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## Linking leadership style to firm performance: the mediating effect of the learning orientation

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### Abstract

Turkey has undergone a series of recent crises in 1994, 1999 and 2001. Firms that manage the crises successfully survived and become high performing organizations of Turkey. This high performing organization which survived in crises has attracted attention of so many researchers and characteristics of those firms began to be surveyed. In this context this survey is being started to examine and reveal the characteristics of those high performing firms. Leadership has been subject to so many studies examining the high performing organizations in literature. Besides leadership style, cultural competitiveness is emphasized as another high performing factor in literature. Within the framework of cultural competitiveness, our study focuses on the notion that learning orientation as one of the cultural based elements that effect firm performance mediates the relationship between leadership style and firm performance. The survey of this study is conducted on 343 middle and senior managers of 125 high performing firms operating in manufacturing industry in Turkey, between the years of 2008-2010. Firms fulfilling the criteria that (1) being indicated in the list of “Fortune 1000 of Turkey” between the years of 1997-2007, and (2) not being undergone a loss for those 10 years, are indexed as high performing firms. The obtained data from the questionnaires are analyzed through the SPSS statistical packaged software. Factor analysis, reliability analysis, correlation and regression analyses are used to evaluate the data. Analyses results revealed that both dimensions of learning orientation (commitment to learning and shared vision and open-mindedness) mediate the effects of the relations-oriented and task-oriented leadership on the firm performance.

*Keywords:* Leadership styles, Learning orientation, Firm performance, High performing organizations

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## 1. Introduction

The global financial crisis of 2008-2009 came to the front of the business world and world media in September 2008, with the failure and merging of a number of American financial companies. While this financial crisis has heavily affected developed and developing countries' economic structure, Turkey has not experienced the Crisis of 2008-2009 as severe as other countries. It is argued that Turkey has not been heavily affected by this financial crisis because Turkey has restructured and strengthened its economic structure during the series of recent crises in 1994, 1999 and 2001.

Turkey has undergone a series of recent crises in 1994, 1999 and 2001. These developments have affected heavily not only the economic structure of Turkey but also business firms. Therefore, firms' executives had to adjust their strategies in order to manage crises [1]. Firms that manage the crises successfully survived and become high performing organizations of Turkey. This high performing organization which survived in crises has attracted attention of so many researchers and characteristics of those firms began to be surveyed. In this context this survey is being started to examine and reveal the characteristics of those high performing firms.

Peters and Watermans's study of "In Search of Excellence" focusing on the high performing organizations in different industries, gave rise the concept of "peak performing organization" and became source of inspiration for many studies in strategic management field. In this direction, many surveys examining the source of performance of high performing organizations indicate the importance of leadership style in firm performance [2], [3], [4], [5], [6], [7], [8], [9].

Jim Collins's "Good to Great" is another study examining the characteristics of high performing organizations. Collins maps out three stages, each with two key concepts as the heart of Good to Great. Those concepts are [9]:

- Level 5 Leadership
- First Who... Then What
- Confront the Brutal Facts
- The Hedgehog Concept
- A Culture of Discipline
- Technology Accelerators

Leadership, which is called the premise of the flywheel of "Good to Great" by Collins, has been subject to so many studies examining the high performing organizations in literature. In this survey searching the sources of high performance in high performing organizations of Turkey, leadership style is suggested as main premise that leads to high performance.

Besides leadership style, cultural competitiveness is emphasized as another high performing factor in literature. Firms that manage to be "high performing organizations" rather than "survivor" in a more competitive environment, have the cultural competitiveness. Hult, Snow and Kandemir define cultural competitiveness as "the degree to which an organization is predisposed to detect and fill gaps between what the market desires and what is currently offered" and argue that four culture-based factors – entrepreneurial orientation, market orientation, learning orientation and innovativeness- collectively give rise to an organization's cultural competitiveness [10]. The complex constellation of those four factors serves as a guidepost to managers as they seek to create competitive advantage for their firms in marketplace [10].

Within the framework of cultural competitiveness, our study focuses on the notion that learning orientation as one of the cultural based elements that effect firm performance mediates the relationship between leadership style and firma performance. In this context, the study begins by a literature review

of leadership style, learning orientation and firm performance, then will go on to development of hypotheses. Research methodology, analyses results and research model will take place at second section. The results of the analyses will be discussed and recommendation will be provided for managers and academician at the last section.

## 2. Literature Review And Hypotheses

### 2.1. Leadership

Early research on leader behavior conducted by psychologist in 1950s-60s, much of the studies on leadership behavior has been affected by two pioneering school: The Ohio State Leadership Studies and The Michigan Leadership Studies.

Researchers at Ohio State University surveyed leaders have identified two major behaviors, called consideration and initiating structure. Consideration falls in to category of people-oriented behavior and is the extent to which leader is mindful of subordinates, respects their ideas and feelings, and establishes mutual trust. Considerate leaders are friendly, provide open communication, develop teamwork, and are oriented toward their subordinates [11]. On the other hand initiating structure is the degree of task behavior that is the extent to which the leader is task oriented and directs subordinate work activities toward goal attainment. Leaders with this style typically give instructions, spend time planning, emphasize deadlines, and provide explicit schedules of work activities [11].

Researchers at Michigan University at about same time surveyed effective and ineffective leadership behavior. The most effective leaders, which is called employee-centered leaders, focus on the subordinates' human needs in order to build effective work groups with high performance goals, while less effective leaders called as job-centered leaders, tend to be less concerned with goal achievement and human needs in favor of meeting schedules, keeping costs low, and achieving production efficiency [11].

In 1980s, companies have begun to operate in a rapidly changing business environment. In order to survive in the new environment, organizations realized that they should change. So to managing change and to lead organizations in that direction become main concern of executives. Also managing the change become the main concern of executives, and most critical responsibility of leadership [12]. In this context, transformational and charismatic leadership theories have been revealed [13], [14], [15].

In consistent with the behavioral leadership approach, Yukl also defines the leadership as “the process of influencing others and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives” [16] and propose a three dimension-leadership model: task-oriented leadership, relations-oriented leadership and change oriented leadership dimensions. While task-oriented leadership dimension is identical with “job-centered leaders” of the Michigan Leadership Studies and “initiating structure” of Ohio State Leadership Studies; relations-oriented leadership is same to “employee-centered leaders” of Michigan Studies, and “consideration” of Ohio Studies.

The “change oriented leadership” dimension shares more common characteristics with charismatic and transformational leadership behaviors. Parallel to behavioral leadership approach and Yukl's leadership model, in this study, leadership is examined as a “process” and “shared role” throughout the organization rather than characteristics of a person, and three types of leadership behavior –task oriented leadership behavior, relations oriented leadership behavior, change oriented leadership behavior- are under taken.

Task-Oriented Leadership (TOL): This type of behavior is primarily concerned with accomplishing the task, utilizing personnel and resources efficiently, and maintaining orderly reliable operations. Three specific types of task-oriented behaviors are (1) planning, (2) clarifying, and (3) monitoring [16].

Relations-Oriented Leadership (ROL): This type of behavior is primarily concerned with improving relationships and helping people, increasing cooperation and teamwork, increasing subordinate job satisfaction, and building identification with the organization. Three specific types of relations-oriented behaviors are (1) supporting, (2) developing, and (3) recognizing [16].

Change-Oriented Leadership (COL): This type of behavior is primarily concerned with improving strategic decisions; adapting to change in the environment; increasing flexibility and innovation; making major changes in processes, products, or services; and gaining commitment to the changes [16]. Specific types of change-oriented behaviors can be classified as (1) influencing organizational culture, (2), developing a vision, (3) implementing change, (4) increasing innovation and learning [16].

## 2.2. Learning Orientation

Learning orientation, as the source of the competitive advantage and a key to future organizational success, has been subject of range of disciplines including psychology [5], [17], [18], management [19], [8], [20], [21], sociology and organizational theory [ 22], [23]; marketing [24], [25], [26], and strategic management [27], [18], [28].

The conceptualization of learning orientation exhibits two focuses: some scholars emphasize concrete in formation generation and dissemination systems as mechanism through which learning takes place [20], while others consider firms a “cognitive enterprises” and call for need for a shared mental model, a shared organizational vision, and an open-minded approach to problem solving. By combining two approaches, learning orientation can be conceptualized as the encouragement of organizational values that influence the likelihood of the firm to use and create knowledge [29], [25], [30]. Firms with a strong learning orientation continuously encourage, or even require, employees to question organizational norms, values and practices that guide their actions and organizational activities [31], [30], [32], [29] . In this respect, learning orientation affects the degree to which organizational members are encouraged, even challenged, to “think outside the box” [25]. Values that are routinely associated with learning orientation revolve around (1) commitment to learning, (2) open-mindedness, and (3) shared vision.

Commitment to Learning: It refers to the extent to which a firm places value on learning [33]. Commitment to learning concerns the value placed on learning activities within an organization and the extent to which this value is viewed as axiomatic for the firm [34], [32]. In other words, companies should develop the ability to think and reason [35], and to value the need to understand the causes and effects of their actions [36]. Organizations that committed to learning value the need to understand the cause and effects of their actions, which is necessary for firms to regularly detect and correct errors in theory in use [25]. If an organization places more value on learning, more learning is likely to occur [33].

Open-mindedness: It refers to the organization’s willingness to continuously question the firm’s long-held assumptions, routines and beliefs [34], [37]. Open-mindedness is linked to the notion of “unlearning” [38], [29]. Firms learn from their past successes and failures, and such information is processed and embedded in their mental models that influence the way of thinking and practicing of the organizations. These mental models may become invalid since the external environment has continuously changed [39]. Thus firms must proactively question their mental models and engage in unlearning [30]. At the heart of the organizational learning is the ability to unlearn long-held beliefs and practices; so organizations needs

to be open-minded enough to question the way its practices and procedures [29], [32]. Otherwise, long held routines and mental models will begin to limit organization [25] .

**Shared Vision:** It refers to the extent to which a firm develops and holds a universally understood organizational focus that foster energy, enthusiasm and purpose in the organization [39]. While Torbin describes such vision as “visible leadership” [35], Galer and van der Heijden describes it as “goal convergence” [40]. Shared vision gives organizational members a sense of purpose, direction and provides individuals as learning agents, the organizational expectations, outcomes to be measured, and theories in use [38]. Without shared vision, individuals are less likely to share dominant logics (e.g. business mission) or desired outcomes (e.g. sales, market share, return on investment) and less motivated to learn [40], [39], [35], [25]. In other words, individuals are open-minded and committed to learning are motivated to learn, but may find it difficult to know what to learn unless a shared vision is in place [38]. This dimension is essential to guarantee learning to occur in the same direction and motivate that it really takes place [41].

### 2.3. Firm Performance

Performance is a continuously examined theme in most branches of management, including strategic management by both academic scholars and practicing managers. Although prescriptions for improving and managing organizational performance are widely available, the academic community has been preoccupied with the discussions and debates about issues of terminology, levels of analysis (e.g. individual, work unit or organization as a whole), and conceptual bases for assessment of performance [42].

Venkatraman and Ramanujam (1986) suggest a two-dimensional classification scheme. On the one hand, they differentiate financial and operational indicators, and on the other hand, they distinguish between primary and secondary source of information. While financial measures are related to accounting measures and economic performance (e.g. profit, sales), operational measures are related to operational success factors that might lead to financial performance like customer satisfaction, quality, market share or new product development [42]. From the point of the view of the source of information, data for primary measures is collected from organization while data for secondary measures are collected from external or derivative databases.

Another classification distinguishes between objective and subjective measures. Objective measures refer to performance indicators impartially quantified. They are usually financial indicators obtained directly from organizations through secondary sources. On the other hand subjective measures refer to the judgmental assessment of internal or external respondents. They usually cover both financial and operational/commercial indicators [43].

Performance measures used in surveys may differ up to the objective and characteristics of the survey. Subjective measures based on the executives' evaluations and judgments about firm's profitability, sales, market share, customer satisfaction and so on are frequently used in management and organizational culture related surveys [44]. Gonzalez-Benito and Gonzalez-Benito suggest subjective measures in marketing and management field because subjective approach facilitates the measurement of complex dimension of performance [43]. Subjective measures also facilitates cross sectional analysis through sectors and markets because performance can be quantified in comparison to objectives or competitors [43].

In the direction of the similar views in literature, subjective measures are used in this survey which examining the effect of leadership (as a managerial factor) and learning orientation (as a cultural factor) on firm performance. Data related to the performance are obtained directly from the executives of the firms through the questionnaires, which means primary source data are used in that survey.

#### 2.4. Development of Hypotheses

The argument that leadership is the determining factor of firm performance has long been object of interest for management literature [45], [46], a few studies have suggested a correlation between leadership behavior and some measures of organizational performance [47], [48], [49]. On the other hand many surveys found no direct link between leadership behavior and performance [50], [51], [48], [49], [52], [53]. As a result, some authors are skeptical about attempting to establish a direct link between leadership and firm performance have began to seek the factors that mediate the relationship between the leadership behavior and firm performance [54], [52]. Following this view, we focused on learning orientation and sought the mediator effect of this factor on the relationship between leadership behavior style and firm performance.

Many authors have asserted relationships between leadership and organizational learning [8], [34]. Leaders can directly decide to introduce new ideas in to organization, set specific goals, encourage subordinates for innovation and learning [55], [56], [57]. Especially relations-oriented leadership and change oriented leadership by focusing on active promotion of employees' participation in collective decisions and activities, provide teams with direction, energy, and support for process of change and organizational learning [57]. Coad and Berry also argue that transformational leadership fuels organizational learning by promoting intellectual stimulation, inspirational motivation, and self-confidence among organization members [58].

Literature about the learning orientation-performance relation indicates that organizations with high levels of learning orientation generally outperform their competitors, especially in turbulent and competitive environment [59], [60], [18], [61]. Sinkula et al. give a support this positive relation by stating that "cultivating a learning culture may indeed become one of the primary means to attain and maintain a competitive advantage" [30], whilst Baker and Sinkula found evidence to support a positive relationship between learning orientation and business performance [25]. According to Day and Sinkula, a learning orientation implies that a firm is focused on its customers [39] [37], and "because it focuses on understanding and effectively satisfying their expressed and latent needs through new products, services and ways of doing business.... this should lead directly to superior outcomes such as greater new product success, superior customer retention, higher customer-defined quality and ultimately, superior growth and/or profitability"[24]. Another evidence of positive relation between learning orientation and firm performance is the basic tenet of the learning/experience curve approach is that with the accumulation of experience, the cost of production decreases. Thus, on this basis it can be deduced that learning can lead to enhanced performance by lowering the cost of production [60]. In the light of the literature, we argue that leadership style increase the firm performance through the learning orientation and propose the hypotheses following:

*H1: Learning orientation mediates the relationship between change-oriented leadership and firm performance.*

*H2: Learning orientation mediates the relationship between task-oriented leadership and firm performance.*

*H3: Learning orientation mediates the relationship between relations-oriented leadership and firm performance.*

### 3. Methodology

#### 3.1. Research Goal

In this survey we aim to identify the mediating effect of learning orientation on the relationship between leadership style and firm performance. To test the propositions, a field survey using questionnaires was conducted.

#### 3.2. Sample and Data Collection

The survey of this study is conducted on 343 middle and senior managers of 125 high performing firms operating in manufacturing industry in Turkey, between the years of 2008-2010. Firms fulfilling the criteria that (1) being indicated in the list of “Fortune 1000 of Turkey” between the years of 1997-2007, and (2) not being undergone a loss for those 10 years, are indexed as high performing firms.

435 firms that meet those two requirements were contacted via email or phone and informed about the research. However 127 firms accepted to participate in and fill out the research questionnaire. Questionnaires obtained from two firms are eliminated because they did not meet the requirement that “respondents should be top managers or middle-level managers in their firms”. Data obtained from those 343 questionnaires were analyzed through the SPSS statistical packet program and three proposed relations were tested through regression analyses.

#### 3.3. Measures

To measure leadership style, 33 item-scale of Yukl [16] is used. However 6 items are deleted because they showed a weak loading in factor analysis. In addition, 5 items are deleted because they are loaded to two different factors simultaneously. So, 11 items are used to measure “change oriented leadership”, 6 items for “task oriented leadership”, 5 items for “relations-oriented leadership”.

Learning orientation scale is adopted from Baker and Sinkula, which uses 15 items to measure three dimensions (open-mindedness, shared vision, commitment to learning) of learning orientation [25]. 1 item is deleted it showed a weak loading and 2 items are deleted because they are loaded two different factor concurrently. While 4 items are loaded to “commitment to learning” factor; 5 items of shared vision and 3 items of open-mindedness are loaded to same factor, which we call “commitment to vision and open-mindedness”. So learning orientation is measured through 8 items, which are loaded two different factors.

Firm performance scale is adopted from Khandawalla which uses 5 criteria to measure the overall performance [62]. Respondents are asked to benchmark their firms with the other firms operating in same industry and evaluate according to the criteria that (1) profitability, (2) sale income increase (3) employees’ job satisfaction (4) firm’s reputation in public and (5) financial power (liquidity level). Although Yukl’s leadership scale and Baker and Sinkula’s learning orientation scale are formed as reflective scales, Kahndawalla’s firm performance scale is formed as formative scale. Thus, factor analysis does not include firm performance items.

### 4. Analyses and Results

Overall, 39 items using 5 likert-type scale are used to measure leadership style, learning orientation and firm performance. Those items with factor loadings can be seen on the Table 1. Also as it has been

seen on the Table 2, the Cronbach's Alpha values for each factors exceeds 0,70, which indicates the reliability of scales used in that survey.

Table 1 Factor Analysis Results

	COL	TOL	ROL	Shared Vision and Open-Mindedness	Commitment to Learning
<b>LEADERSHIP STYLE</b>					
Develop innovative new strategies linked to core competencies	,785				
Empower people to implement new strategies	,773				
Build a coalition of key people to get change approved	,763				
Form task forces to guide implementation of change	,763				
Make symbolic changes that are consistent with a new vision or strategy	,762				
Envision exciting new possibilities for the organization	,742				
Experiment with new approaches	,722				
Encourage and facilitate innovation and entrepreneurship by others	,699				
Announce and celebrate progress in implementing change	,681				
Encourage people to view problems or opportunities in a different way	,675				
Encourage and facilitate learning by individuals and teams	,643				
Assign work to groups or individuals		,788			
Clarify role expectations and task objectives		,732			
Explain rules, policies, and standard operating process		,720			
Direct and coordinate the activities of unit		,669			
Plan short term operations		,633			
Organize work activities to improve efficiency		,569			
Socialize with people to build relationships			,752		
Keep people informed about actions affecting them			,719		
Consult with people on decision affecting them			,667		
Recognize contributions and accomplishments			,664		
Help resolve conflicts			,596		
<b>LEARNING ORIENTATION</b>					
Employees view themselves as partners in charting the direction of the organization				,815	
All employees are committed to the goals of this organization				,758	
There is a well expressed concept who we are and where we are going as a business				,754	
There is a total agreement on our organizational vision across all levels, functions, and divisions				,752	
Top leadership believes in sharing its vision for the organization with lower levels				,697	
Employees are not afraid to reflect their ideas even those are opposite to the shared assumptions				,621	
Managers encourage employees to "think outside box".				,617	



Original ideas are highly valued in this organization	,513
The basic values of this organization include learning as a key to improvement	,821
Learning in my organization is seen as a key commodity necessary to guarantee organizational survival	,815
Our organization’s ability to learn is seen as the key to our competitive advantage and development	,798
The collective wisdom in this enterprise is that once we quit learning, we endanger our future	,663
<hr/>	
Total Explained Variance for Leadership Style %64,440	
Total Explained Variance for Learning Orientation % 63,615	

Table 2. Cronbach Alpha Values and Source of Scales

Concepts	Number of Items	Scale Format	Cronbach Alpha	Scale Sources
Change-Oriented Leadership	11	LRFa	0,9482	Yukl (2002)
Task Oriented Leadership	6	LRFa	0,8329	Yukl (2002)
Relations-Oriented Leadership	5	LRFa	0,8587	Yukl (2002)
Shared Vision and Open-mindedness	8	LRFa	0,9021	Baker and Sinkula (1999)
Commitment to Learning	4	LRFa	0,8524	Baker and Sinkula (1999)
Firm Performance	5	LRFb	0,7542	Khandawalla (1977)

Notes: a LRF - Likert Response Format (Five point: 1=strongly disagree to 5=strongly agree)  
 b LRF - Likert Response Format (Five point: 1=very low to 5 = very high)

In this study, regression analysis is also conducted to test the hypotheses and to define the direction of relations. When we examined the Table 3, it can be seen that the three dimensions of the leadership (Change-oriented leadership, Task oriented leadership and Relations-oriented leadership) have significant effect on both dimensions of learning orientation (Commitment to learning, shared vision and open-mindedness) and firm performance. According to the Table 3, change oriented leadership ( $\beta=,367$ ;  $p=,000$ ), task oriented leadership ( $\beta=,137$ ;  $p=,014$ ) and relations-oriented leadership ( $\beta=,190$ ;  $p=,000$ ) have significant relationship to commitment to learning orientation. Moreover, change oriented leadership ( $\beta=,406$ ;  $p=,000$ ), task oriented leadership ( $\beta=,172$ ;  $p=,000$ ) and relations-oriented leadership ( $\beta=,273$ ;  $p=,000$ ) have significant relationship to the other dimension of learning orientation, shared vision and open-mindedness. All dimensions of leadership have also significant effects ( $\beta=,361$ ;  $p=,000$  for COL;  $\beta=,134$ ;  $p=,021$  for TOL;  $\beta=,132$ ;  $p=,011$  for ROL) on firm performance. The relationships of both dimensions of the learning orientation to firm performance are significant ( $\beta=,131$ ;  $p=,044$  for commitment to learning;  $\beta=,442$ ;  $p=,000$  for shared vision and open-mindedness).

As 4A and 4B regression analysis results have showed, when the learning orientation dimensions of commitment to learning and shared vision and open-mindedness are included in regression analyses, the significant effect of task oriented leadership and relations oriented leadership on firm performance has

disappeared. So, regression analysis results support H2 and H3 hypotheses. On the other hand H1 hypothesis is not supported.

Table 3. Regression Analysis Results on the Mediator Effect of Learning Orientation on Leadership –Firm Performance Relationship

Regression Model	Independent Variables	Depended Variables	Standardized $\beta$	Sig.	Adjusted R2	F Value	Model Sig.
1A	Change-Oriented Leadership	Commitment to Learning	,367***	,000	,319	54,517	,000
	Task Oriented Leadership		,137*	,014			
	Relations-Oriented Leadership		,190***	,000			
1B	Change-Oriented Leadership	Shared Vision and Open-mindedness	,406***	,000	,472	102,71	,000
	Task Oriented Leadership		,172***	,000			
	Relations-Oriented Leadership		,273***	,000			
2A	Commitment to Learning	Firm Performance	,131*	,044	,290	70,982	,000
2B	Shared Vision & Open-mindedness	Firm Performance	,442***	,000	,290	70,982	,000
3	Change-Oriented Leadership	Firm Performance	,361***	,000	,268	42,741	,000
	Task Oriented Leadership		,134*	,021			
	Relations-Oriented Leadership		,132*	,011			
4A	Change-Oriented Leadership	Firm Performance	,281***	,000	,298	37,261	,000
	Task Oriented Leadership		,104	,068			
	Relations-Oriented Leadership		,091	,078			
	Commitment to Learning		,216***	,000			
4B	Change-Oriented Leadership	Firm Performance	,224***	,001	,326	42,374	,000
	Task Oriented Leadership		,076	,179			
	Relations-Oriented Leadership		,040	,442			
	Shared Vision and Open-mindedness		,337***	,000			

In accordance with the regression analyses results, research model is being shaped as it has been shown at Figure 1 below:

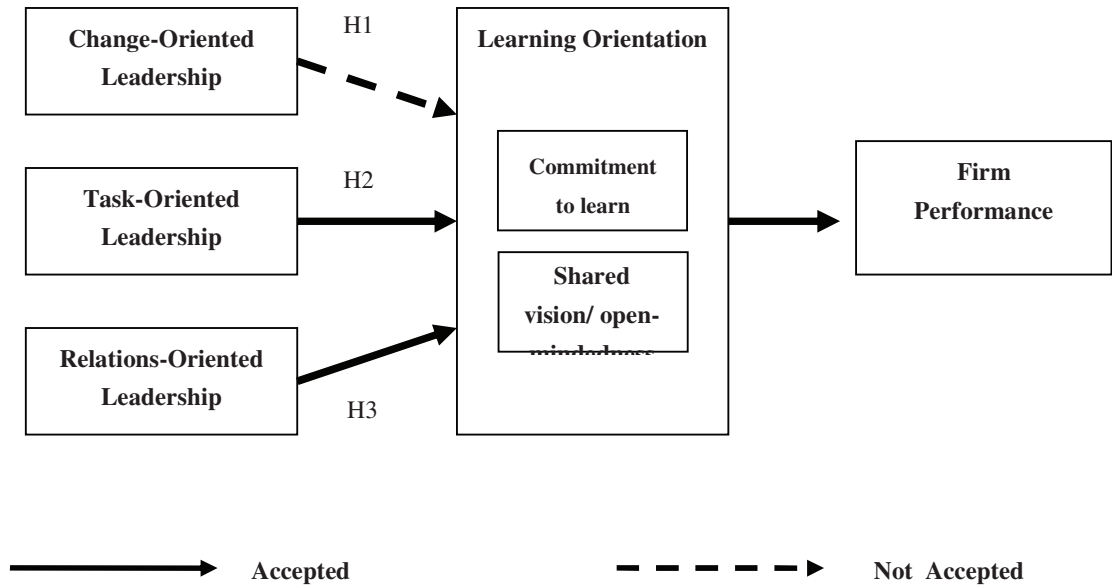


Fig 1. Final Research Model

## 5. Conclusion

This survey, which is conducted on high performing firms of Turkey survived in series of crises, highlighted the relationship among the leadership style, learning orientation and firm performance. The most striking result to emerge from data is that commitment to learning and shared vision and open-mindedness mediates the effects of task oriented leadership and relations oriented leadership behavior on firm performance. So, H2 (learning orientation mediates the relationship between task-oriented leadership and firm performance) and H3 (learning orientation mediates the relationship between relations-oriented leadership and firm performance) are fully supported.

These findings are consistent with the literature on leadership and learning orientation. Task oriented leaders, primarily concerned with accomplishing the task, utilizing personnel and resources efficiently, and maintaining orderly reliable operations [16] should value the need to understand the causes and effects of their actions [36] which refers to “commitment to learning”, in order to increase efficiency and performance. Furthermore, relations oriented leaders, primarily concerned with improving relationships and helping people, increasing cooperation and teamwork, increasing subordinate job satisfaction, and building identification with the organization [16] increase the organizational performance by developing

and holding a universally understood organizational focus that foster energy, enthusiasm and purpose in the organization [39] which refers to “shared vision”.

Surprisingly, H1 (learning orientation mediates the relationship between change-oriented leadership and firm performance) is not supported. This may stem from the fact that change-oriented leaders affect the firm performance directly through their behavioral characteristics of influencing organizational culture, developing a vision, implementing change and, increasing innovation and learning [16].

Although there are so many studies examining the learning orientation-firm performance relation [59], [60], [18], [61], [30] and leadership and learning orientation relation [8], [34], [55], [56], [57] in literature; the mediator effect of learning orientation on the relationship between leadership behavior and firm performance is examined and revealed for the first time through that survey, which differentiates this survey from others.

However, this survey is conducted on high performing firms of Turkey; findings might not be transferable to all types of organizations. Thus, it is recommended that further researches can be conducted on small-scale organizations and, also in different countries for the generalizability of findings. Another limitation of this survey is that same respondent answer the all questions related to leadership style, learning orientation culture and firm performance. Further surveys can be designed in a way that firm performance and leadership style related questionnaires are filled out by different respondents, in order to prevent same-source bias. In the direction of the findings, executives of the firms can be recommended to empower learning oriented culture and encourage change-oriented leadership behavior in their organization in order to increase firm performance and survive in crises.

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