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Connections between Leadership Features and Attitudes towards Innovativeness: A Research on Small and Medium-Sized Business Owners

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Abstract

The issue of leadership, with its roots from ancient times, is perhaps one of the most popular subjects in scientific terms as well as in daily life. Accordingly, this popularity has led to the creation of many leadership paradigms and types. A contemporary approach points out that innovativeness is one of the key elements in the modern business world and is also connected with leadership. This mentioned connection, however, has somehow a vague point: literature reveals two related claims. While some scholars contend that innovativeness should be a component of nearly all leadership types; some emphasize that a distinct type of leadership, innovation leadership, should primarily be taken into consideration. In this sense, this study aims to shed light upon leadership-innovativeness connection in the Turkish context by focusing on the entrepreneur – the business owner oneself. In accordance with this aim, data from small and medium-sized business owners in İstanbul Tuzla Organized Industrial Zone are collected and evaluated. A general result achieved is that business owners are keen on innovativeness and their perceptions of their own leadership features have partial connections with their innovativeness inclination.

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1. Introduction

Leadership has been an interest since the ancient times of humanity. There are numerous studies and various related aspects such as definitions, types, factors, reasons, results, process, and emerge of leadership have been subjected from many paradigms. Innovativeness, on the other hand, is relatively a newer concept; and furthermore, leadership-innovativeness connection is a much recent matter of interest for scholars. Although there is evidence that some leadership types emphasize leader's innovativeness; thus in turn, are vital to encourage innovativeness for goal attainment (Jaskyte, 2004; Liu et al., 2011), there are some missing or obscure issues. A noteworthy point is that the Turkish literature generally lacks further investigations of leadership-innovativeness connection and the existence of few studies (e.g. Mogulkoc, 2009; Ayrancı, 2011) acknowledges this situation.

This study, with the aim to make contributions about the mentioned issue, is made to find out facts about many points. A starting point is to reveal whether business owners of small and medium-sized enterprises (SMEs) perceive themselves to be leaders in the business context. If that is the case, then the owners are asked to provide data about their leadership factors, which are bi-directional: people or work-oriented. Another issue is about these people's ideas about innovativeness; in other words, on what factors these people build their ideas about innovativeness. Finally, the relationship between these people's perceived leadership factors and their ideas about innovativeness is investigated to see whether and how much these two concepts are inter-related. As there are many different definitions of SMEs, a particular definition is used in order to pinpoint these businesses as homogeneously as possible. The authors select Istanbul Tuzla Organized Industrial Zone (OIZ) for the field study due to the fact that most of the businesses in this OIZ abide by the SME definition noted.

2. Leadership and Innovativeness Connection: A Brief Summary

History reveals that leadership has been a noteworthy matter since the earliest times of humanity (Davis and Luthans, 1979) and has also been a scientific attraction for over 100 years (e.g. Galton, 1869; Terman, 1904). The issue of innovativeness in business environment, on the other hand, is relatively a new matter and the focus on it recently been put forward (e.g. Lovelace et al., 2001; Sethi et al., 2001). Inevitably, leadership and innovativeness connection is investigated in both international (e.g. Jaskyte, 2004) and Turkish literature (e.g. Mogulkoc, 2009; Ayrancı, 2011). There is, however, a catchy point about this connection: despite the claims that innovativeness is related to, and maybe moreover, embedded in leadership (Deschamps, 2003); there is a deficiency of empirical evidence, and this study is expected to be a small contribution to address this deficiency.

Innovativeness is generally understood to be the capacity or capability to think or act in a unique (Salavou, 2004) and sometimes unfamiliar (Danneels and Kleinschmidt, 2001) way in the name of originality (Lee and Mano, 2014), and moreover, this uniqueness is claimed to be very effective towards followers and tasks in the leadership process (Jung et al., 2003). In other words, a leader may facilitate from innovativeness to inspire followers towards the goals (Eyal and Kark, 2004) as well as to find better solutions regarding the tasks to arrive at goals (Bryant, 2003); thus leadership is believed to be well related to originality (Ollila, 2000), which in turn, pinpoints that innovativeness should be one of the main features of leadership. One step further reveals that some types of leadership, especially transformational leadership, should actually be a process to foster creativity to enable the transformation at the organizational level (Jung et al., 2003; Oke et al., 2009) and innovativeness is required for this creativity. Regardless of being transformational, a leader is claimed to encourage followers' innovativeness (Suciu et al., 2010), use own innovativeness for group and organizational level success (Lee, 2008; Pihie and Bagheri, 2013), and foster followers' commitment via use of innovativeness and social skills (Deschamps, 2003). All these again suggest the existence of leadership-innovativeness connection and excite the authors of this study to go on exploring this connection.

3. Methodology

3.1. Research Goal

The research process has multiple goals. One of the goals is to find out how the participants perceive themselves if their leadership style – especially orientation towards followers and tasks – is in question. Another one is about their attitudes towards innovativeness; how the participants handle innovativeness. The final aim is to investigate the relationships between these two issues; the self leadership perception and attitudes towards innovativeness.

The identity of participants is the key point in this research, as the mentioned investigation can only be meaningful for the business context if appropriate participants are selected. With this in mind, the owners of SMEs are selected and their opinions are accounted for due to many reasons. SMEs include very few decision-makers and are generally futile towards institutionalization. This situation unavoidably shines the business owner as the central decision-maker and necessitates this person's leadership skills for both business tasks and workers. In this case, an important matter is to untap how much this person is aware of this necessity and if existing, towards what this awareness is inclined to. The business owner can decide the fate of the business, and therefore own attitude towards innovativeness can profoundly affect business's future. This also brings forth the importance of revealing that attitude. The authors consider that it is the leadership ability of the business owner to grasp innovation and implement it within the business, and the business owner's ideas regarding innovativeness can affect how this person acts as a leader; thus there should be interactions between these two.

3.2. Sample and Data Collection

The participants are the owners of SMEs in İstanbul Tuzla OIZ. This OIZ includes 91 business (İstanbul Tuzla OIZ, 2015), and all are considered for the research. The focus on SMEs motivates the authors to use the formal SME definition declared in Regulation No. 2012/3834 in Official Gazette 28457 (Prime Ministry, 2015) which states that an SME has less than 250 workers and its annual net sales revenue or balance sheet size must be less than 40 million TL. The questionnaires start with this SME definition and ask the business owner to distinguish own business as being an SME or not, leaving 86 businesses. After the SME question, the questionnaires include Luthans's (1995) "leadership orientation inventory" to reveal the business owners' leadership orientations; and Raudsepp and Hough's (1977), Hurt et al.'s (1977), and Agarwal and Prasad's (1998) instruments to clear up the attitudes towards innovativeness, very similar to what Ayrancı (2011) did. Out of 86 businesses, 81 provide valid answers.

3.3. Analyses and Results

As the first step, the authors start with the investigation of statistical structures due to the facts that the mentioned instruments used by Ayrancı (2011) are reworded and modified to become study-specific, and original forms of these instruments have not been used in the Turkish context. The authors perform explanatory factor analyses with varimax rotations and use suppressions for factor loadings smaller than 0,5. The results point out that there is a three-dimensional structure for leadership orientation, and these dimensions can aggregately explain 60,686% of the total variance. Detailed results are given in Table 1, accompanied by the results of reliability analyses.

Table 1. Results of the explanatory factor and reliability analyses of leadership orientation items

	Work Orientation (Work process) (WOP)	People Orientation (PO)	Work Orientation (Work load) (WOL)
<i>Suitability of the Explanatory Factor Analysis for the Data</i>	KMO Value: 0,875 (Bartlett's test value is statistically significant)		
<i>Variance Explained (%)</i>	<u>20,542</u>	<u>20,300</u>	<u>19,844</u>
<i>Cronbach's Alpha Value</i>	0,875	0,832	0,844

I make decisions about work issues.	0,785		
I personally decide what to do and how to do anything in relation to the business.	0,703		
I want my methods to be used to solve particular problems.	0,675		
<i>Table 1. Continued</i>			
	Work Orientation (Work process) (WOP)	People Orientation (PO)	Work Orientation (Work load) (WOL)
I want my subordinates to act as I request during business emergencies.	0,637		
I personally plan the work to be done.	0,595		
I encourage the use of specific methods in the business.	0,504		
I demand that my subordinates obey the specified rules and arrangements.	0,501		
I trust my subordinates.		0,788	
I usually support my subordinates' business ideas.		0,727	
I generally prefer to act after I consult particular subordinates.		0,653	
I feel comfortable while giving some of my authority to my particular subordinates.		0,650	
I have patience for haziness and latencies in our work.		0,565	
I want my subordinates to work more.			0,824
I want my subordinates to work more enthusiastically.			0,806
I want my subordinates to work faster.			0,610
I encourage my subordinates to work over-time.			0,606
I encourage my subordinates to be more productive by offering rewards.			0,600
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
Rotation converged in 5 iterations.			

Table 1 reveals that the business owners are more work-oriented and this orientation is related to the amount of work to be allocated to the employees, and the patterns of decision-making and application. People orientation, on the other hand, is generally about trusting employees, and considering employees' ideas.

The authors continue with the investigation of business owners' attitudes towards innovativeness and the yielded result, pinpointing a four-pillar structure, is presented in Table 2. The structure, as a whole, can explain 64,362% of the total variance.

Table 2. Results of the explanatory factor and reliability analyses of attitudes towards innovativeness items

	Idealism (I)	Logicalness (L)	Creativity (C)	Intuition (IN)
<u>Suitability of the Explanatory Factor Analysis for the Data</u>				
KMO Value: 0,705 (Bartlett's test value is statistically significant)				
<u>Variance Explained (%)</u>	21,686	17,650	14,838	10,188
<u>Cronbach's Alpha Value</u>	0,889	0,922	0,925	0,725
I can persevere in searching for solutions to very difficult problems.	0,768			
I believe that success is the result of hard work.	0,750			

Table 2. Continued

	Idealism (I)	Logicalness (L)	Creativity (C)	Intuition (IN)
I can reject benefits or amenities for the sake of my goals.	0,746			
I like people who prioritize work more than fun.	0,738			
I don't respect people who cannot keep their consistencies when facing hard situations.	0,703			
I favor acting in a fair way than having other people's acceptance.	0,700			
Self-respect is much more important than other people's respect.	0,675			
I believe that I can bring about a positive change to humanity.	0,633			
I have the best ideas when I am relaxed.	0,616			
I can sometimes quickly solve problems.	0,604			
I work systematically when I get and process information.		0,967		
I believe that the most appropriate method to solve problems is to move pace by pace.		0,919		
I make sure that I always perform the right actions in the process of problem solving.		0,884		
Everything must be in order and everything must be in its appropriate place.		0,822		
I think that continuously pursuing perfection is not a wise action		0,660		
I like having new ideas rather than using other people's ideas.			0,920	
Sometimes asking wrong questions leads to problems to find right answers.			0,900	
I sometimes act in an unconventional way that surprises people in many social situations.			0,893	
My dreams cause my mind to arrive at many thoughts and projects.			0,849	
Hunches are reliable guides when solving problems.				0,861
When I strive to solve a problem, I also consult my hunches, and my instincts.				0,734
It is amendable to ask questions, which lack absolute answers.				0,725
I can deal with a problem that I do not fully understand yet.				0,587

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 5 iterations.

Table 2 reports that the business owners' attitudes towards innovativeness are built on their idealism primarily, followed by the use of their logic to act and solve problems. Creativity, as expected, is an ingredient of the participants' attitudes towards innovativeness and they also rely on their intuition to solve problems.

As the final step, the authors consider the correlations among leadership orientation and innovativeness factors, the results are presented in Table 3.

Table 3. Correlations among attitudes towards innovativeness and leadership orientations factors

	<i>Idealism</i>	<i>Logicalness</i>	<i>Creativity</i>	<i>Intuition</i>	Work Orientation (Work process)	People Orientation	Work Orientation (Work load)
<i>Idealism</i>	1,00						
<i>Logicalness</i>	-0,04 (0,09) -0,43	1,00					
<i>Creativity</i>	0,03 (0,13) 0,26	0,06 (0,06) 0,99	1,00				
<i>Intuition</i>	0,01 (0,15) 0,04	-0,04 (0,07) -0,57	-0,03 (0,11) -0,24	1,00			
Work Orientation (Work process)	0,95 (0,03) 33,93	-0,02 (0,08) -0,28	-0,03 (0,13) -0,22	0,09 (0,14) 0,61	1,00		
People Orientation	0,90 (0,05) 17,85	-0,06 (0,09) -0,73	-0,19 (0,12) -1,54	0,06 (0,15) 0,38	0,87 (0,07) 13,20	1,00	
Work Orientation (Work load)	0,96 (0,03) 34,71	0,01 (0,09) 0,10	0,10 (0,13) 0,76	-0,06 (0,15) -0,44	0,84 (0,07) 11,35	0,77 (0,09) 8,36	1,00

Table 3 emphasizes that attitudes towards innovativeness and leadership orientations are partly related. Only one of the factors that contribute to attitudes towards innovativeness – idealism – is related with all the factors of leadership orientations. A very interesting fact is that idealism is very powerfully and positively related to leadership

orientation factors. The business owners consider that their leadership pattern, whether people or work-oriented, are profoundly related to their idealism. Another noteworthy finding is that leadership orientation factors are all strongly and positively related with each other; the business owners do not consider people orientation to be an alternative to work orientation or vice versa. When it comes to attitudes towards innovativeness, however, there is not even a single significant relation among its factors, which in turn, urges the authors to comment that there may be three possibilities behind. The business owners may be considering each factor of innovativeness separately, the related instruments are weak albeit the statistical structures and reliabilities are acceptable, or both possibilities may have happened.

4. Conclusion

This study considers SME owners, and with the idea that they are the main decision-makers of their businesses, notes that their perceptions of own leadership and ideas towards innovativeness should also be important for their businesses. The relationships among the factors of these two subjects are investigated and a slight connection is found. The findings, moreover, imply that leadership orientation factors are related whereas innovation attitudes factors are not. All these results achieved lead to many conclusions. The authors posit that the business owners consider people and work orientations as co-existing factors of leadership and they can not be separated from each other. On the other hand, they consider each factor of innovation independently and assert that only one factor, their idealism, should be related to their leadership orientations; more idealism is needed if the issue is leadership regardless of the leadership pattern. Finally, the authors suggest future studies to benefit from more detailed instruments in order to catch more details of leadership orientations and innovativeness.

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