprises, and what the differences in the enterprises in relation to their characteristics are. The aim of this article is to explore the use of leadership in Croatian enterprises in relation to different characteristics of the enterprise: (i) SME ( $\leq 250$  employees); (ii) large enterprises ( $> 250$  employees); (iii) enterprises in the growth and maturity phase (leaders); (iv) enterprises in the stagnation phase (followers); (v) enterprises with the main orientation towards international market, and (vi) enterprises with the main orientation towards domicile market.

## RESEARCH METHODOLOGY

The Leadership Styles Questionnaire from the book *Introduction to Leadership* by P.G. Northouse was used for the research. Respondents indicated on a scale of 1 to 5 to what extent they agree with each claim.

Claims that measure the presence of an autocratic leadership style are:

- *L1*. Employees need to be supervised closely, or they are not likely to do their work.
- *L4*. It is fair to say that most employees in the general population are lazy.
- *L7*. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.
- *L10*. Most employees feel insecure about their work and need direction.
- *L13*. The leader is the chief judge of the achievements of the members of the group.
- *L16*. Effective leaders give orders and clarify procedures.

Claims that measure the presence of a democratic leadership style are:

- *L2*. Employees want to be a part of the decision-making process.
- *L5*. Providing guidance without pressure is the key to being a good leader.
- *L8*. Most workers want frequent and supportive communication from their leader.
- *L11*. Leaders need to help subordinates accept responsibility for completing their work.
- *L14*. It is the leader's job to help subordinates find their "passion".
- *L17*. People are competent and if given a task will do a good job.

Claims that measure the presence of a laissez-faire leadership style are:

- *L3*. In complex situations, leaders should let subordinates work problems out on their own.
- *L6*. Leadership requires staying out of the way of subordinates as they do their work.
- *L9*. As a rule, leaders should allow subordinates to appraise their own work.
- *L12*. Leaders should give subordinates complete freedom to solve problems on their own.
- *L15*. In most situations, workers prefer little input from the leader.
- *L18*. In general, it is best to leave subordinates alone.

Leadership items measuring autocratic, democratic, and laissez-faire style were compared using Mann-Whitney test among the following groups of enterprises: (i) SME ( $\leq 250$  employees); (ii) large enterprises ( $>250$  employees); (iii) enterprises in the growth and maturity phase (leaders); (iv) enterprises in the stagnation phase (followers); (v) enterprises with the main orientation towards international market, and (vi) enterprises with the main orientation towards domicile market.

## RESULTS

### ANALYSIS OF THE USE OF LEADERSHIP IN RELATION TO THE SIZE OF THE ENTERPRISE

Table 1 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the autocratic leadership style, with the average answers of the respondents from large enterprises and small and medium-sized enterprises (SME enterprises) being compared. It can be noticed that respondents from small and medium-sized enterprises agree mostly with item *L7*. *As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives* (average rating 4.23). The respondents agree the least with item *L4*. *It is fair to say that most employees in the general population are lazy*. (average rating 1,57). Standard deviations range from 0,74 to 1,43, indicating that the average ratings are representative.

**Table 1.** Presence of the autocratic leadership style in relation to the size of the enterprise. Source: author's research.

Claim	Size	N	Average	St. dev.
L1. Employees need to be supervised closely, or they are not likely to do their work.	SME	30	2,87	1,25
	Large	30	2,43	1,19
L4. It is fair to say that most employees in the general population are lazy.	SME	30	1,57	0,86
	Large	30	1,93	1,23
L7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	SME	30	4,23	1,04
	Large	30	4,00	0,98
L10. Most employees feel insecure about their work and need direction.	SME	30	2,90	1,21
	Large	30	2,33	0,92
L13. The leader is the chief judge of the achievements of the members of the group.	SME	30	4,13	0,82
	Large	30	4,07	0,74
L16. Effective leaders give orders and clarify procedures.	SME	30	2,83	1,39
	Large	30	2,87	1,43

In order to determine whether the differences between large and SME enterprises were statistically significant, a Mann-Whitney test of comparison of the presence of the autocratic leadership style in relation to the size of the enterprise was carried out (Table 2). Only one statistically significant difference at the probability level of 5 % was found ( $Z = -2,021$ ;  $p$ -value = 0,043), for item *L10. Most employees feel insecure about their work and need direction*, which the respondents from SME enterprises rated with an average rating of 2,90, and the respondents from large enterprises with an average rating of 2,33.

**Table 2.** The Mann-Whitney test of comparison of the presence of the autocratic leadership style in relation to the size of the enterprise.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
L 1. Employees need to be supervised closely, or they are not likely to do their work.	358,500	823,500	-1,389	0,165
L 4. It is fair to say that most employees in the general population are lazy.	381,500	846,500	-1,130	0,259
L 7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	374,000	839,000	-1,206	0,228
L 10. Most employees feel insecure about their work and need direction.	318,500	783,500	-2,021	0,043**
L 13. The leader is the chief judge of the achievements of the members of the group.	429,000	894,000	-0,334	0,738
L 16. Effective leaders give orders and clarify procedures.	449,500	914,500	-0,008	0,994

\*\*statistically significant at 5 %

Table 3 shows answers of the respondents to questions by which they evaluated to what extent they agree with the attitudes that reflect the democratic leadership style, with the average answers of the respondents from large enterprises and small and medium-sized enterprises (SME enterprises) being compared. It can be noticed that respondents from small and medium-sized enterprises agree mostly with item *L11. Leaders need to help subordinates accept responsibility for completing their work* (average rating 4,43). The respondents agree the least with item *L14* (average rating 3,23). Standard deviations range from 0,66 to 1,05, indicating that the average ratings are representative.

**Table 3.** Presence of the democratic leadership style in relation to the size of the enterprise. Source: author's research.

Claim	Size	N	Average	St. dev.
L 2. Employees want to be a part of the decision-making process.	SME	30	4,03	0,81
	Large	30	4,07	0,79
L 5. Providing guidance without pressure is the key to being a good leader.	SME	30	4,17	0,95
	Large	30	3,83	1,05
L 8. Most workers want frequent and supportive communication from their leader.	SME	30	4,13	0,68
	Large	30	4,23	0,77
L 11. Leaders need to help subordinates accept responsibility for completing their work.	SME	30	4,43	0,68
	Large	30	4,20	0,85
L 14. It is the leader's job to help subordinates find their "passion".	SME	30	3,23	0,90
	Large	30	3,23	0,90
L 17. People are basically competent and if given a task will do a good job.	SME	30	3,50	1,01
	Large	30	3,80	0,66

In order to determine whether the differences between large and SME enterprises were statistically significant, a Mann-Whitney test of comparison of the presence of the democratic leadership style in relation to the size of the enterprise was carried out (Table 4). No statistically significant difference was found for pairs of enterprises in relation to their size.

**Table 4.** The Mann-Whitney test of comparison of the presence of the democratic leadership style in relation to the size of the enterprise. Source: author's research.

Claim	Mann-Whitney <i>U</i>	Wilcoxon <i>W</i>	<i>Z</i>	<i>P</i> -value
L 2. Employees want to be a part of the decision-making process.	440,000	905,000	-0,160	0,873
L 5. Providing guidance without pressure is the key to being a good leader.	368,000	833,000	-1,281	0,200
L 8. Most workers want frequent and supportive comm. from their leader.	406,500	871,500	-0,721	0,471
L 11. Leaders need to help subordinates accept response. for completing their work.	387,000	852,000	-1,019	0,308
L 14. It is the leader's job to help subordinates find their "passion".	443,500	908,500	-0,104	0,917
L 17. People are basically competent and if given a task will do a good job.	374,000	839,000	-1,215	0,224

Table 5 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the laissez-faire leadership style, with the average answers of the respondents from large enterprises and small and medium-sized enterprises (SME enterprises) being compared.

It can be noticed that respondents from small and medium-sized enterprises agree mostly with item *L18. In general, it is best to leave subordinates alone* (average rating 3,53). The respondents agree the least with item *L3. In complex situations, leaders should let subordinates work problems out on their own* (average rating 2,73).

In order to determine whether the differences between large and SME enterprises were statistically significant, a Mann-Whitney test of comparison of the presence of the laissez-faire leadership style in relation to the size of the enterprise was carried out (Table 6).

**Table 5.** Presence of the laissez-free leadership style in relation to the size of the enterprise. Source: author's research.

Claim	Size	N	Average	St. dev.
L 3. In complex situations, leaders should let subordinates work problems out on their own.	SME	30	2,73	1,36
	Large	30	2,83	1,32
L 6. Leadership requires staying out of the way of subordinates as they do their work.	SME	30	3,23	1,01
	Large	30	2,80	1,03
L 9. As a rule, leaders should allow subordinates to appraise their own work.	SME	30	2,77	1,07
	Large	30	2,77	1,04
L 12. Leaders should give subordinates complete freedom to solve problems on their own.	SME	30	3,17	1,15
	Large	30	2,63	1,09
L 15. In most situations, workers prefer little input from the leader.	SME	30	3,27	1,20
	Large	30	2,67	0,84
L 18. In general, it is best to leave subordinates alone.	SME	30	3,53	0,97
	Large	30	2,73	1,36

Item *L12. Leaders should give subordinates complete freedom to solve problems on their own*, rated by the respondents from SME enterprise with an average rating of 3,17, and rated by the respondents from large enterprises with an average rating of 2,63 is statistically significant at the probability level of 10% ( $Z = -1,739$ ;  $p$ -value = 0,082). Item *L12. Leaders should give subordinates complete freedom to solve problems on their own*, rated by the respondents from SME enterprises with an average rating of 3,17, and rated by the respondents from large enterprises with an average rating of 2,63 is statistically significant at the probability level of 10 % ( $Z = -1,739$ ;  $p$ -value = 0,082).

A statistically significant difference at the probability level of 5 % was found for the following two items: *L15. In most situations, workers prefer little input from the leader* (rated by the respondents from SME enterprises with an average rating of 3,27, and rated by the respondents from large enterprises with an average rating of 2,67;  $Z = -2,473$ ;  $p$ -value = 0,013) and item *L18. In general, it is best to leave subordinates alone* (rated by the respondents from SME enterprises with an average rating of 3,53, and rated by the respondents from large enterprises with an average rating of 2,73;  $Z = -2,574$ ;  $p$ -value = 0,010).

**Table 6.** The Mann-Whitney test of comparison of the presence of the laissez-faire leadership style in relation to the size of the enterprise. Source: author's research.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
L 3. In complex situations, leaders should let subordinates work problems out on their own.	434,500	899,500	-0,238	0,812
L 6. Leadership requires staying out of the way of subordinates as they do their work.	349,500	814,500	-1,553	0,120
L 9. As a rule, leaders should allow subordinates to appraise their own work.	441,000	906,000	-0,139	0,890
L 12. Leaders should give subordinates complete freedom to solve problems on their own.	336,000	801,000	-1,739	0,082*
L 15. In most situations, workers prefer little input from the leader.	289,000	754,000	-2,473	0,013**
L 18. In general, it is best to leave subordinates alone.	283,000	748,000	-2,574	0,010**

\*statistically significant at 10 %

\*\*statistically significant at 5 %

## ANALYSIS OF THE USE OF LEADERSHIP IN RELATION TO THE GROWTH PHASE OF THE ENTERPRISE

Table 7 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the autocratic leadership style, with the average answers of the respondents from enterprises in relation to their growth phase (market leader and other enterprises) being compared. It can be noticed that respondents from market leader enterprises agree mostly with item *L13. The leader is the chief judge of the achievements of the members of the group* (average rating 4,25) and item *L7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives* (average rating 4,03). The respondents agree the least with item *L4. It is fair to say that most employees in the general population are lazy* (average rating 1,64). Standard deviations range from 0,80 to 1,41, indicating that the average ratings are representative.

**Table 7.** Presence of the autocratic leadership in relation to the growth phase of the enterprise. Source: author's research.

Claim	Growth phase	N	Average	St. dev.
<i>L 1. Employees need to be supervised closely, or they are not likely to do their work.</i>	Market leader	36	2,56	1,11
	Other enterprises	24	2,79	1,41
<i>L 4. It is fair to say that most employees in the general population are lazy.</i>	Market leader	36	1,64	1,02
	Other enterprises	24	1,92	1,14
<i>L 7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.</i>	Market leader	36	4,03	1,06
	Other enterprises	24	4,25	0,94
<i>L 10. Most employees feel insecure about their work and need direction.</i>	Market leader	36	2,50	1,13
	Other enterprises	24	2,79	1,06
<i>L 13. The leader is the chief judge of the achievements of the members of the group.</i>	Market leader	36	4,25	0,73
	Other enterprises	24	3,88	0,80
<i>L 16. Effective leaders give orders and clarify procedures.</i>	Market leader	36	3,03	1,42
	Other enterprises	24	2,58	1,35

In order to determine whether the differences between market leader enterprises and other enterprises were statistically significant, a Mann-Whitney test of comparison of the presence of the autocratic leadership style in relation to the growth phase of the enterprise was carried out (Table 8). A statistically significant difference was found for variable *L13*.

**Table 8.** The Mann-Whitney test of comparison of the presence of the autocratic leadership style in relation to the growth phase of the enterprise. Source: author's research.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
<i>L 1. Employees need to be supervised closely, or they are not likely to do their work.</i>	393,000	1059,000	-0,604	0,546
<i>L 4. It is fair to say that most employees in the general population are lazy.</i>	362,000	1028,000	-1,178	0,239
<i>L 7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.</i>	379,000	1045,000	-0,858	0,391
<i>L 10. Most employees feel insecure about their work and need direction.</i>	367,000	1033,000	-1,019	0,308
<i>L 13. The leader is the chief judge of the achievements of the members of the group.</i>	313,500	613,500	-1,924	0,054*
<i>L 16. Effective leaders give orders and clarify procedures.</i>	360,500	660,500	-1,110	0,267

\*statistically significant at 10 %



Table 9 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the democratic leadership style, with the average answers of the respondents from enterprises in relation to their growth phase (market leader and other enterprises) being compared.

It can be noticed that respondents from market leader enterprises agree mostly with *L11. Leaders need to help subordinates accept responsibility for completing their work* (average rating 4,47) and item *L8. Most workers want frequent and supportive communication from their leader* (average rating 4,25). The respondents agree the least with item *L14. It is the leader’s job to help subordinates find their “passion”* (average rating 3,22). Standard deviations range from 0,58 to 0,82, indicating that the average ratings are representative.

**Table 9.** Presence of the democratic leadership style in relation to the growth phase of the enterprise. Source: author’s research.

Claim	Growth phase	N	Average	St. dev.
<i>L 2. Employees want to be a part of the decision-making process.</i>	Market leader	36	4,06	0,83
	Other enterprises	24	4,04	0,75
<i>L 5. Providing guidance without pressure is the key to being a good leader.</i>	Market leader	36	3,86	1,13
	Other enterprises	24	4,21	0,78
<i>L 8. Most workers want frequent and supportive communication from their leader.</i>	Market leader	36	4,25	0,81
	Other enterprises	24	4,08	0,58
<i>L 11. Leaders need to help subordinates accept responsibility for completing their work.</i>	Market leader	36	4,47	0,74
	Other enterprises	24	4,08	0,78
<i>L 14. It is the leader’s job to help subordinates find their “passion”.</i>	Market leader	36	3,22	0,99
	Other enterprises	24	3,25	0,74
<i>L 17. People are basically competent and if given a task will do a good job.</i>	Market leader	36	3,83	0,85
	Other enterprises	24	3,38	0,82

In order to determine whether the differences between market leader enterprises and other enterprises were statistically significant, a Mann-Whitney test of comparison of the presence of the democratic leadership style in relation to the growth phase of the enterprise was carried out (Table 10). A statistically significant difference was found for variables L11 and L17.

**Table 10.** The Mann-Whitney test of comparison of the presence of the democratic leadership style in relation to the growth phase of the enterprise. Source: author’s research.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
<i>L 2. Employees want to be a part of the decision-making process.</i>	416,500	716,500	-0,253	0,800
<i>L 5. Providing guidance without pressure is the key to being a good leader.</i>	371,000	1037,000	-0,972	0,331
<i>L 8. Most workers want frequent and supportive communication from their leader.</i>	351,500	651,500	-1,361	0,173
<i>L 11. Leaders need to help subordinates accept responsibility for completing their work.</i>	306,000	606,000	-2,080	0,038**
<i>L 14. It is the leader’s job to help subordinates find their “passion”.</i>	429,000	1095,000	-0,049	0,961
<i>L 17. People are basically competent and if given a task will do a good job.</i>	305,000	605,000	-2,072	0,038**

\*\*statistically significant at 5 %

Table 11 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the laissez-faire leadership style, with the average answers of the respondents from enterprises in relation to their growth phase (market leader and other enterprises) being compared. It can be noticed that respondents from market leader enterprises agree mostly with item *L18. In general, it is best to leave subordinates alone* (average rating 3,06). The respondents agree the least with item *L3. In complex situations, leaders should let subordinates work problems out on their own* (average rating 2,67). Standard deviations are in the range of 0,92 to 1,16, indicating that the average ratings are representative.

**Table 11.** Presence of the laissez-faire leadership style in relation to the growth phase of the enterprise. Source: author's research.

Claim	Growth phase	N	Average	St. dev.
<i>L 3. In complex situations, leaders should let subordinates work problems out on their own.</i>	Market leader	36	2,67	1,43
	Other enterprises	24	2,96	1,16
<i>L 6. Leadership requires staying out of the way of subordinates as they do their work.</i>	Market leader	36	2,86	1,07
	Other enterprises	24	3,25	0,94
<i>L 9. As a rule, leaders should allow subordinates to appraise their own work.</i>	Market leader	36	2,83	1,13
	Other enterprises	24	2,67	0,92
<i>L 12. Leaders should give subordinates complete freedom to solve problems on their own.</i>	Market leader	36	2,81	1,17
	Other enterprises	24	3,04	1,12
<i>L 15. In most situations, workers prefer little input from the leader.</i>	Market leader	36	2,75	1,03
	Other enterprises	24	3,29	1,08
<i>L 18. In general, it is best to leave subordinates alone.</i>	Market leader	36	3,06	1,15
	Other enterprises	24	3,33	1,09

In order to determine whether the differences between market leader enterprises and other enterprises were statistically significant, a Mann-Whitney test of comparison of the presence of the laissez-faire leadership style in relation to the growth phase of the enterprise was carried out (Table 12). A statistically significant difference was found for variable L15.

**Table 12.** The Mann-Whitney test of comparison of the presence of the laissez-faire leadership style in relation to the growth phase of the enterprise. Source: author's research.

Claim	Mann-Whitney <i>U</i>	Wilcoxon <i>W</i>	<i>Z</i>	<i>P-value</i>
<i>L 3. In complex situations, leaders should let subordinates work problems out on their own.</i>	372,500	1038,500	-0,934	0,350
<i>L 6. Leadership requires staying out of the way of subordinates as they do their work.</i>	341,500	1007,500	-1,427	0,154
<i>L 9. As a rule, leaders should allow subordinates to appraise their own work.</i>	393,000	693,000	-0,613	0,540
<i>L 12. Leaders should give subordinates complete freedom to solve problems on their own.</i>	380,000	1046,000	-0,810	0,418
<i>L 15. In most situations, workers prefer little input from the leader.</i>	297,000	963,000	-2,117	0,034**
<i>L 18. In general, it is best to leave subordinates alone.</i>	359,500	1025,500	-1,141	0,254

\*\*statistically significant at 5 %

## ANALYSIS OF THE USE OF LEADERSHIP IN RELATION TO THE INTERNATIONAL ORIENTATION OF THE ENTERPRISE

Table 13 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes

that reflect the autocratic leadership style, with the average answers of the respondents from enterprises in relation to the international orientation of the enterprise (domicile or international market orientation) being compared.

It can be noticed that respondents from enterprises oriented towards domicile market agree mostly with item *L13. The leader is the chief judge of the achievements of the members of the group* (average rating 4,21) and item *L7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives* (average rating 4,08).

The respondents agree the least with item *L4. It is fair to say that most employees in the general population are lazy* (average rating 1,84). Standard deviations range from 0,75 to 1,37, indicating that the average ratings are representative.

**Table 13.** Presence of the autocratic leadership style in relation to the international orientation of the enterprise. Source: author's research.

Claim	Market orientation	N	Average	St. dev.
<i>L 1. Employees need to be supervised closely, or they are not likely to do their work.</i>	Domicile	38	2,84	1,18
	International	22	2,32	1,29
<i>L 4. It is fair to say that most employees in the general population are lazy.</i>	Domicile	38	1,84	1,15
	International	22	1,59	0,91
<i>L 7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.</i>	Domicile	38	4,08	0,97
	International	22	4,18	1,09
<i>L 10. Most employees feel insecure about their work and need direction.</i>	Domicile	38	2,74	1,08
	International	22	2,41	1,14
<i>L 13. The leader is the chief judge of the achievements of the members of the group.</i>	Domicile	38	4,21	0,78
	International	22	3,91	0,75
<i>L 16. Effective leaders give orders and clarify procedures.</i>	Domicile	38	3,03	1,40
	International	22	2,55	1,37

In order to determine whether the differences between enterprises oriented towards domicile market and enterprises oriented towards international market were statistically significant, a Mann-Whitney test of comparison of the presence of the autocratic leadership style in relation to the international orientation of the enterprise was carried out (Table 14). No statistically significant difference was found for the analyzed pairs of enterprises.

**Table 14.** The Mann-Whitney test of comparison of the presence of the autocratic leadership style in relation to the international orientation of the enterprise. Source: author's research.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
<i>L 1. Employees need to be supervised closely, or they are not likely to do their work.</i>	315,000	568,000	-1,623	0,105
<i>L 4. It is fair to say that most employees in the general population are lazy.</i>	371,000	624,000	-0,804	0,421
<i>L 7. As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.</i>	370,500	1111,500	-0,782	0,434
<i>L 10. Most employees feel insecure about their work and need direction.</i>	347,500	600,500	-1,124	0,261
<i>L 13. The leader is the chief judge of the achievements of the members of the group.</i>	322,000	575,000	-1,584	0,113
<i>L 16. Effective leaders give orders and clarify procedures.</i>	337,500	590,500	-1,270	0,204

Table 15 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the democratic leadership style, with the average answers of the respondents from enterprises in relation to the international orientation of the enterprise (domicile or international market orientation) being compared. It can be noticed that respondents from enterprises oriented towards domicile market agree mostly with item *L11. Leaders need to help subordinates accept responsibility for completing their work* (average rating 4,42) and item *L8. Most workers want frequent and supportive communication from their leader* (average rating 4,26). The respondents agree the least with item *L14. It is the leader's job to help subordinates find their "passion"* (average rating 3,34). Standard deviations range from 0,58 to 1,01, indicating that the average ratings are representative.

**Table 15.** Presence of the democratic leadership style in relation to the international orientation of the enterprise. Source: author's research.

Claim	Market orientation	N	Average	St. dev.
<i>L 2. Employees want to be a part of the decision-making process.</i>	Domicile	38	3,97	0,79
	International	22	4,18	0,80
<i>L 5. Providing guidance without pressure is the key to being a good leader.</i>	Domicile	38	3,90	1,01
	International	22	4,18	1,01
<i>L 8. Most workers want frequent and supportive communication from their leader.</i>	Domicile	38	4,26	0,80
	International	22	4,05	0,58
<i>L 11. Leaders need to help subordinates accept responsibility for completing their work.</i>	Domicile	38	4,42	0,83
	International	22	4,14	0,64
<i>L 14. It is the leader's job to help subordinates find their "passion".</i>	Domicile	38	3,34	0,94
	International	22	3,05	0,79
<i>L 17. People are basically competent and if given a task will do a good job.</i>	Domicile	38	3,63	0,88
	International	22	3,68	0,84

In order to determine whether the differences between enterprises oriented towards domicile market and enterprises oriented towards international market were statistically significant, a Mann-Whitney test of comparison of the presence of the democratic leadership style in relation to the international orientation of the enterprise was carried out (Table 16).

Only one statistically significant difference was found at the probability level of 10 % ( $Z = -1,879$ ;  $p$ -value = 0,060) for item *L11. Leaders need to help subordinates accept responsibility for completing their work*, rated by the respondents from the enterprises oriented towards domicile market with an average rating of 4,42, and rated by the respondents from enterprises oriented towards international market with an average rating of 4,14.

**Table 16.** The Mann-Whitney test of comparison of the presence of the democratic leadership style in relation to the international orientation of the enterprise. Source: author's research.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
<i>L 2. Employees want to be a part of the decision-making process.</i>	351,500	1092,500	-1,104	0,270
<i>L 5. Providing guidance without pressure is the key to being a good leader.</i>	344,000	1085,000	-1,199	0,230
<i>L 8. Most workers want frequent and supportive communication from their leader.</i>	324,000	577,000	-1,616	0,106
<i>L 11. Leaders need to help subordinates accept responsibility for completing their work.</i>	306,000	559,000	-1,879	0,060*
<i>L 14. It is the leader's job to help subordinates find their "passion".</i>	338,500	591,500	-1,325	0,185
<i>L 17. People are basically competent and if given a task will do a good job.</i>	409,000	1150,000	-0,149	0,881

\*statistically significant at 10 %

Table 17 shows answers of the respondents – managers who are members of the board of directors – to questions by which they evaluated to what extent they agree with the attitudes that reflect the laissez-faire leadership style, with the average answers of the respondents from enterprises in relation to the international orientation of the enterprise (domicile or international market orientation) being compared.

It can be noticed that respondents from enterprises oriented towards domicile market agree mostly with item *L18. In general, it is best to leave subordinates alone* (average rating 3,11) and item *L12. Leaders should give subordinates complete freedom to solve problems on their own* (average rating 3,03). The respondents agree the least with item *L3. In complex situations, leaders should let subordinates work problems out on their own* (average rating 2,71). Standard deviations range from 0,88 to 1,39, indicating that the average ratings are representative.

**Table 17.** Presence of the laissez-faire leadership style in relation to the international orientation of the enterprise. Source: author’s research.

Claim	Market orientation	N	Average	St. dev.
<i>L 3. In complex situations, leaders should let subordinates work problems out on their own.</i>	Domicile	38	2,71	1,31
	International	22	2,91	1,38
<i>L 6. Leadership requires staying out of the way of subordinates as they do their work.</i>	Domicile	38	2,90	1,06
	International	22	3,23	0,97
<i>L 9. As a rule, leaders should allow subordinates to appraise their own work.</i>	Domicile	38	2,74	1,11
	International	22	2,82	0,96
<i>L 12. Leaders should give subordinates complete freedom to solve problems on their own.</i>	Domicile	38	3,03	1,15
	International	22	2,68	1,13
<i>L 15. In most situations, workers prefer little input from the leader.</i>	Domicile	38	2,79	1,14
	International	22	3,27	0,88
<i>L 18. In general, it is best to leave subordinates alone.</i>	Domicile	38	3,11	0,95
	International	22	3,27	1,39

In order to determine whether the differences between enterprises oriented towards domicile market and enterprises oriented towards international market were statistically significant, a Mann-Whitney test of comparison of the presence of the laissez-faire style leadership with regard to the international orientation of the enterprise was carried out (Table 18). Only one statistically significant difference was found at the probability level of 10 % ( $Z = -1,650$ ;  $p\text{-value} = 0,099$ ) for item *L15. In most situations, workers prefer little input from the leader*, rated by the respondents from the enterprises oriented towards domicile market with an average rating of 2,79, and rated by the respondents from enterprises oriented towards international market with an average rating of 3,27.

**Table 18.** The Mann-Whitney test of comparison of the presence of the laissez-faire leadership style in relation to the international orientation of the enterprise. Source: author’s research.

Claim	Mann-Whitney U	Wilcoxon W	Z	P-value
<i>L 3. In complex situations, leaders should let subordinates work problems out on their own.</i>	380,500	1121,500	-0,598	0,550
<i>L 6. Leadership requires staying out of the way of subordinates as they do their work.</i>	338,500	1079,500	-1,274	0,202
<i>L 9. As a rule, leaders should allow subordinates to appraise their own work.</i>	397,500	1138,500	-0,328	0,743
<i>L 12. Leaders should give subordinates complete freedom to solve problems on their own.</i>	347,000	600,000	-1,124	0,261
<i>L 15. In most situations, workers prefer little input from the leader.</i>	314,500	1055,500	-1,650	0,099*
<i>L 18. In general, it is best to leave subordinates alone.</i>	367,000	1108,000	-0,816	0,415

\*statistically significant at 10 %

## DISCUSSION

In this article, the following goals regarding the leadership styles in enterprises of different characteristics have been achieved.

*Leadership styles in relation to the size.* The research has shown that the democratic style is the most common leadership style in small, medium-sized and large enterprises, with the ratings of the respondents, which demonstrate the presence of the democratic style ranging from 3,23 to 4,43. The Mann-Whitney test has shown that there is no statistically significant difference between small and medium-sized enterprises and large enterprises in relation to the presence of the democratic style. Small, medium-sized and large enterprises use the autocratic style somewhat less in their business, with the ratings of the respondents, which demonstrate the presence of the autocratic style ranging from 1,57 to 4,23. The Mann-Whitney test has shown that there is no statistically significant difference between small and medium-sized enterprises and large enterprises in relation to the presence of the autocratic style, except for one item – namely, the respondents from small enterprises find more often that most employees feel insecure about their work and need direction. In small and medium-sized enterprises, but also in large enterprises, the laissez-faire style is the least common leadership style, with the ratings of the respondents, which demonstrate the presence of the laissez-faire style ranging from 2,67 to 3,53. However, in some situations, the laissez-faire style is present more often in small and medium-sized enterprises than in large enterprises, while the attitude is that in most situations employees want little input from their leader and that it is best to leave subordinates alone. These results might seem contradictory at first glance, but they actually express the attitude of management, which believes that subordinates should be left alone, but that they also need some additional input.

*Leadership styles in relation to the growth phase.* The research has shown that the democratic style is the most common leadership style in both market leader enterprises and market follower enterprises as well, with the ratings of the respondents, which demonstrate the presence of the democratic style ranging from 3,22 to 4,47. The Mann-Whitney test has shown that there is no statistically significant difference between market leader enterprises and market follower enterprises in relation to the presence of the democratic style, except for the attitude that leaders need to help subordinates accept responsibility for completing their work. Both market leader enterprises and market follower enterprises use the autocratic style slightly less in their business, with the ratings of the respondents, which demonstrate the presence of the autocratic style ranging from 1,64 to 4,25. The Mann-Whitney test has shown that there is no statistically significant difference between market leader enterprises and market follower enterprises in relation to the presence of the autocratic style, except for one item – namely, the respondents from market leader enterprises consider more often that the leader is the chief judge of the achievements of the members of the group. The laissez-faire style is the least common leadership style in both market leader enterprises and market follower enterprises, with the ratings of the respondents, which demonstrate the presence of the laissez-faire style ranging from 2,67 to 3,29. However, in some situations, the laissez-faire style is present more often in market leader enterprises than in market follower enterprises, while the attitude is that in most situations employees want little input from their leader.

*Leadership styles in relation to the international orientation.* The research has shown that the democratic style is the most common leadership style in both enterprises with international orientation and enterprises with domicile orientation as well, with the ratings of the respondents, which demonstrate the presence of the democratic style ranging from 3,05 to 4,26. The Mann-Whitney test has shown that there is no statistically significant difference between enterprises with international orientation and enterprises with domicile orientation in relation to the presence of the democratic style, except for the attitude that leaders need to

help subordinates accept responsibility for completing their work. Both enterprises with international orientation and enterprises with domicile orientation use the autocratic style slightly less in their business, with the ratings of the respondents, which demonstrate the presence of the autocratic style ranging from 1,59 to 4,21. The Mann-Whitney test has shown that there is no statistically significant difference between enterprises with international orientation and enterprises with domicile orientation in relation to the presence of the autocratic style. In both enterprises with international orientation and enterprises with domicile orientation, the laissez-faire style is the least common leadership style, with the ratings of the respondents, which demonstrate the presence of the laissez-faire style ranging from 2,68 to 3,27. However, in some situations, the laissez-faire style is more often present in enterprises with international orientation than in enterprises with domicile orientation, while the attitude is that in most situations employees want less input from their leader.

## CONCLUSION

Article presents the results of the measurement of presence of three main leadership styles in Croatian enterprises. Several limitations need to be taken into account in relation to the presented research. First, the research has been conducted on a limited sample of Croatian enterprises, and using cross-sectional approach. Second, the Leadership Style Questionnaire was used for measuring the presence of the leadership style in Croatian companies, which was developed on a sample of US enterprises. Therefore, future research should be oriented toward broadening the research sample and considering a development of the novel questionnaire that could be more adapted to the enterprises in post-transition countries, like the Croatia.

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