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Factors affecting success of small business enterprises in the Polish tourism industry

Abstract

The study analyzes the factors affecting growth and success of small entrepreneurial firms owned and operated by ten female entrepreneurs in the Polish tourism industry. The motivation behind this study is to form an understanding of leadership and innovative strategic behavior exhibited by female entrepreneurs and to analyze the factors that are crucial to promotion, development, and success of small size entrepreneurial firms within the tourism industry. The paper argues that leaders of successful business organizations are required to effectively communicate a vision conducive to creativity through available formal and informal channels while encouraging their employees to act and perform in order to have a positive influence on the organization's success. Conclusions are drawn concerning the leadership practice, innovation, and sustainability of the industry's entrepreneurial activities that have proven critical to the success of business. The findings provide insights on leadership and policy making regarding business innovation and leadership strategies for entrepreneurial development and growth in the sector of tourism industry that has an environmental or sustainability focus. Leadership characteristics and innovation strategies presented provide practical implications for smaller organizations and help bring about positive social change in other countries where female leadership within SMEs has not been significantly recognized.

Key words: entrepreneurship; innovation; leadership; success; tourism industry; transformational leadership; transactional leadership; Poland.

Introduction

Poland has been considered to be one of the most diverse and successful European countries with respect to the development and growth of small entrepreneurial businesses in the tourism industry. The increasing interest in exploration of Polish heritage, culture, traditions, and natural beauty has created an increased demand for various small entrepreneurial businesses and services that support the global tourism industry in Poland (Dias, Kosmaczewska & Pereora, 2014). Since the 1990s, small and medium size entrepreneurial firms (SMEs) run by female entrepreneurs within the tourism and hospitality industry have developed in all parts of Poland. Despite many barriers, those businesses

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developed quickly and remained relatively small but proved to be extremely successful within their scales of operations (Najda-Janoszka & Kopera, 2013). After the financial crisis of 2008, Poland has been recognized as the emerging economy achieving the most successful development and growth of entrepreneurship. As Polish female entrepreneurs have provided economic development and job formation, it is essential to provide a synopsis of women's characteristics, identify their contributions to entrepreneurial growth into local economies, and highlight key trends and strategies of their successes (Scowsill, 2014).

The ten entrepreneurial firms that are included in this study are a good representation of businesses that have been developed, owned, and operated by female entrepreneurs across various locations of Poland since the collapse of the Soviet bloc. These ten case studies demonstrate that the country's natural resource base and economic, political, cultural, and legislative context have had a positive impact on female involvement in business development and ownership in the Polish tourism industry. An examination of the role of innovation as well as leadership characteristics in sustainability-oriented tourism development highlights the strategies that were used and provided success to the businesses presented in this study. These businesses have been characterized by a strategy of effective leadership with an emphasis on idealized influence, inspirational motivation, intellectual stimulation, and individual consideration while, at the same time, focusing on a product or service direction by moving away from conventional tourism into exploration of sustainable tourism with a culturally and ecologically oriented approach to tourism.

Effective leadership has been considered central in the attainment of organizational success. In the field of entrepreneurship, particularly within the SMEs sector, the concept of leadership has received less consideration. Most studies have generally focused on leadership in large corporations while giving little importance to the applicability of leadership models in the context of SMEs. SMEs represent a unique cluster of organizations normally dominated by founders with limited resources operating in highly volatile and competitive environments. Success and sustainability therefore require exceptional effort from key players. Given the operational environment of SMEs in Eastern Europe relative to Western Europe, entrepreneurial leadership appears to resonate with SME's success and sustainability.

The exploration of successful experiences in leadership is vital to develop a better understanding of how successful leaders function in small entrepreneurial businesses, in particular those operated by women. The design for understanding the leadership phenomena through interviews that is presented in this study provides a richer understanding of SMEs leadership through the thoughts and ideas of practicing female leaders. Through the lens of these female leaders' experiences, a better understanding of leadership and innovation can have implications for the long-term success of SMEs in other less economically successful regions of Central and Eastern Europe. Leadership characteristics and innovation strategies from the 10 practitioner's experiences might also have practical implications for smaller organizations and help bring about positive social change in other regions where female leadership within SMEs has not been significantly recognized.

In this context, the study explores the diverse types of leadership styles practiced by Polish female entrepreneurs in tourism industry. The goal is to analyze the impact of leadership style on the entrepreneurs' innovation strategies. The study determines whether the transformational and transactional styles have an influence on the entrepreneurial firms' successful growth and performance. The paper

argues that leaders of successful business organizations are required to effectively communicate a vision conducive to creativity through available formal and informal channels while constantly encouraging their employees to act and perform in order to have a positive influence on the organization's success. Leaders of successful business organizations should be in a position to balance employee freedom and responsibility; and those entrepreneurial firms managed by individuals with strong transformational leadership styles have greater potential for innovation and creativity.

The findings presented in this study provide insights for researchers on leadership and policy making regarding business innovation and leadership strategies for entrepreneurial development and growth in the sector of tourism industry that has an environmental or sustainability focus. The most important factor for the long-term potential of entrepreneurship with the tourism industry is that the management and policies supporting entrepreneurial development should be based on transformational leadership practices and innovation strategies centered on the sustainability approach to tourism, allowing enterprises to generate employment, wealth, and a healthy work environment. Innovative female entrepreneurship and leadership practices in the tourism industry represent an approach for the preservation and utilization of resources in a manner that contributes to the development of local economies.

Literature review

The concept of innovation was first developed by Joseph Schumpeter (Schumpeter, 1934). As the body of knowledge developed, numerous research papers focused on innovation in business and it is now widely considered to be an essential factor for the long time survival of an organization (Ireland & Webb, 2007). Gartner (1999) argued that innovative behavior would usually lead to strategic development and the creation of action plans to take advantage of opportunities to start up or expand an entrepreneurial venture. Drucker (1985) viewed business innovation in addition to traditional technological innovation, as innovation through new ideas, business models, ways of organizing work, design and marketing, or as an opportunity that results in the creation of a new or different product or service. Leaders of successful organizations recognize that innovation is the source of organizational development, growth, and success of their operations (Zhao, 2005).

Many studies identify important factors that are central to entrepreneurial firms' competitiveness, success, and growth. (Schumpeter, 1934; Becker & Stafford, 1967; Etlie & Reza, 1992; Ward, 1997; Jung, Chow & Wu, 2003; Ireland & Webb, 2007). The most frequently discussed variables are typically related to either the organization's internal or external environment. Internal variables include: organizational abilities, decision-making processes, strategic advantages (connected with the reference market), innovation, and employees' skills. External variables include those influences that impact the company from outside and do not depend on it directly. Numerous authors have looked at entrepreneurs as leaders of organizations who truly emphasize innovation and risk taking and how their leadership impacts organizational growth and development (Vecchio, 2003; Zapalska, Niewiadomska Bugaj & Rudd, 2005; D'Intino, 2007; Kuratko, 2007; Gumusluoglu & Ilsev, 2009). Researchers found that leadership, when defined as a process of influencing and directing people to attain organizational goals, is one of the most important factors affecting organizational innovation and a firm's performance (Jung & Wu, 2004; Lee & Chang, 2006). Various authors argue that there are certain styles of leadership that can affect organizational innovation and organization performance (Sarros, Cooper & Santora, 2008).

Several authors have provided evidence that there is significant positive correlation between transformational leadership and organizational innovation (Hartog, 2007; Sarros *et al.*, 2008). Leaders with transformational styles always set the example and provide instructions to employees about their work behavior, demonstrating leadership in accordance with rules to contribute to innovation and the organization's mission (Avolio, Bass & Jung, 2000; Howell & Avolio, 2003; Atwater, 2004). The transformational leadership style describes behaviors of leaders who motivate followers to perform and to identify with organizational goals and interests, and who have the capacity to motivate employees beyond expected levels of work performance. As a result, employees who work with transformational leaders feel engaged and personally rewarded, and work outcomes such as satisfaction and extra effort are enhanced (Avolio, Jung & Berson, 2003). Transformational leadership has been described as a process of influencing followers and improving their devotion, loyalty, excitement, and enthusiasm. It is acknowledged as an important source for the development of radical entrepreneurial approaches. Using effective communication and expressiveness, transformational leaders motivate subordinates to put aside individual self-interests for the good of the organization by setting high performance standards and then focusing on the mission and strategies for achieving these high standards (Dvir, Eden, Avolio & Shamir, 2002; Yang, 2008).

In contrast, transactional leadership involves an exchange process between leaders and followers and uses monitoring and controlling behavior to ensure that the workplace is stable and procedures are followed (Bass, 2000). Transactional leadership, sometimes referred to as authoritative leadership, involves a preoccupation with power, position, and a need to get the job done. This leadership style involves a work for reward attitude, with an emphasis on good performance and productivity. It focuses on clarifying the responsibilities of subordinates and responding to how well subordinates execute those responsibilities.

In sum, researchers have argued that transformational leadership is superior to transactional leadership (Dvir *et al.*, 2002; Howell & Avolio, 2003; Gill, Fitzgerald, Bhutani, Mand & Sharma, 2002) as it is more strongly correlated with higher productivity and performance (Atwater 2004), higher level of organizational culture (Ahmed 1998), and higher level of emotional intelligence (Gartner & Stough, 2002). Female entrepreneurs are more likely than male entrepreneurs to display leadership traits that are transformational. Research studies document that interpersonal skills, the ability to resolve conflicts, a compassionate nature, and generally enthusiastic communication skills put female entrepreneurs in an advantageous position as compared to their male counterparts (Eagly & Carli, 2003).

As there have been few studies examining female entrepreneurial firms, particularly those operating in the tourism and hospitality industry of Central and Eastern Europe (CEE) (Butler, 2001) there is a need for a comprehensive analysis of entrepreneurship among family businesses in the tourism and hospitality industry in CEE. In this context, the study explores the diverse types of leadership styles practiced by Polish female entrepreneurs in tourism industry. The conceptual framework for identifying the determinants of entrepreneurial success in this study incorporated two determinants: innovation and leadership style.

The importance of innovation is documented as a major cause of competitive advantage (Peters, 1990; Damanpur & Evan, 1984). Assuming that environmental change triggers innovation, it is recognized in the literature that an innovative firm is better off in a highly turbulent industry, where the abrupt

changes in the environment are highly noticeable and the firm would not have much problem identifying those changes and acting accordingly (Hambrick & D'Aveni, 1988). Therefore, highly innovative firms will be better off in highly turbulent industry and less innovative firms will be better off in slowly changing industry. In today's increasingly competitive environment, businesses that fail to innovate new products or services are exposing themselves to great risks. According to Berenson and Mohr-Jackson (1994), existing products or services are vulnerable to changing consumer needs and tastes, new technologies, and shortening product life cycles, and all firms that innovate experience greater success in an increasingly competitive market.

A number of studies have attempted to identify specific innovation determinants (e.g. Damanpour 1991, 1996; Ravichandran 2000; Wolfe 1994). For example, Damanpour (1991) identified several determinants of innovation, and the author claimed that some determinants of innovation may indeed be stable and cumulative but a poor track record of these research efforts merits some discussion. Despite their importance, innovation and leadership, as two most important and unique strategy variables have never been examined together in the strategy literature (Burgelman, Kosnik & Van den Poel, 1988; Porter, 1988). This lack of adequate frameworks for linking innovation and leadership with firm performance suggests a simplified framework linking technological innovation with firm performance is necessary for strategic business planning.

In order to collect information on how, both, innovation strategies and leadership practices affected the success of small female businesses within the Polish small entrepreneurial firms within tourism industry, the innovation approach in this paper is supported by a model developed by Damanpour (1991) that includes the following innovation practices: (1) *new product/service*: introducing new products/services, improving quality of existing products/services, repackaging existing products/services; (2) *new process*: adopting new production methods, using new technology in the production process and acquiring new production skill; (3) *new supply*: using new raw materials/supplies and changing suppliers; (4) *new market*: changing price structures, penetrating new market segments, relocating and developing new promotional strategies; and (5) *new administrative process* - restructuring departments or functions, using flexible operating hours and adopting new communication methods. To complete the list, the authors of this paper added the sixth element, *innovative practice*, consisting of organizational innovation represented by changes in the structure and processes of an organization due to implementation of new managerial practices and leadership styles. By closely observing specific examples of innovation, the paper will provide a nuanced understanding of particular cases of innovation. The insights gathered from such investigations can then serve as the basis for informative case studies. Unlike previous research, the purpose of this paper is not to develop a universal approach but rather to identify interesting perspectives that relate to, both, innovation and leadership strategies.

Over the years, the Full-Range Model of Leadership has become the most researched model in the leadership literature and as the most validated model it has been proven to be an accurate guide for developing exemplary leadership in diverse cultures, organizations, and leadership positions (Avalio, 2011). Many studies have used it to analyze effectiveness and success of entrepreneurial firms (Antonakis, Avolio & Sivasubramaniam, 2003; Avolio, 2011; Salter, Harris & McCormack, 2014). The Full-Range Model of Leadership theory (Avolio & Bass, 1991) comprises the three typologies of leadership behavior (transformational, transactional, non-transactional laissez faire) represented by

nine distinct factors: five transformational (inspirational motivation - charisma, idealized influence attributed, idealized influence behavior, intellectual stimulation, individualized consideration), three transactional (contingent reward, management-by-exception active, management-by-exception passive) and one laissez faire. Transformational and transactional leadership are viewed by different authors as either competing or complementary. Studies have shown that the transformational leadership style is more effective than the transactional style and is positively correlated to the performance of businesses (Benjamin & Francis, 2006).

Bycio, Hackett and Allen (1995) focused on analyzing a four-component behavior of transformational leadership forms (idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation) to argue that character and personality traits played a key role in entrepreneurial success. Idealized influence refers to leader attributes and behaviors that cause followers to identify with the leader. Inspirational motivation includes leader behaviors that motivate and inspire followers through articulating an appealing vision, providing meaning for focusing follower effort, and modeling appropriate behaviors. Individualized consideration contains leader behaviors that provide support, encouragement, and coaching to followers. Intellectual stimulation includes leader behaviors that encourage followers to view problems from new perspectives and to take risks (Antonakis *et al.*, 2003; Bass, 1998). Bass (1998) and Avolio *et al.* (1999) have argued that the most effective leaders are, both, transformational and transactional (Avolio *et al.*, 1999; Bass, 1998).

Despite the effectiveness of the Full-Range Model of Leadership, many authors have argued that a revision of this model should consider other important behaviors either not included or confounded within its current conceptualization (Bycio *et al.*, 1995; Carless, 1998; Rafferty & Griffin, 2004; Yukl, 1999). These exclusions suggest that including additional important strategy behaviors, such as innovation strategy, may add to the predictive efficacy of the full-range model. Therefore, in order to analyze innovative practices the paper focuses on two main types of leadership styles: transformational leadership and transactional leadership that were used by respondents and affected entrepreneurs' innovative decisions and strategies. These styles serve as the foundation for our model of effective leadership, help measure the impact of leadership on innovation process, and determine the success of business through which the female and male leadership styles can be distinguished. Following Bass's (1985) model of transformational leadership, this paper considers four forms of the transformational leadership style: (1) idealized influence, (2) inspirational motivation, (3) intellectual stimulation, and (4) individualized consideration within each particular type of innovation. The approach is summarized in Table 1.

Table 1
Transformational leadership forms

Transformational leadership forms	Transformational leadership form description
Idealized influence	Defined as meeting the needs of others before their own personal needs, avoiding the use of power for personal gain, demonstrating high moral standards, and setting challenging goals for their followers.
Inspirational motivation	Motivate and inspire those around them by displaying enthusiasm and optimism, involving the followers in envisioning attractive future states, communicating high expectations, and demonstrating commitment to the shared goals. It describes managers who motivate associates to commit to the vision of the organization.

Table 1 continued

Transformational leadership forms	Transformational leadership form description
Intellectual stimulation	The leader's consistent effort to stimulate followers to be innovative and creative as well as the leader's effort to encourage followers to question assumptions and to reframe problems and approach them in new ways. Managers with intellectual stimulation promote critical thinking and problem solving to make the organization better.
Individual consideration	The leader's consistent effort to treat each individual as a special person and act as a coach and mentor who continually attempts to develop his or her followers' potential. Managers with individual consideration encourage associates to reach goals that help both the associates and the organization.

Survey instruments

Data was gathered from ten female respondents who were selected from a list 100 entrepreneurial firms provided by local and regional tax offices. The study participants were drawn from successful SME leaders in Poland who established their operations before 1991, which was the collapse of the Soviet bloc, or earlier. Successful SME entrepreneurs whose operations elicited narratives and ascriptions of success measured by an increase in employment or revenue by 50 percent were chosen. The criteria for selection narrowed the field of potential firms to small entrepreneurial family activities with no more than 50 workers in the tourism sector. The surveys and interviews were conducted in 2013 and 2014. The data was collected by email, phone calls, and Skype interviews. An invitation email was sent out to each female entrepreneur explaining the purpose of our research with a request to schedule an interview. A follow-up telephone call was made in order to increase the response rate. All 10 entrepreneurs responded to the invitation and agreed to participate. Through an in-depth questionnaire followed by email and additional interviews, the authors were able to obtain detailed and thorough information to complete this study. All participants gave permission to share their views and stories with the promise of confidentiality. Several questions were posed regarding leadership styles and innovation strategies. During the interviews the respondents were asked to describe the working environment within their organizations and their working relationships with their employees as well as answer several questions pertinent to their innovative and leadership strategies. Their leadership and innovative practices were coded and then categorized and evaluated from their responses. Any information that was required to complete the analysis was collected in 2014, and it was used to supplement information leadership and innovative strategies that was collected in 2013. Some of the information collected during both interviews was coded, but the majority of the information was detailed and descriptive.

As the main goal of this research was to analyze the impact of leadership style on the entrepreneurs' ability to be innovative and make their businesses successful, the paper tries to answer the following two questions: (1) What innovative practices can be considered as a source of an organization's success?; and (2) What is the most frequently used leadership style by entrepreneurs that can be considered as a source of innovation and success?

Results

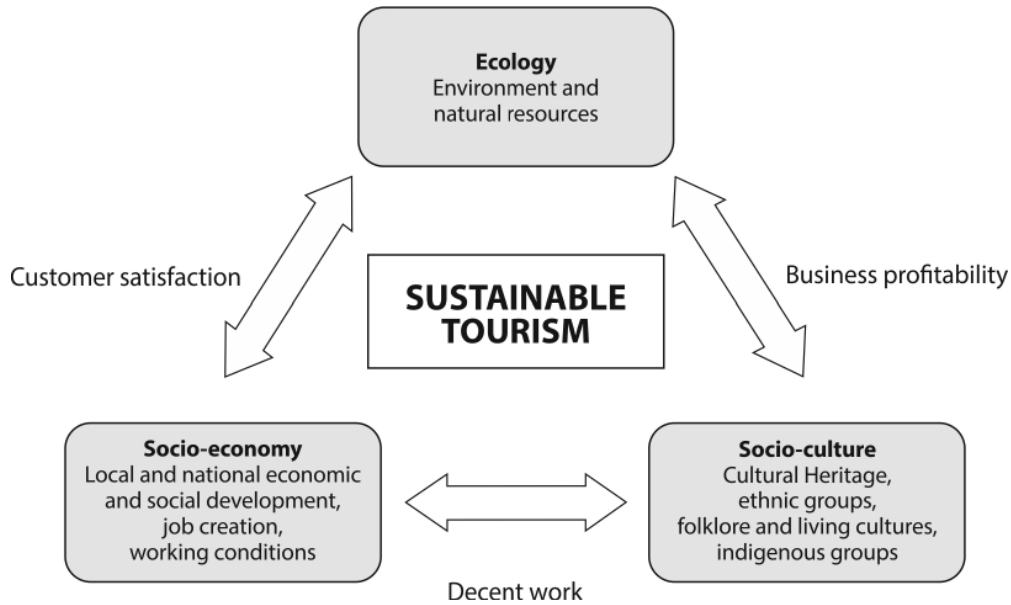
The respondents' activities cover a wide spectrum of tourism services, namely: a bed and breakfast, an eco-farm, guesthouses and inns, art galleries, restaurants and cafés, medical businesses, tourist wellness and health services, sport and entertainment training facilities, and rental services of sport equipment. The most common ventures support activities related to pilgrims and visiting religious sites, active sports, activities solely related to old Polish culture and tradition, outdoor and recreational activities that focus on experiencing nature, art festivals and cultural events, the visitation of historical places, learning and experiencing art, culture, and folklore, attending cooking seminars, wellness and health related seminars, and sports training. The analysis revealed several factors that contributed to the successful operation of small entrepreneurial firms in the tourism industry. The Polish female entrepreneurs were motivated by economic development, job creation, and delivery of health-oriented services and products. Their business success was tied to their commitment to enhance local prosperity. They also expressed their desire to generate income and decent employment for workers without affecting the environment and culture of the tourist destinations. These traits have contributed to the long-term viability and competitiveness of their enterprises.

All female entrepreneurs interviewed expressed that their businesses had gone through various phases of expansion. Most of them started small and grew within the same industry by expanding their services through new ideas, products, services, strategies, processes of production, sources of supply, markets, creative thinking and decision making, administrative process, leadership styles, and organizational culture changes. Business expansion was done systematically and in accordance with strategic planning and leadership practices that supported strategies and decisions that led to innovation. The results from interviews indicated that female entrepreneurs used strategies that produced new and innovative products and services that led to the formation of a sustainable tourism industry. Substantial changes have been made to the range of products and services they have offered over the past decade. The entrepreneurial firms recognized and were driven by an increasing trend among tourists to move away from conventional tourism into the exploration of culturally oriented, socially responsible and ecologically oriented vacationing. Socio-cultural factors and traditions that are deeply rooted within the Polish society also contributed to the driving factors of these firms. The businesses have become more dynamic as they experience constant change and evolution through the introduction of new products and services that focus on experiences related to culture, folklore, ecology, sustainability, health, and wellness. Innovative entrepreneurship practices of women in the Polish tourism industry represent a successful approach for the preservation of culture and environmental resources. These women also demonstrate an exceptional ability to integrate natural, historical, cultural, and acquired resources into tourism products and services in a manner that positively contributes to the growth and development of the local communities.

The characteristics described by respondents are supported by a model of sustainable tourism proposed and developed by Tourism and Sustainable Development (GTZ, Sector Project. ITB Convention, Berlin 2009). The model is composed of three fundamentals: social justice, economic development, and environmental integrity (Figure 1). Sustainable tourism's orientation is directed towards the enhancement of local prosperity, generation of economic prosperity, and income and employment for workers without affecting the environment, heritage, or culture of the tourist destinations. Respondents stated

that the primary sources of sustainability within their businesses arrived from socio-economic, socio-culture elements, ecology, and natural and environmental resources. The success and sustainability of their ventures also came from the optimal use of natural, cultural, and environmental resources that constitute a key element in tourism development, maintaining essential ecological processes, and helping conserve culture, heritage, natural resources, and biodiversity.

Figure 1
Components of sustainable tourism



Source: Tourism and Sustainable Development. GTZ, Sector Project. ITB Convention, Berlin (2009).

All respondents stated that finding a new and unique product or service that is based on unique Polish culture or tradition was a driving force for business success. They all were able to attract customers because of the type of products and services they provided. Most of the respondents started their businesses from scratch with an original and innovative niche in a product, service, or market. They stated that finding an innovative product, market or effective strategies, or marketing practices made their businesses succeed particularly during financial crises'. The country's unique natural resource base, socio-cultural, traditional, and ecological characteristics form an environment where female involvement in innovative entrepreneurial development and ownership is the norm, rather than the exception. The examples of innovation exercised by respondents are summarized in Table 2.

Table 2
Examples of innovation

Name of business	Examples of innovation
Art Gallery and Studio	<i>New service:</i> folklore art and graphics designer classes; <i>New market:</i> international clients; <i>New marketing method:</i> via Internet and new artistically made graphic brochures, national radio advertising and programs; and <i>New organizational culture and climate.</i>

Table 2 continued

Name of business	Examples of innovation
Beauty Salon and Wellness Spa	<p><i>New product:</i> organic and natural beauty products; <i>New service:</i> sauna, message sessions, folk dance sessions and yoga classes; <i>New supply:</i> natural cosmetic products; <i>New market:</i> national and international via webpage and local/regional radio; and <i>New administrative process:</i> marketing through Internet.</p>
Agro-tourism Bed and Breakfast	<p><i>New product:</i> folklore and art displays, old Polish cuisine, home-made beer and nonalcoholic beverages; <i>New service:</i> mushroom and berry picking; <i>New supply:</i> organic produce and natural products; <i>New market:</i> joining the national and international network for bed and breakfast services; and <i>New organizational culture and climate.</i></p>
The Farm and Guesthouse	<p><i>New service:</i> horseback riding, old tradition cooking classes; <i>New strategy:</i> new organizational culture and climate, accepting creative and innovative thinking and decision making from employees; new marketing via Internet, incorporating local cultural events with marketing strategy; <i>New market:</i> Western European market; and <i>New organizational culture and climate.</i></p>
The Health and Spa Guesthouse	<p><i>New service:</i> home cooking, organic food and ingredients, yoga and low impact aerobics classes for elderly customers, Polish language lessons; <i>New strategy:</i> welcoming guests with a pamphlet of home cooking receipts and local traditions and schedule of annual folk events; <i>New market:</i> elderly clients of Polish Polonia from Canada and US; <i>New administrative process;</i> and <i>New organizational culture and climate.</i></p>
Horseback Riding Farm	<p><i>New strategy:</i> creative and innovative thinking and decision making; <i>New market:</i> handicapped children and adults, special strengthening exercises for handicapped</p>
The Café Shop	<p><i>New product:</i> old traditional Polish bakery products and other organic foods and drinks; <i>New service:</i> Bingo sessions and cooking and baking lessons, making home-made jams and marmalades lessons; <i>New strategy:</i> marketing with the Internet, use the folk music as a background to attract tourist customers, staff wears folk costumes and clothes, traditional decor in the Café shop; <i>New process of production;</i> introduction of an old style oven; <i>New supply:</i> organic products; <i>New market:</i> shipping bakery products nationally; and <i>New organizational culture and climate.</i></p>
Cosmetic, Dental, Plastic Surgery	<p><i>New product:</i> new dentures and zircon implants; <i>New supply:</i> permanent hair removal and elimination of scars and tattoos, hair restoration, and laser face treatments and wrinkles removal; <i>New market:</i> new clients from the Western Europe, US and Canada; <i>New administrative process:</i> new marketing and advertising methods, internet advertising, joining international dental network.</p>
Horseback Riding in the Wilderness	<p><i>New market:</i> Fox chasing, horseback hunting, old style carriage rides for children and elderly; and <i>New organizational culture and climate.</i></p>
The Pottery House	<p><i>New product:</i> new ceramic patterns based on folklore and old Polish designs and motives; <i>New service:</i> relaxation and yoga sessions, pottery sessions for elderly and travel groups and local elementary school students, guitar lessons; <i>New strategy:</i> allowing employees to make decision on product and lesson selection, remodeling location with new accents on folklore, heritage, history, and traditional art, the use of Polish folklore and traditional music; <i>New supply:</i> use of organic materials; and new organizational culture and climate.</p>

The success of these tourism entrepreneurial ventures resulted from the development of new organizational culture and climate, optimal use of environmental resources (which constitutes a key element in tourism development), maintaining essential ecological processes, and helping to conserve natural resources and biodiversity. The conceptual products, services, and business ideas described by most of the entrepreneurs demonstrated a high degree of innovative and original thinking. According to respondents, their success stemmed from their abilities to recognize and utilize the best market conditions and socio-cultural elements to start and develop their businesses. Due to unique characteristics of their services or products provided to their clients all respondents were able to grow their businesses. Based on the responses provided, the new business strategies utilized by respondents included a climate of respect for the socio-cultural authenticity of host communities, the capability to conserve their established and living cultural heritage and traditional values, and the ability to contribute to inter-cultural understanding and tolerance; while ensuring viable, long-term economic operations, and providing equal socio-economic benefits to local communities. These benefits include stable employment, income opportunities, social services and a contribution to increased standard of living. The female entrepreneurs expressed the notion that focusing on the customer was critical. They all believed that the success of business depended on the quality of the experience provided to the customers.

Respondents also stated that commerce must be conducted at a personal level and that bringing a unique personality into a business attracts new customers and ensures repeat business. They generally agree that both short-term and long-term plans should include all goals as well as the steps the entrepreneur needs to take in order to meet those goals. The most important strategies for success included: focusing on the customer, having a plan, being flexible and passionate, keeping track of business direction, monitoring the impact on the local economy, not giving up, cherishing one's own family, and focusing on staying healthy. They were able to communicate their goals and business ideas to potential investors, family members and, most importantly, their employees.

Table 3
Examples of transformational leadership forms

Name of business	Transformational leadership forms
Art Gallery and Studio	Idealized influence, inspirational motivation, intellectual stimulation, individual consideration.
Beauty Salon and Wellness Spa	Idealized influence, individual consideration.
Agro-tourism Bed and Breakfast	Idealized influence, inspirational motivation, individual consideration.
The Farm and Guesthouse	Idealized influence, inspirational motivation, individual consideration.
The Health and Spa Guesthouse	Idealized influence, inspirational motivation, individual consideration.
Horseback Riding Farm	Idealized influence, inspirational motivation, individual consideration.
The Café Shop	Idealized influence, inspirational motivation, individual consideration.
Cosmetic, Dental, Plastic Surgery	Idealized influence, individual consideration.
Horseback Riding in the Wilderness	Inspirational motivation, individual consideration.
The Pottery House	Idealized influence, inspirational motivation, intellectual stimulation, individual consideration.

The findings demonstrate that the female entrepreneurs included in this study displayed both transformational and transactional leadership practices with a bias towards being more transformational (Table 3). They all were able to share the mission and vision of their firm with employees by establishing very unique interpersonal relationships with their workers. The respondents avoided the use of any positional power or authority. Instead they strongly focused on personal characteristics such as charisma, interpersonal skills and personal contacts. Charismatic personalities led the female leaders to become role models who were respected and followed by their employees. The respondents had personal characteristics with abilities, proficiency, and harmony that helped them to understand the individual differences of employees and appreciate the employees based on their needs and talents. As transformational leaders, they expressed that they did not rely on hierarchical social order; this trait is described where the need to remain competitive and succeed is contingent on gaining independence and advantage over others while avoiding the loss of power. Female entrepreneurs stated that the relationship between themselves and their employees was one of mutual trust and respect. One explanation for why women lead differently from men could be attributed to the Polish socio-cultural elements, and disparities between the male and female roles within the family. The collective nature of Polish female entrepreneurs presented in this study explains why they practice transformational leadership style. These findings support the view that women are more likely than men to share ideas with their subordinates (Adesua-Lincoln, 2010).

As transformational leaders, the respondents were inclined to care about their workers as individuals while ensuring they felt well accepted in the family business. They also let their employees use their own initiative in decision making and in seeking solutions to problems that their entrepreneurial firms encountered. They listened to the ideas of their employees because they recognized that the success of their business operations came from an element of caring leadership practices together with participative involvement of their employees in the affairs of the firm. These findings support research results documented by Lerner, Brush and Hisrich (1997) that leaders who are open and clear about the reasoning behind their decisions, and who share their power and information rather than guard it, are more successful. All forms of transformational leadership were utilized by respondents (Table 3) who expressed that through *individualized influence* they were able to meet the needs of their employees while intentionally suppressing the use of power for their personal gain and business profit. They realized that by demonstrating high moral standards, and setting challenging goals for their followers, their employees became fully dedicated to their business goals which led to increased productivity and higher profits. *Inspirational motivation* played an important role as a part of the innovative strategy. Motivation and inspiration were created by exhibiting enthusiasm and optimism during regular daily chores and responsibilities. By including employees in setting future goals, communicating high expectations, and demonstrating commitment to the shared goals owners were able to increase motivation and commitment to the vision and mission of the organization.

The respondents also made efforts to stimulate their employees to be innovative and creative to improve performance of the businesses. They promoted solving problems and making individual decisions at the lowest levels to improve the organization and increase productivity. The respondents were also aware that *individual consideration* is critical for the firms' profitability. As a result, most of employees were treated on an individual basis and were continually mentored with an attempt to capitalize on their potential. The wide array of intellectual stimulation through *individual consideration* encouraged

employees to reach their goals and resulted in a more competitive organization. All the above results are consistent with the elements of transformational leadership described in the literature and as presented in Table 3. This finding supports the research results that employer-employee communication, mentorship, and relationship is essential in developing employee loyalty towards the employer (Goleman, Boyatzis & McKee, 2002). This high level of flexibility ensured an informal line of communication which enhanced employee motivation and helped foster creative thinking and decision making that supports *individual consideration*.

Based on Table 2 and 3, the results in this study confirm the results of a study conducted by Jung, Chow and Wu (2004) and Jung (2001) who suggest that through transformational leadership and the creation of an environment that allows followers the freedom to innovate, the overarching result was innovation at the organizational level. Based on the above analysis it can be concluded that there is positive correlation between transformational leadership of female entrepreneurs and leaders with organizational innovation. Respondents stated that they focused on creating a safe and compassionate for their employees. Their efforts focused on supporting their employees' freedom to make individual choices which led to a high job satisfaction level. Therefore, the transformational leaders encouraged and motivated their followers to have creative ideas and gave rewards if the followers perform well. As expressed by respondents, this unique organizational culture had a positive effect on leader performance and contributed to human resource development, employee satisfaction, efficiency in method and system of work, higher income, more efficient communication, increased knowledge, morals, and cooperation. Based on this description a transformational leadership style and organizational culture are closely related with innovation and successful business performance.

The findings show that some of the female entrepreneurs regarded themselves as transformational leaders but that they also used some elements of transactional leadership. A few stated that when they supervised their employees and clarified tasks to be performed, they supported the notion that female entrepreneurs can be transactional leaders when necessary in order to attain certain objectives. By providing their employees with strict restrictions, utilizing an authoritarian approach, and establishing clear expectations they were more oriented towards the traditional male style of leadership. They also expressed that although they could administer traditional discipline, they chose the transactional leadership as a minor leadership style only in specific areas of their business management. As effective leaders they all were production focused and driven to achieve results by gaining cooperation from their workers and building relationships based on mutual respect, as they all believed that high morale produces high performance. The female entrepreneurs involved in the study stated that when they chose to exhibit transactional leadership they noticed an increased level of personal stress. Many of the female entrepreneurs judged that they were better leaders than men. They stressed that they were more caring when it came to business insight and management than their male counter-parts. A gender-based difference in running a business was visible through the women's decisions being generally more cautious and considerate of alternatives.

Conclusions

Based on responses provided by ten female entrepreneurs, it can be concluded that there are many factors contributing to the success of the Polish female entrepreneurial firms that operate in the tourism

industry. The development of small business firms within the sustainable tourism industry enabled the creation of new jobs, stabilized the supply of new essential consumer goods and services, and fostered competitiveness, risk-taking, mobility, and other values essential to the successful functioning of a market based economic system. The sustainability of entrepreneurial businesses included in this study are represented by introducing new products and services that provided experiences based on or related to culture, folklore, ecology, nature, natural resources, organic and health based products and services, and health and wellness services. Creation of a sustainable tourism industry is based on three critical elements: social justice, economic development, and environmental integrity.

One of the major foundations for success is based on the development of cultural tourism in Poland with local contextual characteristics making the development unique to each location. The main objectives of the culture and tourism entrepreneurial firms examined are related to improving the economic, cultural, and social position of the regions. Most of the innovations within the individual business operations were simple but ingenious and had their origins in the individual's ability to observe what was available and what was required by the market, and then changing the direction of their products or services to suit market needs. Most of these female entrepreneurs combined a commitment to the care of their clients with a dedication to finding the most appropriate services and products for the market. Polish women recognized that Poland is rich in environmental and cultural assets which provide support and infrastructure to facilitate the development of the tourism industry. The transformation of the traditional Polish economy into a sustainable tourism oriented economy is an illustration of innovation and enterprise creation that has been proven to add value to the local community. Small enterprise development needs to be guided and managed strategically, and appropriate models of development and leadership practices that are sensitive to the cultures and entrepreneurial motivations of the local population need to be utilized in order to provide a continuous growth in tourism development.

Female entrepreneurs included in this study practiced a combination of two leadership styles. By doing so they promoted and improved efficiency, effectiveness, and productivity of their organizations. One of the recommended leadership approaches is transformational leadership where a transformational leader plays the role of a mentor for employees in an organization. Through this leadership style an entrepreneur is able to pay attention to the needs of the organization and inspire, stimulate, and encourage all employees to achieve organizational goals. Transformational leaders also enhanced innovation within the organization; which is defined as the tendency of organizations to recognize new products, services, and organizational strategies that contribute to business success and growth. A transformational leaders' use of inspirational motivation and intellectual stimulation is critical for organizational innovation. The authors contend that leadership in the Polish small entrepreneurial tourism sector reflects the belief that leaders can be successful when they operate at their highest ability, constantly working to help their employees release their potentials through systematic training, and by building a relationship of trust and mutual respect. Employer-employee communication must be encouraged, and employees should be given the opportunity to make a difference in the daily functioning of the small entrepreneurial firms. This will allow innovation and new ideology to emerge.

The leadership styles employed by the respondents are consistent with the observations discussed by previous researchers. The personal and business characteristics that influenced the leadership styles contributed to the firms' successful operations. Leadership behaviors displayed a combination of

transformational and transactional leadership behaviors but a majority of the female entrepreneurs were seen to practice transformational leadership. Based on respondents' comments, entrepreneurs and leaders should be cognizant of which leadership styles are most appropriate in different situations to help them succeed in managing their organizations. In order to make the correct leadership style decisions leaders of organizations must first develop a better understanding of which leadership behaviors are best suited for their organizational goals and objectives. In order to confirm the findings of the paper, similar studies need to be conducted in the other countries of the Central and Eastern Europe. Only by such concentrated efforts is there a hope to develop a more complete understanding of the causes, correlations, and consequences of successful entrepreneurship, innovation process, and leadership style.

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