UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

ANALYSIS OF AUTHENTIC LEADERSHIP AND ENTREPRENEURIAL SUCCESS IN MACEDONIAN BUSINESS ENVIRONMENT

Ljubljana, April 2017   FILIP ARSOVSKI

AUTHORSHIP STATEMENT

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INTRODUCTION

In the pyramid of success in one company, the leadership and the leader take the top stairs. Leadership is active in the company where teams of people are created who, together with a sense of responsibility and belonging are achieving their strategic objective. Enthusiastic and satisfied employees are one of the keys to success, but on the other hand there must be a leader in front of the employees who will be followed. One of the best ways to attain enthusiastic, motivated and success driven working environment is through authentic leadership development (Avolio & Gardner, 2005).

Leadership is a dynamic process in which an individual affects other employees, motivate them to feel ready and responsive in meeting the strategic objectives and to pursuit the company goals. Leadership is defined as the ability to influence subordinates to streamline their operations towards meeting the objectives of the company (Gardner et al,. 2005).

In these turbulent economic times, employees are the companies' greatest assets, therefore vital element for building enduring organization is to create satisfied, hardworking and happy team of employees who will work, think and pursue the company's goals together. There must be a leader in charge of the team who will lead with purpose, who will build enduring organizations and a leader who will motivate employees to provide superior customer service (George, 2003).

According to Azanza et al. (2013) there must be a leader as a factor in the execution of the strategy in the company, while the most important is the ability of the leader to predict, adapt and implement strategic changes that are essential in implementing the strategies of the company. The main tenets are to define clear strategic directions for company development, vision, and decent understanding of the basic assumptions for their implementation, inspirational and motivated management and establishing strategic control over their performance.

The concept of "authenticity" to leadership as we recognize it currently, advanced from the economic and technological developments as well as geo-political influence over the past decades. This concept is getting more and more attention among researchers and practitioners who are emphasizing the importance of having: on one hand leaders who are transparent, aware of their values, guiding organizations based on ethical ground and on the other hand organizations which have to invest in developing such leaders that will make difference in creating long term values (Avolio & Gardner,2005). In the past decades management schools opened up a new area in leadership research that influence the leadership styles and behaviors.

Authentic leadership starts getting more attention after the publication from Harvard professor and previous Medtronic CEO Bill George as well as other demand for research from

scholars and practitioners. According to Gardner at al., (2011) there were a lot of publications about authentic leadership over the past decade with focus first on conceptual development and as the research progresses there were more empirically based articles which may lead to a promising development from theoretical models to practical experience and growth.

Hierarchical management and transactional leadership styles with low level of authenticity are the key indicators for low productivity and low motivational level among the employees in most Macedonian companies, especially in highly dynamic and innovation driven periods such as the 21st century. According to Harter (Gardner at al., 2011) authenticity can be described as knowing and owning personal experiences like thoughts, emotions, needs, desires and beliefs. Also Luthans and Avolio (Gardner et al., 2011) say that authenticity can be described as acting in accordance with one's own personality, communicating personal thoughts and beliefs while being self-aware. There are many definitions of authentic leadership. However as mentioned by Gardner et al., 2005 authenticity in leadership is preciously described as ability of the leader to communicate sincerely his or her own beliefs, values, goals, feelings and ability to modify leadership behavior with his or her own personality.

Companies in the 21st century have big problems finding their path to success in these unpredictable rapid economic changes. One of the best ways to attain enthusiastic, motivated and success driven working environment is by developing authentic leadership (Gardner et al., 2005) which is crucial element for developing entrepreneurial success. In this global environment with dramatic market changes and new technology innovations, in order to achieve entrepreneurial success, entrepreneurs must have: clear vision, manage cash creatively and persuade others to commit their venture (Bush, 2007). The entrepreneur must be authentic leader in order to successfully share the vision and create the image as a role model in front of the followers.

Developing authentic leadership framework in the organizations means developing the authentic leader but also developing the authentic follower (Gardner et al., 2005).The crucial element of authentic leadership development framework is that the authentic leaders must create authentic followers through positive modeling where the outcome of the process will increase the followers` trust, engagement and the well-being of the workplace which will result in sustainable and veritable performance of the follower. The result of such process is creating successful, goal oriented, with shared vision working environment. Azanza, Moriano and Molero (2013) argued that organizational cultures focused on innovation with support of authentic leadership have positive effects on followers.

Entrepreneur who is authentic leader will identify the strong points and strengths in every employee, and he will help them to further develop these characteristics in order to complement the leader and contribute to further organizational growth (Jensen & Luthans, 2006). There is a connection between successful entrepreneurs and authentic leadership.

Crane and Crane (2007) believe that in order the entrepreneur to be successful, he must become highly visible role model who will teach and encourage others to enter the entrepreneurial world that can be correlated with authentic leadership.

The purpose of my master thesis is to analyze and provide managerial implications for the incorporation of authentic leadership as a leadership style for developing entrepreneurial success in Macedonian business environment.

The basic aim is to research and compare the different leadership characteristics in successful companies in Macedonian business environment. Additionally I will research and find out if authentic leadership will be appropriate leadership style for developing entrepreneurial success in Macedonian business environment. The research will be conducted in the following companies: Zeginfarm, Eurofarm, Alkaloid, Makpetrol, and Lukoil.

My main thesis states that in order to achieve entrepreneurial success in these turbulent times there must be some form of authentic leadership. In this thesis I will check the next research questions:
R1: Does authentic leadership exist in these successful companies?
R2: How to implement authentic leadership in Macedonian business environment?
R3: In which way authentic leadership correlates to entrepreneurial success?

Master thesis **methodologically** is divided in theoretical and research part. In the theoretical part I will use secondary data, from which I will observe, describe and compare the available literature about authentic leadership and entrepreneurship. The secondary data will be from scientific articles, books and website contributions. In the research part I will use only primary data through questionnaires and direct observation.

The structure of the thesis is divided in three chapters in order to provide comprehensive understanding of the topic. The first chapter is about authentic leadership and its basic definitions, theories, elements, models and authentic followers. In the second chapter I will process entrepreneurial success and its definition, theories, the nine factors for competitive success and the main characteristics of successful entrepreneurs. While in the third chapter I will conduct a **qualitative research** in Zeginfarm, Eurofarm, Alkaloid, Makpetrol and Lukoil through two different questionnaires. The first was to collect general information about demographic variables: gender, age, education level, employment status and working experience. The second is 12 simple-form-question survey with five possible answers. Through this **structured survey** I will explore and find out if authentic leadership exists in some form in these successful companies. Further that will give clear picture about my main thesis and research questions.

1 AUTHENTIC LEADERSHIP

1.1 Definition and Theories of Authentic Leadership

Although the concept of "authenticity" can trace its history back to ancient Greece, at the present time there is still not one agreed definition for authentic leadership. Ancient Greek philosophers stressed authenticity as an important state through an emphasis on being in control of one's own life and aware of oneself as recorded in the temple of Apollo and Delphi (Gardner et al., 2011). Harter (2002) defines authenticity as a person's background which includes his way of thinking, his beliefs, needs, emotions, his ambitions. Luthans and Avolio (2003) define authenticity with focus on self-awareness of the personal traits behaving in line with them and expressing the truth and his personal beliefs at the workplace.

Authentic leadership is a process of development where leaders are aware not only of their own values and strengths but of their followers` values and strengths as well. Being an authentic leader means understanding that leadership is actually not acting but being yourself at the workplace and outside of workplace, being a role model for the employees. A person with integrity thus is earning the trust of the employees which is crucial for sharing the same values on the way of achieving the common long-term company goals through continuous serving and empowerment of employees and giving positive feedback. As stated by the academic George (2003), authentic leaders are led by the potentials of their mind, their heart and their passion. In addition as mentioned by Walumbwa et al., (2008), authentic leader is " a model of a leader behavior that draws upon in promoting a positive and psychological capacity, creating a positive ethical climate, fostering positive self-development, ensuring better self-awareness, establishing an incorporated moral perspective, balanced processing of information, and rational transparency ". There are academic reviews (Avolio & Gardner, 2005) which bring authentic leadership in connotation with positive leadership or charismatic leadership, spiritual leadership or leadership in the form of servant leader. Some academics (Cameron, Dutton, & Quinn, 2003) connect the authentic leadership with positivism and positive organizational studies.

Basically, there is an academic consent that self-awareness is at the core of the authentic leadership meaning that it requires investing time and efforts for understanding and developing own self values and beliefs and understanding that all employees are on a different level of their self-awareness development. Furthermore, these leadership core values and beliefs should consist of more universal principles and how to influence others by raising themselves to higher standards of moral conduct. The crucial, among others, is developing high moral values and understanding that own self- interest is to serve collective interest. As Epstein, (1973) stated these leaders are continuously reexamining their own self beliefs, views and evaluation they have for themselves with the aim to conclude how they can be better. Avolio and Luthans (2006) argued that authentic leadership represents the root con-

cept or base underlying all positive forms of leadership meaning that there can be authentic directive and participative leaders, just as there can be authentic transformational leaders.

1.2   Elements of Authentic Leadership

There are many different definitions for authentic leadership however according to Walumbwa, et al., (2008) there is empirical research that supports the concept of authentic leadership that includes four basic components: self-awareness, balance-processing, moral perspective and rational-transparency. According to Luthans and Avolio (2003) the main elements of authentic leadership elaborated below are self-awareness, balance-processing, self-regulation and rational-transparency. The concept of authentic leadership and the connection between the elements are reflected in the figure below (Figure 1).

Figure 1. Elements of Authentic Leadership

Source: F. Luthans, and B. Avolio, Authentic leadership: A positive development approach, 2003, in K. S. Cameron, J. E. Dutton, and R. E. Quinn (Eds), *Positive organizational scholarship*, Berrett-Koehler, San Francisco, CA, p. 241

A number of researches have shown self-awareness as a crucial quality of successful business leaders. Self- awareness is having a clear perception of own personality, including strengths, weaknesses, thoughts, beliefs, motivation, and emotions meaning that all these personal and professional traits are not only positive but there are negative ones as well. We can say that self-awareness is a conscious knowledge of one's own character, feelings, motives, and desires and through this combination of personal and professional traits a leader understands the limits of his/her own knowledge and capabilities (Ilies et al., 2005),

(Avolio & Gardner, 2005). According to Sparrowe (2005) there is a common understanding that the self- awareness is an inevitable precondition for authentic leadership development and it is a continuous process. George (2003) states that it means having fundamental awareness of one's knowledge, experience, and capabilities. Self–awareness is a continuous process of learning and understanding of the personal identity, fundamental values and believes, feelings and goals through introspection (Avolio et al., 2004).

Another element of the authentic leadership is balance – processing. Balanced processing means analyzing of all relevant data and considering others opinion during the decision making process. It is a crucial trait of an authentic leader to respect other opinions and take all of them into consideration before making final decision. Kernis (2003) and Gardner et al., (2005) also support that balance – processing is essential for building supportive atmosphere in the company and makes employees feel valuable by expressing their opinion and contributing to decision-making process and further company success. By expressing their opinion and participating in the decision making process without fearing to make mistakes employees increase their self confidence (Berson et al., 2006).

Self – regulation is another leader's trait which reflects their capabilities to establish internal standards and regulations to identify any intended or unintended discrepancies. It is a self – control conveyed by the employees in order to comply with the internal standards (Stajkovic & Luthans, 1998). Authentic leadership means internalized moral and ethical values which are incorporated in leader's behavior, his or her relationships and decisions resistant to outside pressures (May et al., 2003). Leader's authenticity and integrity are the key to earn respect of the followers and possibility to influence their performance (Duirgan & Bhindi, 1997). According to Novicevic et al., (2006) self – regulation element enables establishing common goals at all company levels and clear understanding of the same. Authentic leaders are aware of their own personality, emotions, values and they know how to achieve their goals. They control the employee`s work and stimulate their participation in fulfilling the goals (George, 2003). As fairly mentioned by Gardner et al., (2005) by practicing self – regulation at all levels by clearly stating company plans and goals, transparency and trust are increased which lead to successful team work and cooperation on all levels.

The last of the basic elements of the authentic leadership is relational transparency. Relational transparency means that the leader is sharing honestly his or her own thoughts and beliefs, balanced by a minimization of inappropriate emotions. Novicevic et al., (2006) stated that authenticity represents the leader's capability of harmonizing the responsibility to themselves, to their followers and the wider public in order to reach collaboration inside and outside of the organization. Some big companies especially multinational companies have defined company culture which include the transparent, open communication which is not only one way directed from leaders to employees but there is open communication and vice versa. Relational transparency involves transparency (Ilies et al., 2005) on all lev-

els thus increasing the trust which has significant contribution to achieving the planned goals through trustful cooperation on all levels (Hughes, 2005).

1.3 Authentic Leadership Model

As reasonably stated by more authors (Hamel, 2000; O'Reilly & Pfeffer, 2000) the contemporary world with its telecommunication and technological development create intensive and global competition which makes qualified high skill employee's key factor for success and growth. Human resources of the company are making a difference and becoming the critical factor for achieving company goals (Argyris, 1993; Hitt & Ireland, 2002; Pfeffer, 1998). Focus on human resources was advised by Cooper (1993) since it is becoming more critical success factor for entrepreneurial success.

According to Peters (2001) the late 1990s, especially after negative examples like Enron, World Com, Tyco and other examples of company scandals and fraudulent management, leadership become one of the key business focuses. It was a trigger moment for intensifying researches of authentic leadership development. Entrepreneurs, who have the idea, vision and are brave enough to invest in their own companies, in order to provide sustainable growth and success of their business, have to be leaders of their employees who are translating their vision into reality.

There is a recommendation that the theoretical Authentic Leadership Model (Avolio et al., 2004; Avolio & Luthans, 2006; Luthans & Avolio, 2003) can offer a comprehensive background for studying the entrepreneur as a leader with attention on the background/previous experiences, positive self – development and results of authentic leader behavior. Figure 2 shown below, presents this authentic leadership conceptual model. Implementing this model within the new small businesses may lead to better understanding of how the leadership behaviors of the business founders/entrepreneurs influence their employees job satisfaction, organizational commitment, work happiness.

Figure 2. Authentic Leadership Conceptual Model
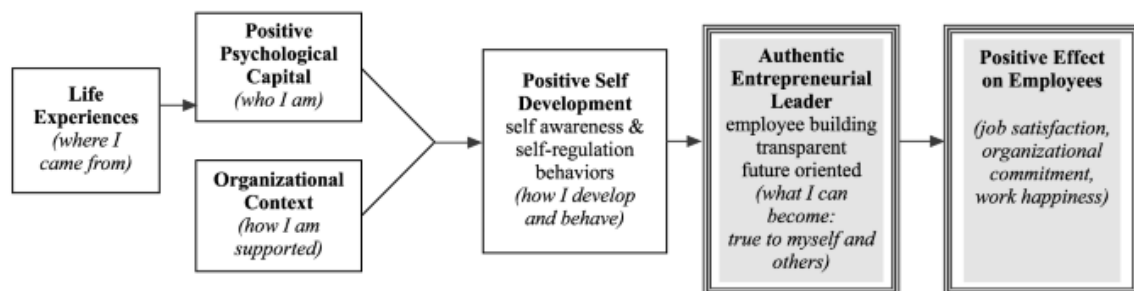
Source: B. J. Avolio, and F. Luthans, *The high impact leader: Moments matter in accelerating authentic leadership development*, 2006, McGraw-Hill, New York, NY, p. 121.

From a general perspective the model shown in Figure 2 recognizes the significance of life experiences (i.e. "where I came from", in terms of family background and working environment), positive psychological capital (i.e. "who I am", e.g. the levels of optimism, expectation, self-confidence, and adaptability) and the organizational context (i.e. "how I am supported") e.g. organizational resources and culture, (Luthans et al., 2004; Luthans & Youssef, 2004; Luthans et al., 2007).

1.4 Authentic Leadership Development

Over past decades there were many studies which aim was to determine the model of great leaders with their personal traits, characteristics, and styles. So far, there is not a unique profile, a role model for great leader which is good since if there was, all leaders would copy that role model and there is no authenticity when trying to be like someone else. As we conclude previously, employees trust their leaders when they are honest and authentic. George (2003) inspired leaders to lead authentically and as he defined them, the authentic leaders must demonstrate a passion for their purpose, practice their values consistently, and lead with their hearts as well as their heads. They create long - lasting and significant relationships and are determined to get results. They simply know their authentic self.

Later on there were studies on how to develop authentic leaders but there is not a unique model which fits all meaning that to become authentic leader you have to find your authentic path. George and Sims (2007) presented a concrete program which shows how to create your own Personal Leadership Development Plan centered on five key areas: knowing your authentic self, defining your values and leadership principles, understanding your motivations, building your support team, staying grounded by integrating all aspects of your life.

Based on Shamir and Eilam (2005) concept, authentic leader development consists of the following four basic modules: a) development of a leader identity as a central component of the person's self-concept; (b) development of self-knowledge and self-concept clarity, including clarity about values and convictions, (c) development of goals that are concordant with the self-concept; and (d) increasing self-expressive behavior, namely consistency between leader behaviors and the leader's self-concept.

Authentic leadership development is obviously a long term commitment and due to its complexity it is hard to create some kind of a standard model or process and since it involve a personal development / understanding as Avolio and Gardner (2005) stated it can be more a Life's program than standard teaching program.

What differentiate authentic from inauthentic leaders are their strong personality and dedication, they have the internal strength and internal compass (Gardner et al., 2005) to navigate through the challenging path.

As many authors have concluded (Avolio et al., 2004; Gardner et al., 2005) authentic leader development takes time, commitment and efforts from the leaders and support from the organizations which eventually result in developed authentic leaders. Authentic leadership understands not only the authentic leaders but the authentic followers as well as discussed in the following text.

1.5   Development of Authentic Followers

As Gardner et al., (2005) wrote, definition of the authentic leadership has to be extended so that it will define not only the traits of authentic leaders but their relation with the followers also. Even more essentially, leadership is not only about leaders but it is related to followers and represents a relationship between them (Hollander, 1992; Howell and Shamir, 2005). So, in order to have the whole picture, the term authenticity has to be extended to followers also as well as to the relationship between the leaders and the followers (Gardner et al., 2005).

Analyzing why the focus is primarily on development of authentic leader Quinn (2003) has identified three basic reasons: a) it is less difficult than the full concept of authentic leadership b) it's believed that increases the probability of the development of authentic followers c) authentic leaders are essential element of authentic leadership and the first step toward authentic leadership development.

More specifically, authentic followership means:

Figure 3. Authentic Followership

- Sharing the same concerns, believes and values with their leader. They follow the leader due to these authentic motives rather than due to some hierarchical pressure or personal compensation.

- A relationship based on mutual trust but, it is not a blind trust but trust based on their personal judgement of the leader's activities and capabilities.

- Followers who authenticate the leader:

o They assess the leader's right for leadership based on personal values and beliefs rather than on some formal ranking of employed officers

o They judge the leader's behaviors as authentic − in accordance with his beliefs and values.

Source: E. P. Hollander, Leadership, followership, self and others, 1992,
The Leadership Quarterly, 3, pp. 43-54.

Dirks and Ferrin (2002) and Jones and George, (1998) emphasize the importance of the authentic followership development for better cooperation and performance. As development is an on-going process, authentic leaders are developing themselves and the followers simultaneously and these positive interactions result in increased follower self-awareness, self- regulated behavior and positive self-development.

1.6 Authentic Leadership Impacts on Motivation

Many authors (Avolio & Gardner, 2005; Avolio, Gardner, Walumbwa, Luthans, & May, 2004; George, 2003; Luthans & Avolio, 2003; Walumbwa, Avolio, Gardner, Wernsing & Peterson, 2008) presented their opinion that authentic leadership with its optimistic, transparent, honest and moral approach can advantage the organization leadership in meeting the current challenges. Walumbwa et al., (2010) emphasized that due to authentic leader's self – awareness, transparency and openness they have a big influence on their follower's motivation.

Successful leaders know how to motivate employees to achieve the defined goals by clear communication, stimulating the teamwork and developing interpersonal relationships. Authentic leaders in addition are stimulating employees to develop their potential and they create organization where employees can feel that they are important and belong to the organization. Today, the greatest authentic leader considers his ability to solve complex issues affecting employee motivation to improve the efficiency, effectiveness, creativity and quality (Carrell et al., 2000).

The role of an authentic leader is reflected in the ability to motivate the followers to their potential, i.e. management skills, attention, meaning, trust and to contribute to the achievement of the objectives of the organization with the active involvement of employees in achieving personal and professional goals. It is required from the authentic leader to have a different approach in the choice of techniques and adapt them within the limits of the individual. Someone's primary interests are material incentives, for someone is job security, for someone recognition is important, so the task of an authentic leader is to discover, recognize, and motivate the followers to provide conditions for their satisfaction, while carrying out the policies and goals of the organization (McShane & Von Glinow, 2002).

The primary orientation of authentic leaders is finding an answer to the question of how to include and motivate all employees, taking into account the specific and important role of each individual in the company. Nowadays, authentic leaders can use a large number of proven strategies to motivate their employees, already widely used in modern companies, such as: material stimulation, enriching activity, participation of employees, management by objectives, recognition, training and career development (Wren & Voich, 2001).

An important area of impact to the motivation by authentic leaders is their everyday behavior and attitude towards employees. A quality authentic leader values, observes, respects opinions and skills and appreciates quality work done by his employees. Furthermore involves them in solving daily problems. True authentic leader always has open door for his employees. Because of the great importance for the company, authentic leaders should pay particular attention to the employment of professional employees, on one hand, and to prevent fluctuations in quality of workers, on the other hand (McShane & Von Glinow, 2002).

1.7 Comparison of Authentic Leadership with Transactional Leadership

Understanding the difference between authentic and transactional leadership, which are polar opposites when comparing the management and motivation theories, is crucial for successful company management and as such they are subject of further elaboration. Transactional approach is more aligned with management than leadership and is more concerned with providing the normal flow of daily operations and making sure everything goes smoothly. Related to employees' motivation, it is based on contract with clearly defined task.

Transactional leaders provide either positive reward such as salary and bonuses, extra holidays, health benefits or negative one like salary cut or job loss, depending on the execution. So, transactional leaders share their values with the subordinates in order to fulfill their own agenda or their subordinate's agenda (Kuhnert, 1994).They have influential role and it is in the best interest of the subordinates to execute the tasks defined by their leader (Kuhnert & Lewis, 1987).

Transactional leaders motivate their followers clearly defining what kind of performance is expected from them and what rewards or punishment they can expect depending on their performance. (Goodwin et al, 2001). According to Hartog et al., (1997) their performance is like an exchange process of negotiations with the leader based on their engagement contracts (Antonakis et al., 2003). Egri (2000), clearly stated that the focus of the transactional leaders is on taking care of successful task performance by the subordinates in order to meet the organizational goals.

That is different from transformational leadership which goes beyond managing daily operations and is focused on defining the company vision/strategy and how to motivate the subordinates to work as a team to make the vision reality. Transformation leader leads to the company transformation and the subordinates who participate in the change. They take care of the individual needs and personal development of the subordinates. Their charisma and passion for the vision increase the energy and enthusiasm and inspire the subordinates to make that vision reality. But these charismatic and passioned power over subordinates could be destructive if grounded on potential unethical dimension of a unscrupulous leader.

Some theories are treating the authentic leadership as a subcategory of transformational leadership but there are transformational leaders who are inauthentic e.g. if they are not honest with their followers - they are talking about nobility of a hard work while thinking of their personal gain (Burns, 1985).

Leadership scholars and practitioners have conducted many researches for different leadership styles which history dates back to hundred years, while authentic leadership theory especially emerged after the big corporate and banking scandals like WorldCom in 2002, Enron in 2001, Lehman brothers in 2008 est. These fraudulent behavior, which is in common for these scandals, have contributed to development of a deep distrust in leaders which have underlined the emerging needed for a new kind of leaders who will lead authentically. One of the crucial characteristics of the new leader is their high ethic, moral qualities. Authentic leaders are acting and making decisions in accordance with their high ethical standards.

As Avolio and Gardner, (2005) stated the word authentic comes from Greek philosophy and translated means that authentic leader is the one who is true to oneself. Hence, Gardner and Schermerhorn (2004) explain authenticity as acting based on personal beliefs meaning that authentic leaders say what they really think and feel and act accordingly. As a result of the authentic leader's moral integrity, transparency and fairness, openness, respect of the personal needs and capabilities of all team members, they earn the trust and loyalty of their follower.

According to Bass and Steidlmeier the advantage of the transactional approach is that everyone knows where they belong. Considering the work as a transaction, where the leader agrees to pay a salary and employees undertake to execute predefined task, leaves little room for misinterpretation. It is clear and easy to follow the employee performance based on defined performance measurement system for evaluating those tasks. It's easier to run the business and it reduces the emotional effect (Bass & Steidlmeier, 1999). But these clear – cut relationships between the leader and employee may be seen as impersonal which is considered as disadvantage. Transactional leaders by taking care of task performance and productivity, may at its extreme, forget that employees are people with personal needs and emotions.

De facto, the transactional character of the employment contract cannot be neglected, since money are considerable motivator, but there is a huge difference in the impact that transactional and authentic leadership styles have on the followers. Pillai (1999) stated that there might be trust but not necessarily between the transactional leader and the followers, considering their strict contractual relation. On the other hand, authentic leadership style create an interpersonal relationship with the followers which result in mutual respect and trust (Avolio & Gardner, 2005). For today's knowledgeable employees not only the monetary rewards are important but also, or even more, the positive working environment and working for a leader who they can trust and that is the authentic leader.

2 ENTREPRENEURIAL SUCCESS

2.1 Definition of Entrepreneurship

Traditionally, entrepreneurship is defined as a process of converting the new, innovative idea in economic reality which is making profit. Etymology of the word entrepreneur is from the French word "entreprendre" which means a person capable to carry out a new business opportunity (Schumpeter, 1976).

There is a difference in opinion if an entrepreneur is a person with certain personality characteristics which other people do not have or any person who wants to have his own business and to be his own boss instead of working for others.

Actually, the basic characteristics of the entrepreneurial soul are creativity in innovation and capability of risk undertaking. These can be considered as crucial part for success in today's fast changing world and increased market competitiveness worldwide.

Lately, entrepreneurship has been considered as a main contributor for the economic welfare. Entrepreneurship in its broadest sense is a permanent process of redirection, reallocation of financial, physical and human capital from one place of social reproduction, where they are insufficient and have irrational use, to the places where they would yield far greater effects. Austrian economist Joseph Schumpeter in defining entrepreneurship specially emphasizes innovation in creating a new innovative products to replace the existing ones as well as creating new advanced business processes which will eventually result in creating wealth (Schumpeter, 1976).

Entrepreneur is accidentally mixed with small business owner and the difference can be find in the following categories: profit, speed of wealth creation, risk, innovation.

Each science, concept or product has a beginning. The first origins of entrepreneurship were recorded by the work of Cantillon and Smith in the late 17th century and early 18th century, but most theoretical and empirical explanations for entrepreneurship appeared at the end of the 19th century and early 20th century. Initially, Cantillon defined the entrepreneur as a person who is undertaking the risk of a new invention.

Say (1830), in the definition of Cantillon incorporated the idea that entrepreneurs should also be leaders. According to Say, an entrepreneur is a person who unites people together to create a single productive organism. Representatives of classical economic thought, as Smith, Ricardo and Mill briefly addressed the concept of entrepreneurship and recognized that they have underestimated its significance. From the perspective of Smith, entrepreneurs were the economic agents who transformed demand into supply for profits. Mill emphasizes the importance of entrepreneurship for economic growth and he claims that entre-

preneurship requires unusual skills. Alfred Marshall believes that entrepreneurship is a crucial part of the organization which unites all factors of production and entrepreneurs should be knowledgeable leaders capable to anticipate market changes and act in uncertain situations. According to Marshall, the characteristics of entrepreneurs are rare and unfortunately the environment around these limits even more. In the time of Marshall, the concept of entrepreneurship is a subject of theoretical evolution. Different considerations can be found today. While Marshal considered entrepreneurship as a crucial part behind the organization, Shane and Venkataraman (2002) believe that it is actually the factor which coordinates the whole production process.

According to Knight (1997), entrepreneurs are trying to anticipate and act on the changes within the market. He believes that entrepreneurs undertake the risk of the new investment based on their evaluation of profitability of that investment and they see opportunities where others do not. As successive recent definition of entrepreneurship is the definition of Ireland, Hitt and Sirmon that entrepreneurship is context-dependent social processes through which individuals and groups create wealth through the merger of a unique set of resources to take advantage of market opportunities (Ireland et al., 2003).

So, we can conclude that entrepreneurs are innovators, creative leaders who see opportunities where others do not and are capable to bear the risk of uncertainty especially when investing in innovative goods or services with the ultimate goal to create wealth.

Many of the today great entrepreneurial projects have started out as a small business and change our lives tremendously. Just to mention few examples: Bill Gates - founder of Microsoft; Steve Jobs – cofounder of Apple; Mark Zuckerberg – founder of Facebook; Ariana Huffington – founder of the news site Huffington Post; Schmidt, Brin and Page – founders of Google.

2.2 Entrepreneurship Theories

The creator of the modern theory of entrepreneurship by many authors is considered Jozef Shumpeter, representative of the Austrian school of economics. In his teaching about capitalism, entrepreneurship takes center stage as an engine of economic change and a force that encourages development based on new combinations of factors in production. For Schumpeter, entrepreneurship is tightly related with innovations, he attaches great importance to innovation, because he believes that the real economic growth results from the creation, not the adaptation and adjustment.

According to his theory, the entrepreneur is the carrier of company change, development, innovation and resources. For him, an entrepreneur is the person who organizes the process of production and operations in terms of established technologies, organization and man-

agement, driver and a person who would apply innovative achievements (Schumpeter, 1976).

Entrepreneurs seek and view the changes as a necessity. They shift resources from the sector in the sector of low productivity and income. Moreover, entrepreneurs as a rule, bring innovation, which as a specific instrument of entrepreneurship, is creating a resource. Entrepreneurs determine risk, minimize it as successful innovators and focus on the possibility of further development (Drucker, 1985).

There is no precise definition of entrepreneurship. On one hand, according to the managers, the term entrepreneurship means innovation, flexibility, dynamism, risk-taking, creativity and orientation towards growth. On the other hand, in practical literature describes entrepreneurship as a preparation for startup and operation of the new different business – ventures (Shane & Venkataraman, 2000).

In everyday life, entrepreneurship is seen as a business that brings material benefit to the individual - entrepreneur. The entrepreneur is the one that encourages production and development of new products while entering new markets. It also establishes the company and provides the necessary actions for its operations. The entrepreneur is also responsible for realizing profits and dealing the overall risk of the operation (Shane & Venkataraman, 2000).

Entrepreneurship, as practice is probably old as human and business activity, regardless of the fact that the term "entrepreneurship" appears much later. Entrepreneurial activities existed in ancient civilizations and development periods of human society.

French economist Richard Cantillon, the first theory about entrepreneurship introduced in 1755, with the subject "General debate on the nature of trade". According to him society is divided into three major groups: landowners, entrepreneurs and people who receive salaries. Entrepreneurs, he says, represent a special group of people who take certain things or work for an outcome that is not safe or known in advance (Shane & Venkataraman, 2000).

The ideas of Cantillon, were elaborated and affirmed by Abbe Nicolas Bandeau in 1767, also an economist, who despite the risk and uncertainty of entrepreneurial endeavors, also urged the innovation. He introduced the innovation driven entrepreneur, a person who works with high risk in seeking innovations, while trying to reduce risks as far as possible in order to increase the chances of profit and successful outcome of the work (Jong & Schepherd, 2007).

Figure 4. Entrepreneurship Definitions

• Peter Drucker	• An entrepreneur who understands how personality maximize opportunities
• Albert Shepiro	• Defines entrepreneur as a person who takes initiatives, organizes certain social and economic mechanisms and accepts risk or failure.
• Carl Withers	• Emphasizes the difference in the understanding and definition of entrepreneurship by economists, psychologists and businessmen.
• Robert Hisrich	• defines entrepreneurship through several relevant approaches: o As a person who creates value or more broadly, as a person who creates something new o Investment and sacrifice time and effort o A person who gets financial or personal satisfaction and independence.
• Thomas Zimmerman Norman Skerborug	• Define entrepreneur as a person who creates new business against the risk and uncertainty for profit and growth, through establishing meaningful opportunities through combining and capitalizing resources.

Source: J. Hamm, Why entrepreneurs don't scale, 2002, *Harvard Business Review,* pp. 110-115.

By theorists who have dealt with entrepreneurship in the XIX century, as the most valuable is considered Jean-Baptist Say and his "Treatise on Political Economy". He positions entrepreneur acting as an intermediary between supply and demand of goods, labor and capital, and then describes the entrepreneur as someone who successfully finds and combines factors of production. He, at the beginning of XIX century, pointed out that the entrepreneur actually calculates economic resources in the areas of higher productivity and wider business opportunities and chances (Drucker, 1985).

Innovation is the main and basic determinant of entrepreneurship and in Schumpeter's innovations are taken very broad and include (Hamm, 2002): new products and services, new markets, new ways of working and doing the work, retrieval and use of new raw materials, introduction of a new work organization.

The most important modern theoreticians dealing with the study of entrepreneurship and its definition can be distinguished (Hamm, 2002).

Schumpeter also first began to distinguish between entrepreneur and manager. He believes that entrepreneurs innovate in the business process, while managers control the activities in the business process.

Today, modern theories of entrepreneurship develop and upgrade early theories from Cantillon and Schumpeter which are significantly improved and enriched with new knowledge about entrepreneurship.

Entrepreneurship is very interesting for many modern authors who study various aspects and characteristics of entrepreneurship. The diversity and coverage of different approaches to the study of entrepreneurship show its importance in today economy. Entrepreneurs are perceived as main driving force for economic development.

2.3   Nine Factors for Competitive Success

This part of the master thesis is about the Gordon`s CUSTOMER Model, shown in figure 5 bellow. The name of the Model is an acronym where each of the capital letters represents one of the eight factors: C stands for Culture; U stands for Uniqueness; S for Strategy; T stands for Technology; O for Opportunity; M for Management, E for Execution and R for Resources. And, in addition to these eight factors is the ninth one which is represented by the whole word itself: the CUSTOMER. Competitive advantage or competitive success is an advantage that business can have over its competitors

Figure 5. Gordon`s Holistic CUSTOMER Model: Nine Factors for Competitive Success

Source: M. E. Gordon, *Gordon's Holistic CUSTOMER Model*, 2000,
The Center for Competitive Success, p. 88.

Communication and technology development have dramatically increased the competition and make it tough and challenging job for gaining the customer loyalty. However, building a strong brand which can be easily differentiated based on its quality and price from other offerings on the market, can be easily recognized by the customers and can attract their loyalty.

So, for gaining the customer, who is the key for any business success, here are the crucial factors that have to be addressed as a whole:

$$Competitive\ Success = C + U + S + T + O + M + E + R$$

Further on, each factor is explained.

2.3.1 Culture

Porter (1985) emphasized the importance of having satisfied employees who will do the right things in the right way, which is a critical factor for company success. A great contribution to that goal is provided by implementing the right company culture which is actually the soul, personality of the company and can represent strong competitive advantage. So, it is a task of the senior management to define the company culture which includes but is not limited to the company vision, mission, goals, moral code of conduct, working environment, expectations, values etc.

For today's employees it is not only the paycheck they receive important, but also the working environment where they will spend time, the working atmosphere, people they will work with as well as the management they will work for.

Actually, if we look at the today's companies which are known for their great company cultures, it can be confirmed that the company culture represents a competitive advantage leading to competitive success. As an example for great company cultures are Zappos – the online shoes reseller, Twitter, Google and others which have their specifics like free meals, rooftop meetings, friendly working atmosphere, financial bonuses, yoga classes, gyms, open door policy by high-level executives, even a dog friendly environment and many other advantages and benefits in addition to the traditional employments, which are well known among the startup companies.

So, having the great company culture is one of the critical factors for the successful business and it is not given once forever but is subject to change as the company is growing and changing.

Employees, when satisfied and feeling safe and welcomed, can so much become loyal to the company that they identify themselves with it and become valuable, indispensable asset.

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2.3.2 Uniqueness

There is a huge competition in almost all industries and it has never been more important to develop strategic branding. Obviously it's not enough to offer a quality product or service but developing effective branding is inevitable for competitive success. The purpose of branding is to make something unique different from other offerings on the market and can be easily recognized based on its own specifics. Building a strong brand is far from easy job but it represents a huge competitive advantage on the chosen market segment. Strong brands can create uniqueness that goes further than the product itself. For example, Wall Street Journal represents expert in business news as Coca Cola represents synonym for beverage, Mc Donald's synonym for burgers end so on. Such strong brands facilitate introducing new products and give opportunities for further growth.

Other distinctiveness that can provide exceptional benefit includes a substantial legacy, which gives a certain emotional connection to new products or services. As an example, Singapore Airlines adopted the "Asian values" - hospitality and high-tech services, and become a personification of it. Also, leading position in one area facilitates new opportunities for increasing the competitive success in other areas.

So, in fact, building the company`s strategy on the foundation of the uniqueness emphasizes the competitive success and makes it harder for the competition to catch up with that companies.

2.3.3 Strategy

Company strategy is one of the nine factors for competitive success and developing the right customer strategy can significantly increase the competitive advantage. But, just identifying the customer segment which the company can serve is not enough. In-depth understanding of the customer needs is crucial as well as critical analysis of the company capabilities to deliver that kind of service. That will satisfy customer needs in terms of providing value for money they spend and creating valuable customer experience better than the other participants on the same market.

The first step is comprehensive marketing analysis of the current and potential customers, analyzing the customer behavior through the available data as how often they use the products, which product is mostly used, are they satisfied or not, what they like or dislike, what they expect further from the product or service they use. Understanding what are the customers' needs and their expectations, is the base for more accurate anticipation of the market and defining the company goals.

The second step is that it is a continuous process which should result in better understanding of the targeted customers than any other competitor on that market segment. Only then, it will result in competitive advantage that will lead to competitive success. In-depth mar-

keting analysis of the customer behaviors and creating customer profiles based on the researches and continuous upgrade are crucial element for creating the competitive success.

2.3.4 Technology

Technology is inevitable factor in today's doing businesses from many aspects like improving the decision making processes, operational efficiency, network reliability, integrity of customer database and so on and although it is critical for the operations it is not enough to achieve competitive advantage.

Technology which enables strategic differentiation by doing things in a more effective way than the competitors and which cannot be easily copied, is the factor for competitive success.

Management have to plan the technology in advance either offensively – to maximize the benefit of its deployment or defensively – in terms of controlled growth. As an example, recently it was published that "Just Eat"- the food delivery giant, claims to be fist in the world to deliver meals by drone. Gordon (2001) stated that technology can be copied and used by competitors in some cases very easily but it is also a crucial factor than can enable introducing a completely different, new business method that is difficult to be replicated. Gordon (2001) is using the term - defensively different, meaning that technology as a factor for differentiation from competitors should enable creating something that can be easily defended, thus enabling a competitive success to the company.

Example for the entrepreneur who invest in technology to make his dream come true is Elon Musк who founded in 2002 the company Space X with the goal of reducing space transportation costs and enabling the colonization of Mars.

2.3.5 Opportunity

Ideas and opportunities are everywhere. They can be seen constantly. Also separate organizations are established to proactively search and identify new opportunities which are in line with overall strategy. According to Gordon (2001) to be a successful entrepreneur it is not necessary to have the academic diploma but to have an idea and to detect the opportunity and with hard work, enthusiasm and commitment you can create a successful sustainable business which he compares with money machine.

One possibility is to seek for the opportunities, to analyze the existing opportunities which have not been managed well and based on the further elaboration to choose the one for which there is a customer demand on the market.

Another possibility is to create the opportunity which without the true entrepreneurial spirit is difficult to achieve. But, it is good that there are people capable to transform the way

how the current products and services are used or invent a new one and bring it on a new level like it has happened with Google, Facebook, and Apple.

The last one possibility is to wait for the opportunity if currently there is no corresponding opportunity in accordance with the developed idea. This has to be carried very prudently when there is fast changing environment on the market. As well, waiting for the opportunity should not be used for escaping from reality.

Currently, there is a belief that most of the companies are utilizing the seeking opportunity strategy. However, there is an opinion that there will be a change from seeking to create opportunities which will modernize, transform the economy.

2.3.6 Management

Company management is a critical factor for competitive success. Harter et al. (2002) is addressing all leadership, managerial levels from top management to low level line managers.

Figure 6. Leadership Functions

• Creating the company vision and mission
• Change management, navigating the company through the fast changing world
• Defining and further developing the company culture which is contributing to high performance on all levels
• Investing in the management team through training and further education
• Finance performance management in the course of sustainability, increase in sales, profitability, ROE, ROI
• Defining the company strategy, implementing the business plan
• Acquiring and deploying the required resources
• Defining the company moral code of conduct
• Risk management
• Transparent communication to all levels of the company

Source: J. K. Harter, T. L. Hayes, and F. L. Schmidt, Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta analysis, 2012, *Journal of Applied Psychology, 87*(2), pp. 1-12.

Top executives are responsible for building an effective and efficient structure within the whole organization that will result in high performance on all levels. Their functions are presented in Figure 6

2.3.7 Execution

Without proper execution a vision will remain only a vision. The company might have an excellent strategic plan but if it is not translated in a good operational plan which is properly executed, there will be no result. Again, execution is a critical factor for transforming the vision into everyday reality.

Depending on their vision, companies have different strategic plans and they link these strategic initiatives to execution through defining the performance management system based on key performance indicators. For example, if the company strategic goal is to focus on the increase in new product sales they will define such target to the managers and others involved in that process and their compensation will depend on the target achievement.

Execution is crucial element for company success. There cannot be a success without solid execution.

2.3.8 Resources

To build a successful and sustainable business venture, resources are needed and they are as important as previously mentioned elements for company success. In addition to the traditional economy definition of resources which are land, labor and capital - imagination is included and separately emphasized.

Under imagination resources they are incorporated certain personality characteristics and personal power, capability to create novelties as well as solid social support network, unique brand and exceptional core competencies.

All these previously elaborated nine elements, if successfully assembled, will result in creating satisfied and loyal customer which is the ultimate goal of any business entrepreneur and will give the competitive advantage which brings the company success.

2.4 Entrepreneurial Success

Current and future dreams will motivate entrepreneurs in achieving entrepreneurial success. It will take them to dream of great achievements, but also to live in the present. There are several things they need to know and are related to the success of entrepreneurs and their goals, yet most of these entrepreneurs ignore.

Entrepreneurs generally dream of the big picture, but also, they have to live in the moment. Their priority is that they must be stable. Each day brings new challenges to them, so they should be closer to their ultimate goal. The stronger they become, the more success they will create.

When entrepreneurs will start their business, there is one simple motivation: the first customer who will pay. When changing business models, the most difficult moment is when they start from the beginning. Not every customer from the previous business model will be again a regular customer. But they will find those customers who will appreciate their new direction and be loyal. That is practically the source of inspiration.

Entrepreneurs are inspired by the work of their employees and the growth of the company as well as inspired from the increase in sales, and the labor of employees (Begley & Boyd, 1987).

There is a need of having something in front of entrepreneurs, something that will inspire them. Sure, they still need to continue to dream about the big picture as an entrepreneur. The road will not be easy but will include quite jams and customers - and hoping for the big payout realization of the end. In order to succeed as an entrepreneur, there is a need of looking to the future and to be five steps ahead. When the entrepreneurs realize that, then the great entrepreneurial dream will become reality.

Entrepreneurship is a category that is closely related to new ideas and innovation, and efforts such innovations to be transformed into economic goods. Entrepreneurship is the driving force for economic growth, contributing to reduce unemployment and traces the path of progress. It is the process of examining the market opportunities, planning, organization and perception, which also means undertaking independent risks.

In fact, entrepreneurship is based on innovation, which can be a new product or service, but also innovative business process. The successful entrepreneur is willing to take risks, he is motivated to achieve success, he is not discouraged by failure, and he is firmly committed to be a step ahead of the competition.

2.5 Characteristics of Successful Entrepreneurs

Successful entrepreneurs are not born they are created through the process of training and learning. Every person is born with some talent, but the point is that those talents can be enriched by learning, upgrading, and training. From the foregoing definitions of entrepreneurship and entrepreneurs, it can be concluded that all of the definitions agree on one thing, and that is innovation, creation and tracing capabilities.

A true entrepreneur can be recognized primarily by his look, and then after his behavior. Through life, there are many kinds of people who present themselves as entrepreneurs, but few of them are true and real. The one who has positive attitude willing to take risks and wants to solve every problem in his path to success is a true entrepreneur. The knowledge is not the most important thing in life, the most important is to know how to act properly in every situation, to be prepared to take risks in order to succeed, while encouraging the employees to take action and work harder.

In accordance with Hiam (2002) there are a few characteristics of true and successful entrepreneurs:

Figure 7. Characteristics of Successful Entrepreneurs

• Good knowledge of self and knowledge of the external and internal environment, recognition of opportunities for entrepreneurial activities.
• Good health - health is the main thing that is needed to be successful.
• Confidence - while entrepreneurs have confidence, they accomplish their goals.
• Realistic - when things are seen as they are, better perceived situation in which they find themselves.
• Social responsibility - entrepreneurs need to review and assess the social and economic consequences of the decisions they make.
• Ethics – acting in accordance with the moral principles and values, respecting what is right or wrong.
• Emotional stability - the business offers a lot of stress, challenges, while also private life is full of surprises which affect the emotional state of the entrepreneur. Entrepreneurs are successful as long as they have the emotional stability.
• Urgency - high energy makes the entrepreneurs to have a sense of urgency to do something.
• Conceptual abilities - with good conceptual ability to identify complex situations and seek solutions.
• Target oriented - with a great sense of responsibility, the true entrepreneur has to concentrate on efficiency of operations. *(table continues)*
• Attracting challenges - they take challenges, but not high risk. It may seem that they take high risks, but in reality they assess the risks.
• High levels of power - the ability to work long hours, with less than the normal amount of sleep.
• Solutions to problems - the entrepreneur must have a desire to solve problems.
(table continues)

(continued)

- Learning from failure - the failure of understanding can be useful to avoid similar problems in the future.

- Use of resources in the right way - with their proper deployment, and obtained better results.

- Ability to handle rejection - they must handle rejection easily, because in order to succeed they will be rejected many times.

- Ability to enter changes - a great need for improvement and giving creativity to get a new idea.

- Small ideas become big ideas - every start is with little success, but still can grow and experience great success.

- Competitive spirit - the desire to achieve the dream goals, even in the beginning they can be unachievable.

- Careful about money - they understand the value of the money and the amount of money that is available for them

- Head of business – they have always new ideas and new ways haw to make more money or increase business. Never give up and never lose strive for success.

- Vision and good sense of humor - never giving up on his dream and always finding humor in any situation.

- Faith - a true entrepreneur should have faith in his ideas, so that they become reality.

- Leadership skills - leadership is a feature that can be found in all individuals. To be a good entrepreneur, the person must possess leadership skills to guide, to influence and direct people.

- Persistence - entrepreneurs are climbing the wall with many obstacles while trying to achieve their goals and solve problems facing daily. Persistence is the most important characteristic that leads to success.

- Courage - entrepreneurs must have courage to innovate, to take risks even if nobody
- believes in them.

- Social skills - they must have high social skills in order to be able to approach other
- people and convince them it is worth investing in their idea.

- Negotiation skills - if they own a good negotiation skills they can take the most of every negotiation.

- Internal motivation - motivation affect the entrepreneur struggles to reach success.

Source: A. Hiam, *The secret to entrepreneurial success,* 2002

2.6 Psychology and Entrepreneurial Success

Although using these two words together, psychology and entrepreneurial success, in one sentence might look strange on a first sight, still there is a correlation between the entrepreneur personality framework and entrepreneurial success.

Luthans and Avolio (2003) have elaborated the authentic leader's personal traits and behaviors emphasizing their positive psychological capabilities, high self-awareness, self-regulated attitude and continuous positive improvements.
Self-awareness is one of the most important characteristics which is crucial for the authentic leader, meaning that he has to be familiar with his own self, his abilities and weaknesses and how it influences others around him. Other important elements are his abilities for: analyzing all relevant inputs before making a decision; being honest and capable to express his own beliefs to his followers and finally, his leadership should be based on high ethical values (Walumbwa et al., 2008).

The contribution of the organizational psychology to entrepreneurial success can be substantial since the understanding of the psychological variables functioning can be a facilitator in the entrepreneurship process. For example, understanding psychological tactics like influence and persuasion can contribute to higher sales results and satisfied customers.

Also, the dynamic of entrepreneurship growth has impact on the methodological approach of the organizational psychology and theory since it involves different levels of analysis from small to large organizations. For example, innovation implementation can be better studied in small organization and the findings can be implemented also in large organizations. As an example of this knowledge transfer it is the introduction of intrapreneurship in large organizations meaning that they stimulate innovation and personal initiative on all levels in the organization (Frese & Fay, 2001). However, it is understandable that individual level of analysis compared to organizational level is significantly more beneficial and represents a firm base for studying the entrepreneurial success and further on implementing the findings (Frese, van Gelderen & Ombach, 1998).

We can conclude that besides the extensive psychological research, especially in mid of last century, there is no such thing as defined typical "entrepreneurial personality". There are some common characteristics like: need for personal achievement –entrepreneur will never go in activities with no chance for growth; awareness that success depends on their own engagement, not luck; willingness to take risk but, it is not like a gambling risk but considered risk; capacity to deal with the uncertainty. We have to state that there are also other factors besides the entrepreneur personality which influence the entrepreneurial success.

Interesting question for further research is: are the entrepreneurs born as such or can they be educated to be successful entrepreneurs? Basically, analyzing our contemporary, previously mentioned successful entrepreneurs, we can conclude that there are some things that can be learned like effective decision making or thorough market research but they also have a vision and a spirit to make their vision reality which create wealth.

2.7 Entrepreneurs as Authentic Leaders

Robbins (2002) and Davis (2002) stated that leadership, management and motivation are constantly popular topics for many seminars, publications, articles, journals which are elaborating these topics in relation to the new emerging entrepreneurial businesses, challenges of the business owners or founders, how to increase the employees loyalty (Hiam, 2002) or how to improve leadership skills (Hamm, 2002).

On the other hand, academic researchers have been more elaborating the entrepreneurial skills and capabilities than leadership challenges in front of the entrepreneurs (Eggers & Smilor, 1996). There are exceptions which emphasize the need for research of the emerging companies and their founder's leadership skills, due to the huge impact they have on the motivation and development of the human resources working towards defined goals (Shane & Venkataraman, 2000; Zahra & Dess, 2000; Chandler & Hanks's, 1994).

Talking about academic researches, as Cogliser and Brigham (2004) fairly concluded, there is a lack of focus on leadership skills among the entrepreneurial researchers as there is a lack of focus on entrepreneurship among the leadership researchers. Again, there are some exceptions like Baum et al. (1998) and Ardichvili et al. (1998), who have included in their researches the leadership style of the entrepreneurs, emphasizing the crucial role of the business founder's capability to manage people.

Leadership capabilities cannot be taken for granted. Having a vision for some innovative product, service, technology, business model and so on is not enough since without people who follow it will not become reality. Managing people who will work on the process is crucial for success and that depends on leadership capabilities.

Gartner et al. (1992) underlined that researches which incorporate the entrepreneurship and leadership can be more beneficial. Traditionally, leadership has been studied in already existing organizations and much can be gained by incorporating the new emerging organizations in terms of better understanding of how the organizational behavior patterns are created and sustained (Weick, 1979; Gartner et al. 1992).

Schein (1983), Kets de Vries and Miller (1986) stated that there is a correlation between the entrepreneur personality, company culture and company strategy.

Although it is understandable why the entrepreneur's role was subject to analysis in relation to company strategy, company culture , it has to be pointed out that there is a lack of researches of entrepreneur's role as a leader who has direct impact on his employee's work attitude (Ensley & Pearce, 2001).

New researches should give more thorough understanding of the connection between entrepreneur/leader behavior and employee work performance.
It can be expected, yet to be further researched, that if the entrepreneur is an authentic leader it has direct positive impact on the employee work performance and happiness.

3 QUALITATIVE RESEARCH IN THE MACEDONIAN BUSINESS ENVIRONMENT

3.1 Survey Design and Methodology

The purpose of this qualitative research in this master thesis is to analyze and provide managerial implications for the incorporation of authentic leadership as a leadership style for developing entrepreneurial success in the Macedonian business environment. In addition it will compare the different leadership characteristics which are used from the professional CEOs, as well as, the successful entrepreneurs in Macedonia. Additional purpose will be to research and find out if authentic leadership will be appropriate leadership style for developing entrepreneurial success in the Macedonian business environment.

The research objectives are to study and explore authentic leadership and entrepreneurial success in order to find out the proper way to implement authentic leadership in the Macedonian business environment. Therefore, the research objectives will also aim to analyze if authentic leadership is appropriate missing factor which should be incorporated for achieving entrepreneurial success.

The empirical part consists of qualitative research in the Macedonian business environment, which will identify the problems and missing links hindering the entrepreneurial success. Also the qualitative research will spot the fields of improvement and proper ways to implement authentic leadership in the companies that are part of this empirical study. My main thesis states that in order to achieve entrepreneurial success in this turbulent time there must be some form of authentic leadership. In this thesis I will explore the next research questions:

R1: Does authentic leadership exist in these successful companies?
R2: How to implement authentic leadership in the Macedonian business environment?
R3: In which way authentic leadership correlates to entrepreneurial success?

The research questionnaire is taken and adopted from authentic leadership questionnaire for researchers, the standard measure of authentic leadership (Avolio, Gardner & Walumwa, 2004).

In the research part there will be qualitative research in the Macedonian business environment. In this part only primary data is used, which means that questionnaires and direct observation for the employees will be conducted in the companies that are operated by CEOs and the entrepreneur observed companies.

3.2 Data Analysis

The analysis of the responses to the questionnaire by the respondents will be presented by appropriate tables and graphs which could give more accurately perceived data and analyze that data.

The analysis of the data obtained during the research, should be useful guidance to those organizations which respect the issue of leadership. The research aims to help managers in their role as authentic leaders to discover and introduce adequate leadership style, which is the potential for achieving better results and achieve lasting success, in terms of employment potential of the organization.

With that data analysis we will get a general idea of what kind of leadership style the managers have, if there is any need to change to a certain leadership style and the characteristics of successful leaders in the Macedonian business entities.

It should be emphasized that the results must in all cases be extremely objective indicators for companies because most are based on individual assessments of respondents.

3.3 Design of the Questionnaires

In forming the performance of the leadership style applied in the Republic of Macedonia, this empirical research was developed through a survey that was conducted in several economic entities in the country.

The sample of the survey covered executives from all management levels ranging from top management, middle level, line managers, to the employees. Empirical research was conducted in the interval from October 25th to December 10th, 2016, and it included 100 respondents from five Macedonian companies, but the questionnaire was filled only by 51 of them. The first part of the questionnaire concerned the general data of respondents, such as gender, age, education level, employment status and working experience.

The purpose of the questionnaire was to present the reality of managerial characteristics in Macedonian companies, taking into account the conditions, primarily in several companies from Skopje, but they work on the territory of the Republic of Macedonia and abroad.

The survey covered the following companies:

- "Zeginfarm" - Skopje;
- "Eurofarm" - Skopje;
- "Alkaloid" - Skopje;
- "Makpetrol" - Skopje;
- "Lukoil" – Skopje.

Zeginfarm began operating from 1993 with basic activities consist of selling drugs, para-pharmaceutical and medical devices, dietary supplements, cosmetics and macrobiotics. Zeginfarm is leader in the country in number of clients served, with market share of more than 60%.

Eurofarm started operating from 2000 with importing medical, dermatological and cosmetic lines. Eurofarm is constantly engages expert consulting firms rendering economic and legal services, the number of employees is constantly increasing. The company now has more than 150 employees.

Alkaloid is a company which eight decades has been operating in the field of manufacturing drugs, cosmetic and chemical products and processing botanical raw materials. The company has around 1.250 employees in the country and around 350 employees in subsidiaries and representative offices abroad.

Makpetrol is the largest private company for retail and wholesale of oil, oil products, natural gas and biodiesel. Makpetrol is a market leader for more than 70 years, in which has developed a network of more 120 ultra-modern petrol stations with around 1.800 employees.
Lukoil started commercial activities in Macedonia from 2005 with opening a chain of modern gas stations which sells high quality ecologic fuels. Lukoil Group is the second largest private oil company worldwide which has around 1.3% of global oil reserves and 2.1% of global oil production.

The questionnaire was prepared in a simple form or questionnaire that closed a total of 12 questions and each question had five possible answers. The task of respondents was to mark the one answer that coincides with their opinion of an individual item.

Earlier, the questionnaire consisted of general questions concerning demographic variables: gender, age, education level, employment status and working experience of the respondents and the results of the survey were presented through tabular and graphical figures. There were included employees of both sexes, of different ages, a different level of education, and a different employment status in the company.

When compiling the questionnaire, the proper attention was paid to the accuracy of the proposed modalities for each answer, to reduce the possible risk of erroneous conclusions when analyzing the results. Moreover particular attention was paid to the clarity and comprehensibility of questions in order to achieve simple tabulation of responses and easily determine the largest percentage of rounded answers to aid interpretation of the results. Thus, we got a rounded whole in which all content segments were quite compatible with it.

As expected, depending on the level of management, there will be given different answers in terms of managers in terms of employees. The idea was to cover all management levels and employees, or to communicate their views, thereby give a realistic assessment and to reveal the true business climate reigning in companies. For this purpose, the questionnaire was adapted for managers and employees, so that everyone, regardless of the opinions of others, can express their work position in the organization.

The answers in the questionnaire will be expressed as a percentage of the total answers, and also at the end of this paper will be presented and received those answers and percentages.

I have explained to the employees what is the purpose of these questions and the importance of receiving their honest answer. Then, I have assured them that their answers would be anonymous and would be kept confidential. The employees had two weeks to answer and return the survey questionnaires. Table 1 bellow shows that out of a hundred questionnaires that have been sent, fifty one have been answered and returned. The remaining questionnaires, as decided by the managers, have not been returned.

Table 1. Number of Returned Questionnaires

Questionnaires	Delivered	Returned	Result (%)
Authentic leadership	**100**	**51**	**51**

As shown in Table 2, total number of 51 people of all five companies (respondents) responded to the questionnaire. Among respondents 57% were male, while 43% of them women, who are at different levels of management scale.

Table 2. Gender of Respondents

Gender of respondents	Number of respondents	Results (%)
a) Male	29	57
b) Female	22	43
Total	**51**	**100**

Before stated, the percentage is shown graphically in Figure 8 below.

Figure 8. Gender of Respondents
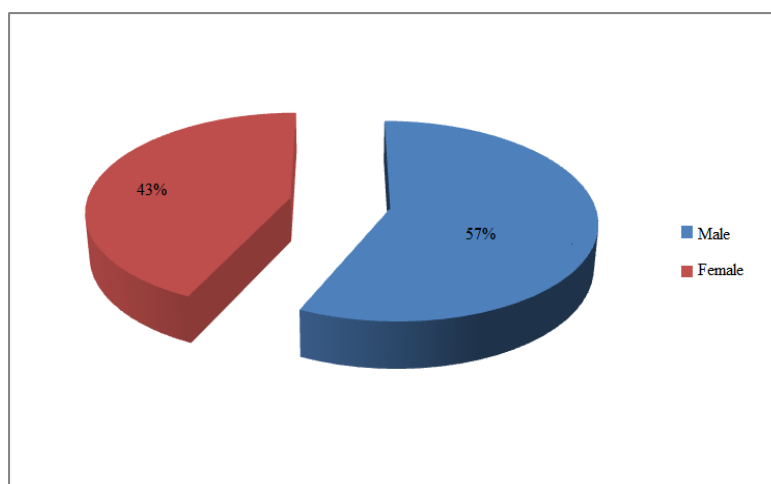
According to the data, participation in the survey, the majority of respondents, 22 or 36% are aged 35 to 45 years. Furthermore, 19 respondents or 31% are aged 25 to 35 years. Of the total number of respondents, 13 or 21% are aged 45 to 55 years, while only 7 respondents or 12% are aged over 55 years.

Table 3. Age of Respondents

Age of respondents	Number of respondents	Results (%)
a) from 25 to 35 years	19	31
b) from 35 to 45 years	22	36
c) from 45 to 55 years	13	21
d) over 55 years	7	12
Total	**51**	**100**

Age of respondents are represented graphically and in percentage in the figure 9, shown below.

Figure 9. Age of Respondents
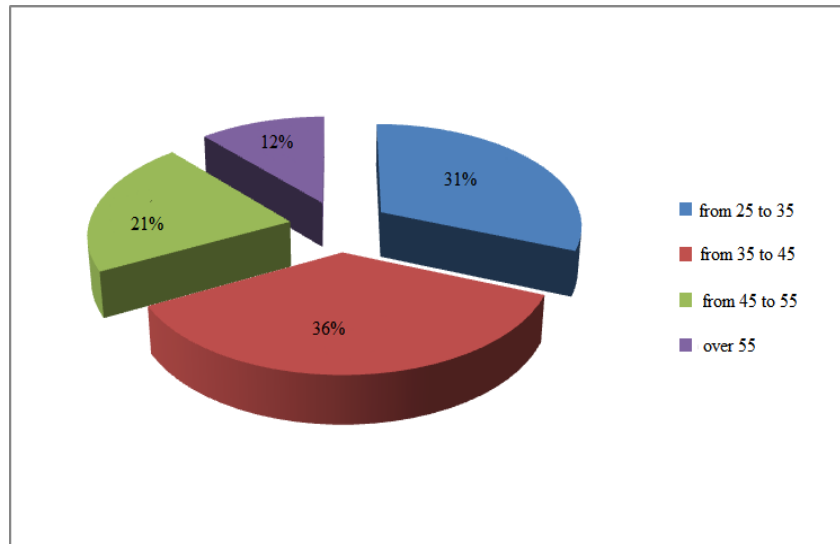
According to education, research concludes that there are 21 respondents with secondary education or 41%, with high education 2 respondents or 4%, with a university education 20 respondents or 39%, and the remaining 8 respondents are with MSc or PhD, what represents a percentage of 16%. The level of education is presented in the following Table 4.

Next, in the figure 10 data are presented relating to the level of education of respondents in percentages. This figure 10 follows after table 4.

Table 4. Level of Education of Respondents

Level of education of respondents	Number of respondents	Results (%)
a) Secondary education	21	41
b) High education	2	4
c) University education	20	39
d) MSc or PhD	8	16
Total	**51**	**100**

Figure 10. Level of Education of Respondents
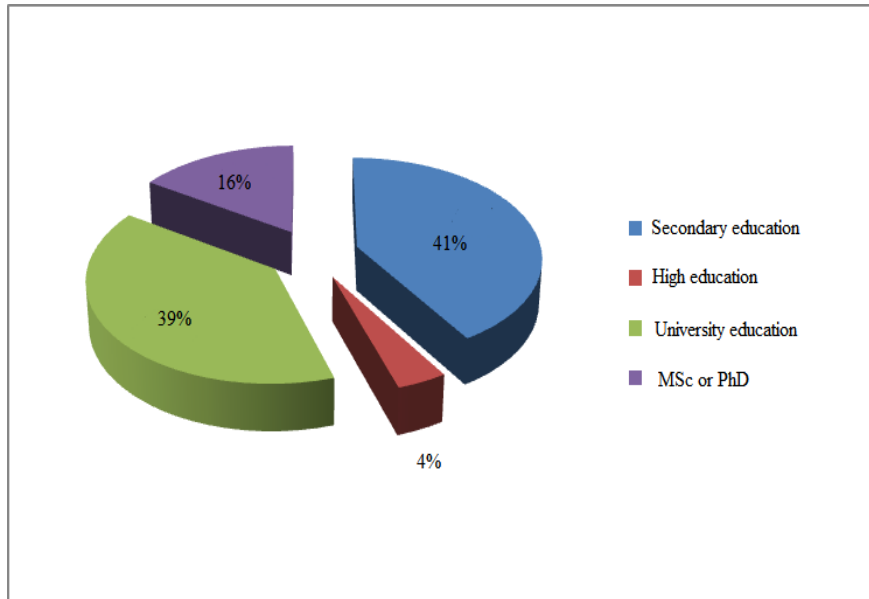
Furthermore, according to the employment status of the 51 person covered in the survey, as shown in Table 5, it may be noted that respondents from top management are 6 (12%), from Middle level a total of 8 respondents (15%), from Line management a total of 8 respondents (16%), and workers are 29 respondents or 57%.

Table 5. Employment Status of Respondents

Employment status of respondents	Number of respondents	Results (%)
a) Top management	6	12
b) Middle level	8	15
в) Line management	8	16
d) Worker	29	57
Total	51	100

In the Figure 11 the results are shown relating to the Employment status of respondents.

Figure 11. Employment Status of Respondents
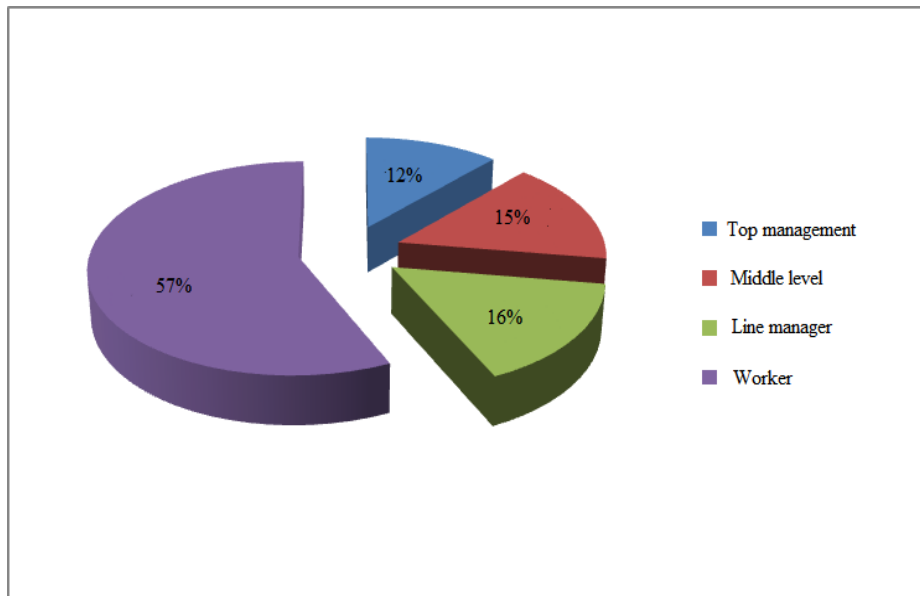
Asked how long their working experience was in the company, respondents answered as follows: 43% of them have work experience between 5-10 years; 33% have work experience of 10-15 years; 14% are employees with more experience between 15-20 years and 10% of respondents are with experience over 20 years. Work experience data are presented in Table 6 given bellow.

Table 6. Work Experience of Respondents

Work experience of respondents	Number of respondents	Results (%)
a) from 5 to 10 years	22	43
b) from 10 to 15 years	17	33
c) from 15 to 20 years	7	14
d) over 20 years	5	10
Total	51	100

After Table 6, next is the Figure 12, that shows the percentage results pertaining to the work experience of the total number of respondents which was 51.

Figure 12. Work Experience of Respondents
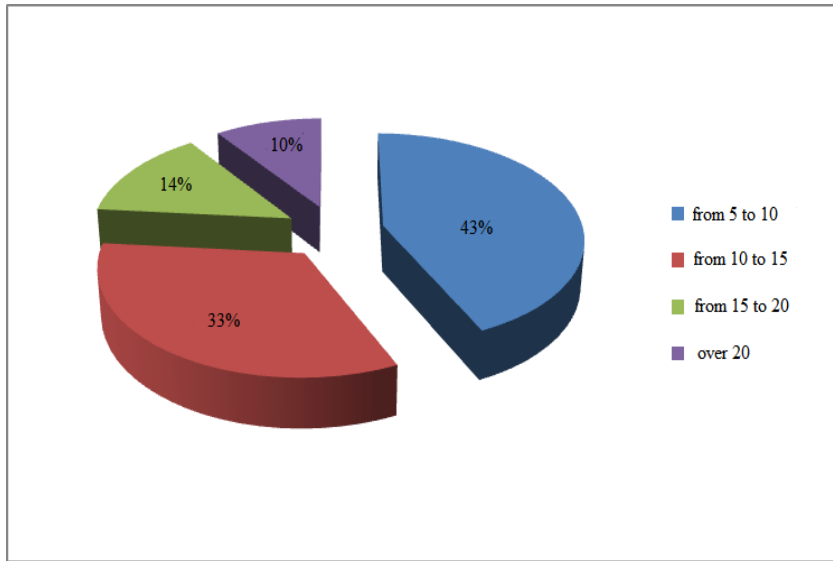
Below, in the next part the results from the collected questionnaires will be given, or as the title implies, the interpretation of the results.

3.4 Interpretation of the Results

The first question was about whether the respondents agree with an assertion that the leader in the company explains the way that workers view his or hers capabilities. The Table 7 shows the results obtained by the respondents on the basis of this issue (statement).

Table 7. The Leader in my Company Explains the Way
that Workers View on His or Her Capabilities.Q1

No.	Statement	Respondents	Results (%)
1	Strongly disagree	1	2
2	Disagree	8	16
3	Neither agree, nor disagree	13	25
4	Agree	12	24
5	Strongly agree	17	33
	TOTAL:	51	100

According to the received and summarized results can be noted that with the above assertion, 1 respondent strongly disagrees (2%), 8 of the total number (16%) disagree, 13 re-

spondents (25%) out of 51 said they neither agree nor disagree, further 12 (24%) agree with this statement, while 17 (33%) strongly agree with the statement that the leader in the company explains the way that workers view his or hers capabilities.

The figure 13 presents the percentage results of the answers to the first question, given above.

Figure 13. Answers of the Question 1
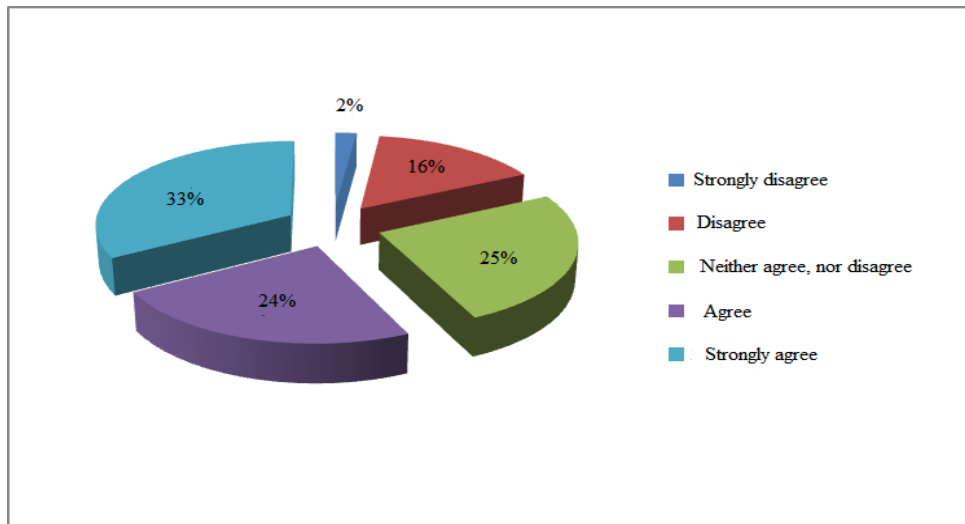
The second question, respondents were asked to answer whether they agreed with the statement that the leader in their company listened to alternative aspects prior making a conclusion.

Table 8. The Leader in my Company Listens to Alternative Aspects
Prior Making a Conclusion.Q2

No.	Statement	Respondents	Results (%)
1	**Strongly disagree**	0	0
2	**Disagree**	2	4
3	**Neither agree, nor disagree**	7	14
4	**Agree**	22	43
5	**Strongly agree**	20	39
	TOTAL:	51	100

As it can be seen from the displayed table 8, none of the respondents strongly disagree with this statement. Next, the results show that 2 or 4% of respondents disagree with the

above statement, then 7 total respondents neither agree nor disagree which is 14%, a total of 42 (82%) respondents agree and finally, 20 or 39% of total number strongly agree.

The results obtained on the basis of the claim that the leader in their company listened to alternative aspects prior making a conclusion, are shown in a percentage in the figure 14 shown below, right after table 8 where the answers of the second question are given.

In the Figure 14, the answers given to the second question are shown from the all 51 respondents, given in percentage.

Figure 14. Answers of the Question 2
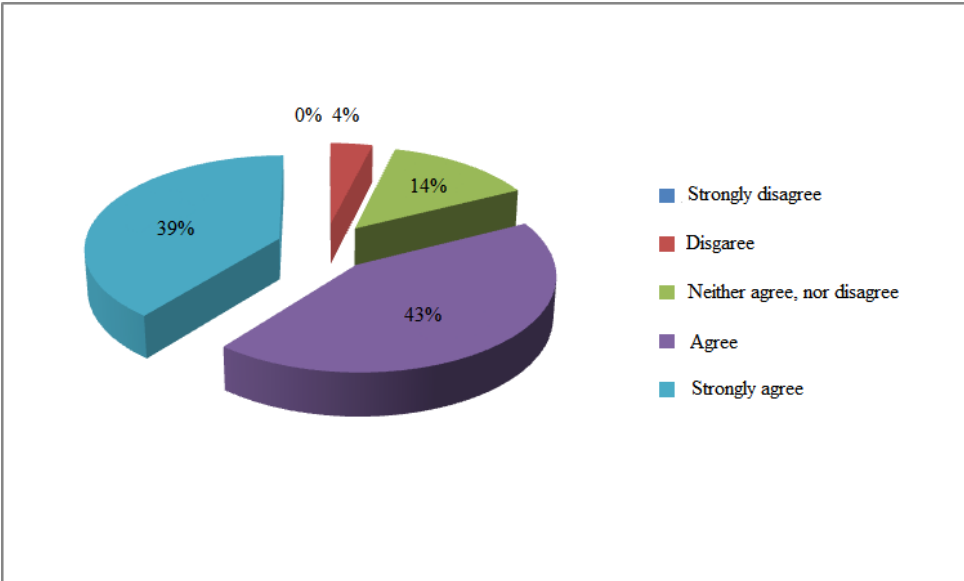
Next, the third statement needed to be answered is if the leader in the company where the respondents works, shares information with employees.

On this statement, only one of the respondents said that strongly disagrees` with the given statement, that represents 2%. With "disagree" 3 of the respondents answered or 6% from total number of 51 respondents. Further, six or 12% of the respondents said that they neither agree, nor disagree with the claim that the leader in the company where they work shares information with them. With this, large number of 24 respondents, or 47 percent agree and 17 or 33 percent strongly agree. These answers are given in the table 9.

Table 9. The Leader in my Company Shares Information with Employees.Q3

No.	Statement	Respondents	Results (%)
1	Strongly disagree	1	2
2	Disagree	3	6
3	Neither agree, nor disagree	6	12
4	Agree	24	47
5	Strongly agree	17	33
	TOTAL:	51	100

Answers of the Question 3, by percentage, are presented in figure 15 given below. The results shows that 41 out of 51 respondents agree / strongly agree with the claim that the leader in the company where the respondents work, shares information with their employees and summarized with those who strongly agree, this percentage is about 80%.

Figure 15. Answers of the Question 3
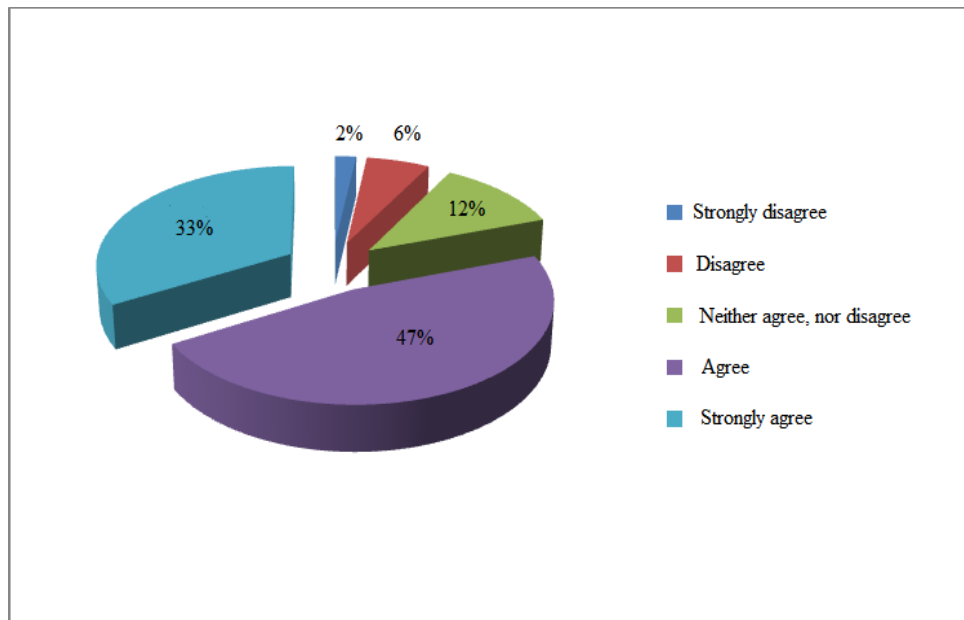
The fourth statement needed to be answered is if the leader in the company takes into consideration the main beliefs to make a decision. The answers given are presented in table 10 shown below.

Table 10. The Leader in my Company Takes Into Consideration
the Main Beliefs to Make Decision.Q4

No.	Statement	Respondents	Results (%)
1	**Strongly disagree**	0	0
2	**Disagree**	2	7
3	**Neither agree, nor disagree**	6	12
4	**Agree**	19	37
5	**Strongly agree**	24	47
	TOTAL:	51	100

As it can be seen, there are no respondents who say they strongly disagree, and only 2 (7%) answer that they disagree with statement that the leader in the company where they work, takes into consideration the main beliefs in decision making. Further, 6 respondents (12%) neither agree nor disagree with the given statement. As it can be seen in the figure 16, 19 (37%) agree that the leader takes into consideration the main benefits in their decision making and from the total respondents of 51 (100%), 47% or 24 respondents answer that they strongly agree with the given statement.

Figure 16. Answers of the Question 4
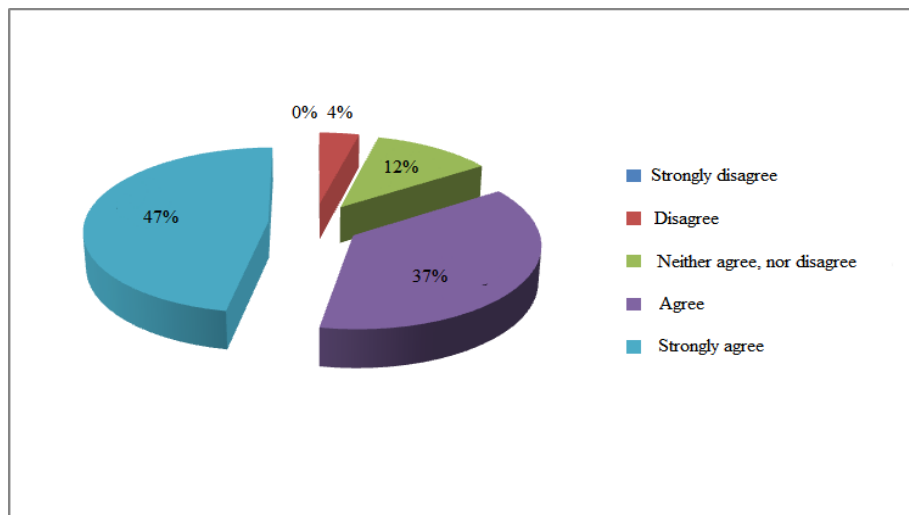
Question number 5 was if leader in the company where the respondents work is aware of the influence that he or she has on the employees? It can be seen from the table 11 and then in figure 17 that the most of the respondents strongly agree more precisely 19 of them or 37%, as well as 18 of them or 35% just agree.

Then, those come who neither agree, nor disagree with given statement or a total number of 11 (22%) from 51 included employees from the five companies. That with this statement disagree, noted 2 (4%) of the respondents and strongly disagree has been said by only one (2%) of the respondents.

Table 11. The Leader in my Company is Aware of the Influence
that He or She has on the Employees. Q5

No.	Statement	Respondents	Results (%)
1	**Strongly disagree**	1	2
2	**Disagree**	2	4
3	**Neither agree, nor disagree**	11	22
4	**Agree**	18	35
5	**Strongly agree**	19	37
	TOTAL:	**51**	**100**

As it was said, in figure 17, the given opinions from the total respondents who take part in this research, are shown in percent. It can be seen that about 72% (strongly) agree that leader in the company is aware of the influence that he or she has on the workers.

Figure 17. Answers of the Question 5
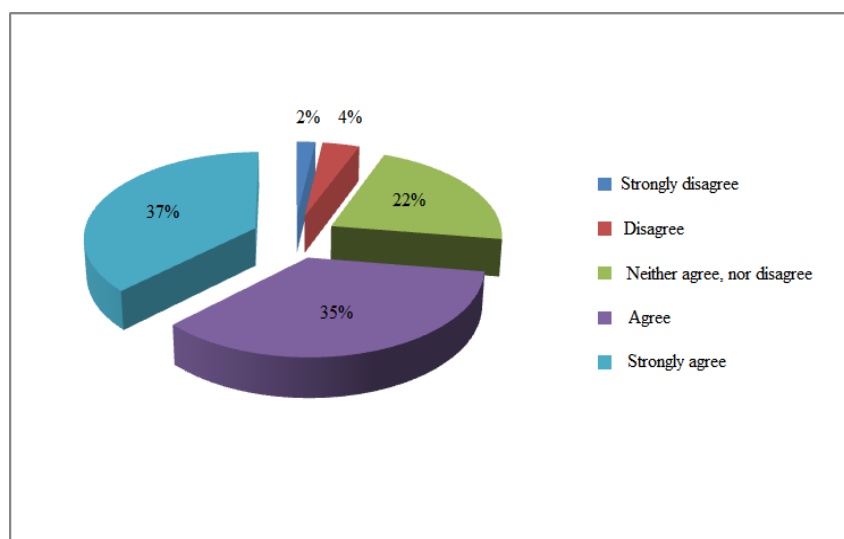
The sixth assertion is about whether the leader in the company supports employees, even if they have different opinion. Here, as it can be noticed from table 12 given below, also the most of the participants in the research agree with the given assertion or a total number of

38 (74%), from which 18 or 35% agree and 20 or 39% strongly agree. In the category neither agree, nor disagree belong about 11 respondents or 22%, and disagree is said by 2 of the total number of the respondents or 4 percent. There are no respondents that strongly disagree with given statement.

Table 12. The Leader in my Company Supports employees, If They Have Different Points of View than His or Hers.Q6

No.	Statement	Respondents	Results (%)
1	**Strongly disagree**	0	0
2	**Disagree**	2	4
3	**Neither agree, nor disagree**	11	22
4	**Agree**	18	35
5	**Strongly agree**	20	39
	TOTAL:	**51**	**100**

As it is shown in figure 18, majority of the respondents are (strongly) agreed with the assertion that the leader in the company supports employees, even in those cases when they are with different points of view.

Figure 18. Answers of the Question 6
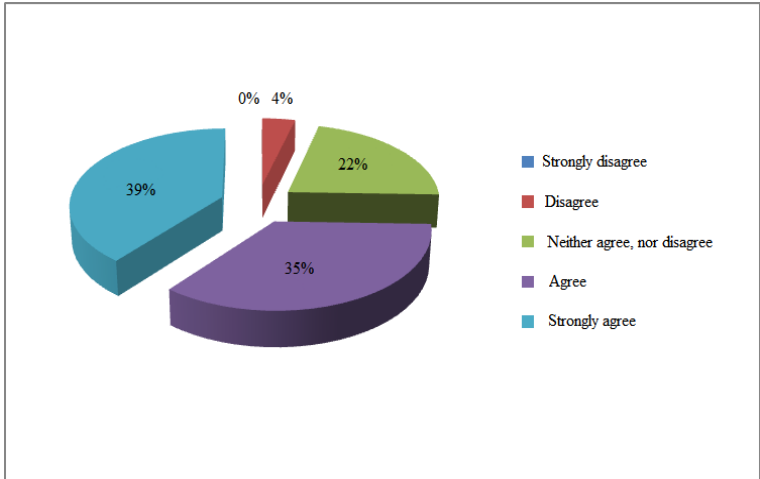
The next question is if they agree with the following statement "The leader in my company rejects influences on him/her to do things opposite to his or her beliefs", respondents (most of them) disagree (total 26 respondents from 51), or more precisely, 12 or 23% strongly disagree and 13 or 25% disagree. As shown in the given table 13, it can be noticed that 8

respondents say neither agree, nor disagree or 16%. Next, 11 participants in this research or 22% agree and 7 or 14% strongly agree with given statement.

Table 13. The Leader in my Company Rejects Influences on Him / Her to Do Things Opposite to His or Her Beliefs.Q7

No.	Statement	Respondents	Results (%)
1	**Strongly disagree**	12	23
2	**Disagree**	13	25
3	**Neither agree, nor disagree**	8	16
4	**Agree**	11	22
5	**Strongly agree**	7	14
	TOTAL:	**51**	**100**

As shown in next figure 19, nearly half of the respondents disagree that the leader in the company where they work, rejects influences to do things opposite to his or her beliefs.

Figure 19. Answers of the Question 7
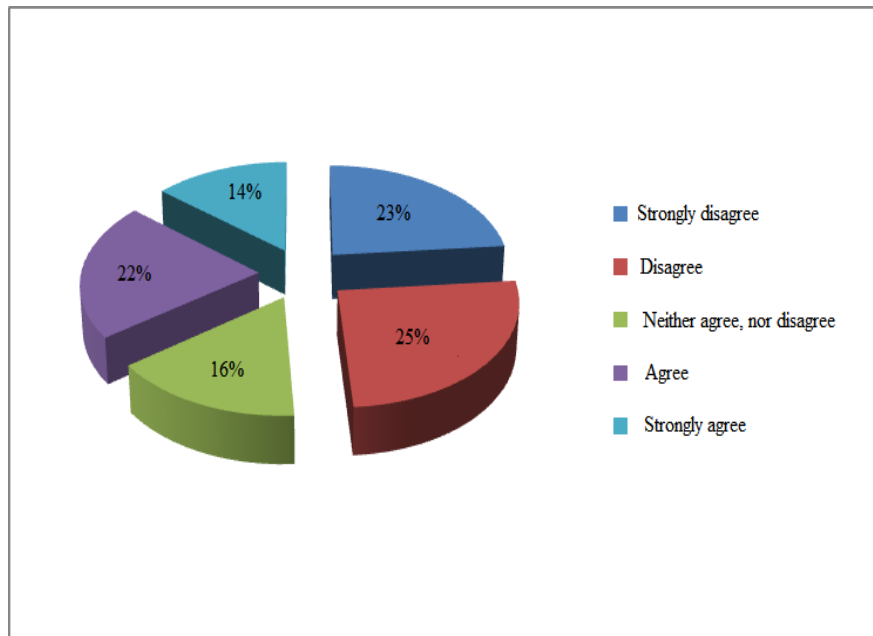
Surprisingly, on following statement if the leader in the company where respondents work accepts mistakes when they appear, most of the participants agree, or 18 (35%) agree and 15 (29%) strongly agree. 3 or 6% of the respondents say that the leader does not accept mistakes, when they appear, and 5 (10%) strongly believe in this. As given in the table 14,

10 or 20% of the total number of 51 respondents included in this research neither agree, nor disagree.

Table 14. The Leader in my Company Accepts Mistakes, When They Appear.Q8

No.	Statement	Respondents	Results (%)
1	**Strongly disagree**	5	10
2	**Disagree**	3	6
3	**Neither agree, nor disagree**	10	20
4	**Agree**	18	35
5	**Strongly agree**	15	29
	TOTAL:	**51**	**100**

As previously said, it is presented vividly in figure 20 that 64% of the respondents answer that they more or less agree that their leader is fair enough and accepts mistakes, when they appear.

Figure 20. Answers of the Question 8
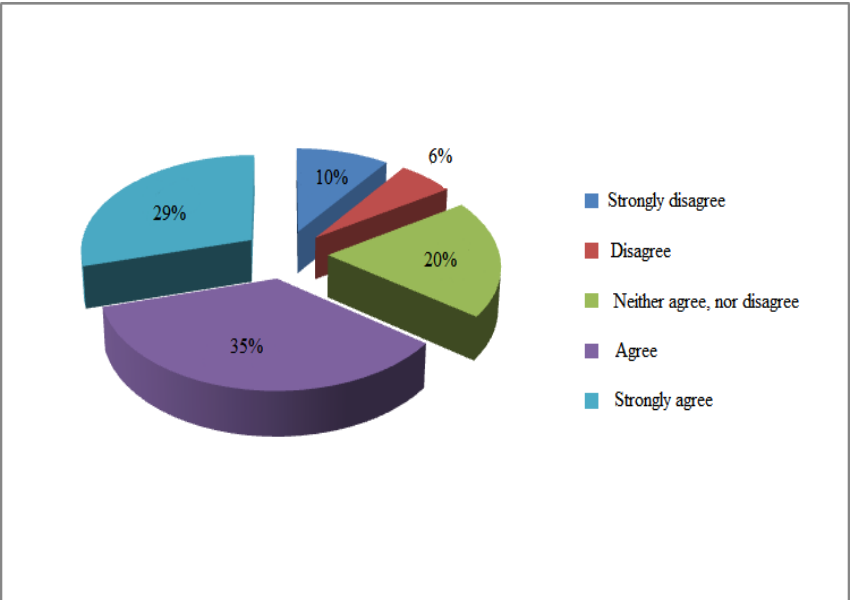
The ninth assertion is about whether the leader in the company shows awareness of his or her weak and strong sides. After analyzing the filled questionnaires, shown in the table 15 it is concluded that most of the respondents agree with this statement, or 15 (29%) agree and 21 (41%) strongly agree with it. In the category "neither agree, nor disagree" the number is 13 respondents or 26% percent from the total number of 51 respondents. There are

no respondents that say they strongly disagree with the given statement, but there are only 2 or 4% workers who think that the leader in the company does not show that he or she is aware of his or her weak and strong sides.

Table 15. The Leader in my Company Shows That is
Aware of His Weak and Strong Sides.Q9

No.	Statement	Respondents	Results (%)
1	Strongly disagree	0	0
2	Disagree	2	4
3	Neither agree, nor disagree	13	26
4	Agree	15	29
5	Strongly agree	21	41
	TOTAL:	51	100

Figure 21. Answers of the Question 9
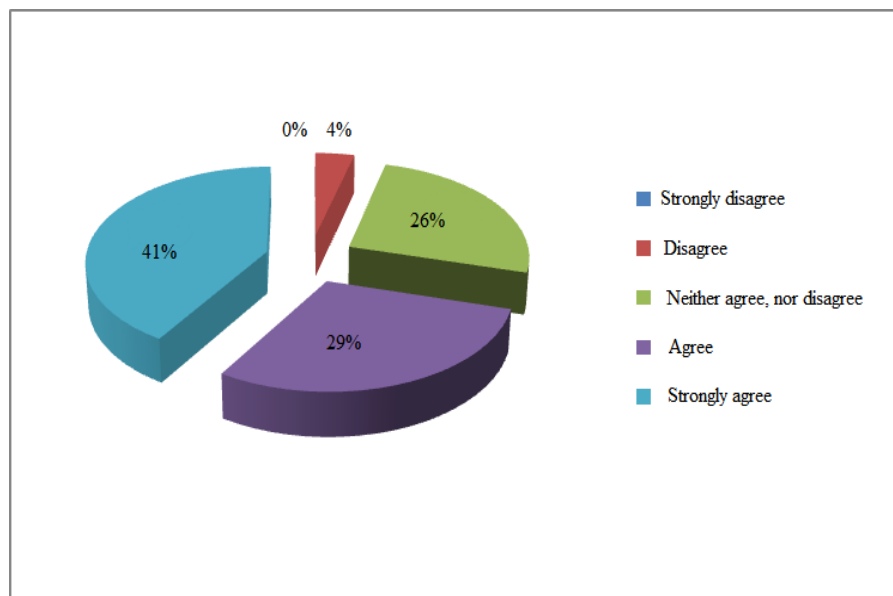
Summarizing the results from this assertion is shown in figure 21. It is noticeable that the most of the respondents or 70% have positive opinion on this statement, that the leader shows awareness of his or her weak and strong sides.

The next assertion number 10, is about if the leader in the company is open for new ideas which challenge the main beliefs. To this, positively answered significant 41 respondents divided into ones that agree (20 or 39%) and the ones that strongly agree (21 or 41%). Fur-

ther, nine respondents or 18% say that they neither agree, nor disagree with the given statement, and only one (2%) disagrees with the statement. These results can be seen in the table 16 given below.

Table 16. The Leader in my Company is Open for New Ideas which
Challenge the Main Beliefs.Q10

No.	Statement	Respondents	Results (%)
1	Strongly disagree	0	0
2	Disagree	1	2
3	Nor agree, nor disagree	9	18
4	Agree	20	39
5	Strongly agree	21	41
	TOTAL:	51	100

Figure 22. Answers of the Question 10
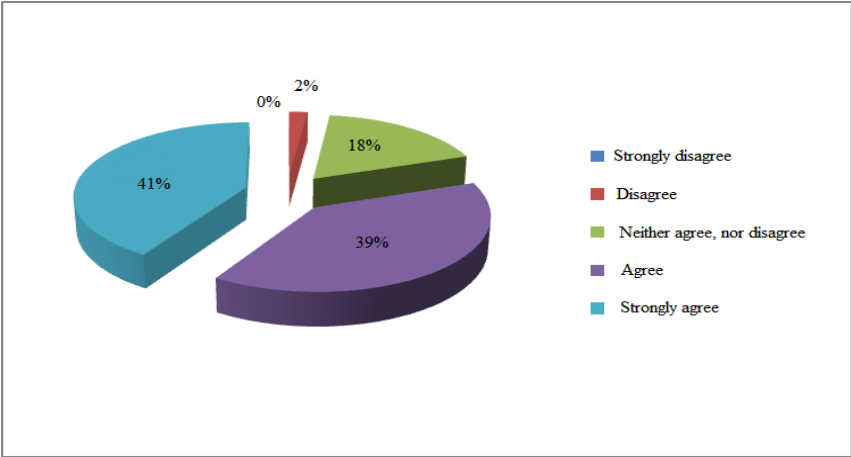
The fact that more of the respondents have given positive answer to this assertion is shown in figure 22. It can be clearly noticed that huge number of employees or nearly 80% have a positive opinion on the 10th question.

Before the last question, the respondents are asked if they agree or disagree with the statement that the leader in their company where they work puts his or her internal moral standards as guidelines in his or her actions. As shown in table 17, there are no respondents who disagree or who strongly disagree with the given statement. There are only 7 or 14% of the respondents who neither agree, nor disagree. The rest of the participants answer positively.

Practically all agree with the given statement, or 20 (39%) agree and 24 (47%) strongly agree with it.

Table 17. The Leader in my Company Puts His / Her Internal Moral Standards
as Guidelines in His or Her Actions.Q11

No.	Statement	Respondents	Percent
1	**Strongly disagree**	0	0
2	**Disagree**	0	0
3	**Neither agree, nor disagree**	7	14
4	**Agree**	20	39
5	**Strongly agree**	24	47
	TOTAL:	**51**	**100**

Figure 23. Answers of the Question 11
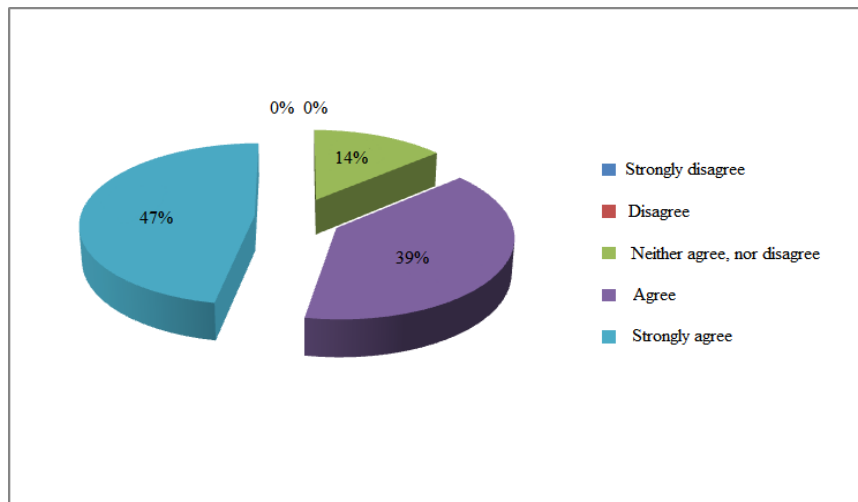
These magnificent positive opinions are vividly given in the figure 23 shown below where it can be seen that 86% of the respondents included in this research or 44 of the total number of 51, agree that leaders in their company put their internal moral standards as guidelines in their actions.

The last assertion is about whether participants agree or disagree with that the leader in their company expresses the ideas and thoughts clearly to others. As given in the table 18, where the answers from the respondents are shown, it can be seen that the amount of 42 respondents have positive opinion, or 18 (35%) agree and 24 (47%) strongly agree with the

given statement. They thought that the leader knows how to express the ideas, opinions and thoughts clearly and understandably for other co-workers. There are 9 (18%) of the total number of 51 respondents who neither agree, nor disagree.

Table 18. The Leader in my Company Expresses
the Ideas and Thoughts Clearly to Others.Q12

No.	Statement	Respondents	Percentage
1	Strongly disagree	0	0
2	Disagree	0	0
3	Neither agree, nor disagree	9	18
4	Agree	18	35
5	Strongly agree	24	47
	TOTAL:	51	100

Figure 24. Answers of the Question 12
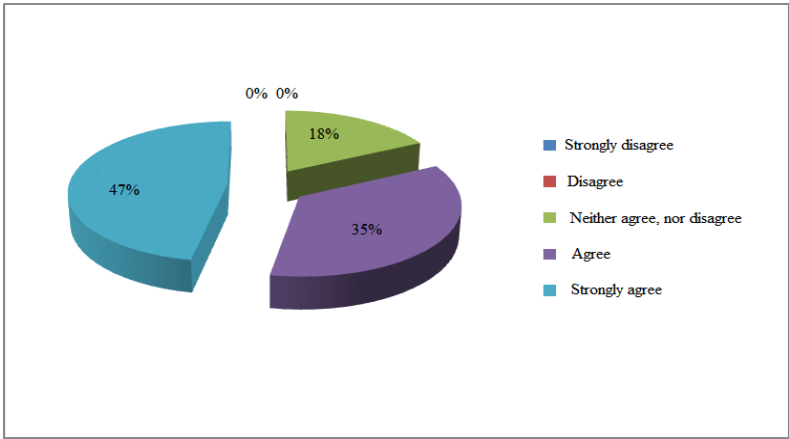
In figure 24, the last assertion is shown graphically, where it can be clearly seen that about 82% are with positive opinion for the given assertion that the leader knows how to express the ideas and thoughts to others.

3.5 Discussion

This part covers the core discussion on the selected subjects grounded on the results of the research. From the analysis of the data gathered by the questionnaire about authentic leadership, it can be seen or concluded that practically the authentic leadership in five Macedo-

nian companies: Zeginfarm, Eurofarm, Alkaloid, Makpetrol and Lukoil; unexpectedly, the leadership performance has the most of the components of authentic leadership.

The employees respond for having the leader who explains in a way that workers view on his or hers capabilities. 57% of the respondents have positive opinion. While calculating the answers, we came to the conclusion that the arithmetic mean on the basis of this claim is 3.70. Also, 82% of the respondents claim that the leader in their company listens to alternative aspects prior making a conclusion, and an arithmetic mean calculated by this claim is 4.41. Also interesting for this research are the positive opinions that the leader in the company shares information with employees, and here, arithmetic mean is 4.27, which means that most of the respondents or 80% agree. Next important statement in this study is if the leader in the company takes into consideration the main beliefs to make decision. For this question the arithmetic mean was 3.86. This shows that the most respondents or 84%, have positive answer to this assertion. As well as previous, the arithmetic mean for the statement whether the leaders are aware of the influence that they have on the employees is 4.01 or a total amount of those who agree (including the ones that strongly agree) is 72%. The percentage of 74% says that the leader in the company supports employees, even if they have different points of view than leader`s, and here the arithmetic mean is also positive or 4.09. As it was expected, on the statement whether the leader in the company rejects influences for doing things opposite to self-beliefs, respondents (most of them) disagree and including those who strongly disagree the arithmetic mean is 2.76. This means that nearly half or more precisely 48% are not with a positive opinion on this assertion. Next, about 3.68 is the arithmetic mean for the assertion that the leader in the company accepts mistakes, when they appear, gives the percentage of 64% of the respondents who agree with this statement. Further, there is an agreement to the statement that the leader in the company shows awareness of his or her weak and strong sides, with 70% of positive opinions, which gives the arithmetic mean (calculated) of 4.07. Summarizing the results from the assertion that the leader in the company is open minded for new ideas which challenge the main beliefs, the arithmetic mean is 4.19 or there are 80% of the respondents who agree with the statement. On the statement that the leader puts internal personal moral standards as guidelines in actions, 86% are with positive attitude or the arithmetic mean for this assertion is 4.33. Also, same as previous, significant agreement was received from the last assertion, or 82% have positive attitude (agree and strongly agree) on that the leader knows how to express the ideas, opinions and thoughts clearly and understandably to other co-workers. According to the calculation the arithmetic mean here is 4.29.

From this data we can agree with the **main thesis** that in order to achieve entrepreneurial success in this turbulent time there must be some form of authentic leadership. The companies that were researched are one of the most successful companies in Macedonia. They all have characteristics of authentic leadership. We also can give positive answer to the **first research question:** Does authentic leadership exist in the researched companies, because from the employees' answers we can see that their leaders have the main characteristics of authentic leadership. The **third research question** complements the **main thesis**,

which is: in which way authentic leadership correlates to entrepreneurial success. From my **qualitative research** in the Macedonian business environment, we can agree that in this turbulent time hard working and satisfied employees are the greatest asset. We can achieve that only through authentic leadership development. All these five successful companies in Macedonia have characteristics of authentic leadership. But in order to fully implement authentic leadership, there is a need for training programs and further development of the managers and employees together, in order to understand the principals of authentic leadership. This refers to the **second research question**, which was: how to implement authentic leadership in the Macedonian business environment.

3.6 Evaluation of the Work and Contributions

Considering the theoretical-methodological aspects of the research, and all above starting from the analysis of the processed data obtained as a result of the research conducted, in the final part of this paper I will attempt to draw any definite conclusions, evaluation and contributions. The conclusions formulated at the same time would provide further guidance on the operation of companies, and they can also be used more widely by other organizations dealing with the same problem, the problem of implementing the authentic leadership

The ultimate goal of this research is designing a complex picture of the problem of leadership associated with determining the conditionality of leadership style with focus on authentic leadership model. The intention is to see the current state of leadership and leadership styles (models) in companies as a key element for achieving entrepreneurial success and growth and development of the companies in Macedonian business environment.

Consequently, concluding thoughts are mainly based on indisputable fact that human capital is the most important resource for companies, because without his direct or indirect presence is not possible execution of any workflow. Specifically, it is not enough in an organization to possess only equipment, facilities, property and so on, but it is also very valuable and important to employ on leadership positions, resources who will know how to accomplish results and provide their personal example and contribution to the performance, i.e. those who have the knowledge, ability and motivation to do their best in the business activities. It is necessary, if possible, the organization or the company to be led by those persons (leaders) who have the ability and vocation for mobilizing and directing the human resources and material potentials through their formal powers, but also through their extraordinary creativity and broad scale capability. That is actually the base of the role of the leader, or through the process of leadership to steer the organization towards achieving positive results to make sense of everything that works to motivate the employees towards achieving the vision that was set.

The survey showed that there is no single perfect way of managing people that is acceptable, but it depends on the situation, and then on influencing trends arising from the external environment, and it is also related to the ways in which organizations respond to internal challenges.

From the realized research, the conclusion comes out that in the companies in the Republic of Macedonia, still we can't talk about any defined style of management, but we can recognize practicing some principles of authentic leadership, which was the subject of analysis.

3.7 Limitation of the Study

Considering the limitations of the research conducted, there are further suggestions that need to be done. Those are as the mentioned below:

- It is a fact that the concept of authentic leadership is particularly new in Macedonian companies, so there is a need of spreading this concept, first of all in theoretical way, to the Macedonian business sector.

- The involved participants in the study were conspicuously little more unfamiliar with the assertions and with the questionnaire being used, so they may be faced with some difficulties responding the questions suitably and as it was estimated.

- The participants might have not revealed their honest opinion when answering the questionnaire, taking into consideration the possibility of disruption of the company where they work.

- Bearing in mind that the survey was conducted in private companies, in working hours of the company, some of the respondents may not have had enough time to think twice before responding to some of the questions.

3.8 Recommendations for Further Research

For practicing the authentic leadership, there is a need for certain personal qualities and professional and technical ability as well. The personality of the leader is a synthesis of a number of characteristics which the individual carries as genetic potential and that it gives the profession, such as energy, knowledge, personal integrity, confidence, accuracy, enthusiasm, determination, flexibility, communication, creativity, initiative, motivation, vision, desire for success and change, conflict management, and entrepreneurship. These capabilities can be recognized only by those who know and apply basic leadership principles and those who take the basic steps which will lead to successful leadership.

The effectiveness of a leader depends not only on its intrinsic properties, but there are external influences that have the power to prevent or increase exercise. These are: the size of

the organization, the degree of interaction, personality of the members of the organization, the level of quality decision making, strong organization and the nature of the given situation.

Hence, it can be concluded that approach, and the way of giving directions, implementing plans and motivating employees, in particular, the application of leadership style is a reflection of the situation and involves the selection of appropriate leadership style to suit the characteristics of tasks, skills and engagement in the organization.

Each period has its own compact style of leadership, with specific features. Chronologically following and classifying them according to different criteria, from the oldest classical and situational, to finally modern (among which is authentic) leadership styles, it can be noticed that universal access to leadership is gone, but every leader should use and practice that leadership manner which has potential for achieving better results and encouraging continued success led by the leaders.

To understand how the leadership and implementation of a particular leadership style will contribute to the success of the company, there is a need to determine the significance of the role of the leader in creating and shaping corporate culture, that is, in creating and shaping the system of organizational values, which will be imposed as mandatory among employees. The leader needs to know the other, and how important his understanding and determination to a particular leadership style is, because a certain type of leadership style will be effective only if the leader respects the rules of conduct imposed by the organization and the rules that govern it.

Each model of leadership that dominates in a particular company imposes a different way of leading. Thus, the culture of power mastered with those organizations that require the application of autocratic leadership model, the culture of support in companies with democratic leadership, the culture of tasks in organizations with a liberal understanding of the work process, etc. The choice of leadership style, therefore, became a primary and decisive factor in the development of organizations.

Especially important is taking into account the impacts imposed by the external environment and the need for continuous monitoring of events in the world, the acceptance of change and continuing taking actions to tackle them. Only by monitoring these trends it can be created a sound basis for successful operation in modern dynamic environment of existence of companies.

Based on previous theoretical considerations, in this paper, there was a need for empirical streaming of problems of leadership and leadership styles in companies in our country, as well as the practice of authentic leadership. Therefore it was conducted survey in several economic entities in the Republic of Macedonia: "Zeginfarm" - Skopje; "Eurofarm" - Skopje; "Alkaloid" - Skopje; "Makpetrol" – Skopje and "Lukoil" - Skopje.

For this purpose an analysis of the basic features and functions of management, their attitude towards employees and the main orientation and priority to any organization is made, to improve its performance and market position.

The analysis showed that in the surveyed companies there isn`t a management style that is unique and best in all situations. According to the survey, leaders can differ in behavior in different situations, choosing different styles of behavior depending on the characteristics of tasks, skills and commitments to subordinates. This led to the conclusion that there is no single model of leadership built that prevails in the companies, but these companies as well as many in other young democracies, though pressed by the traditional bureaucracy that drag in the past, make efforts for improvement, investing and developing the leadership skills among the top management and middle level of the management. These investments in developing the leadership skills on different managerial levels in the organizations will provide year over year continuous improvement of the achieved levels of successful operation, even after the departure of the main leaders of the organization.

The results of the survey conducted in the Macedonian companies showed that there is a positive answer to the most research question, which means that there is a good base for incorporation authentic leadership. This is a good point, because companies should be aware that in the future, success will be guaranteed only to those who will develop authentic leadership. Specifically, they should be aware that success will come only to those organizations in which people inside are aware and also accept the mission and vision and core values of the company, which are necessary to the strategy being conducted. Such companies will be creators of authentic leadership at all levels, in particular, leadership which can mobilize the entire organization to the achievement of objectives and strategies.

Although there is no defined leadership style, while summarizing the results of a brief interview, the surveyed companies tend more towards to the democratic leadership style, noting that their management much more needs to address certain issues in order to focus on authentic leadership which it also practices. The actions need to be taken are:

Authentic leaders should act in situations of constant changes in the environment and to implement organizational and management mechanisms that ensure implementation of better solutions. It should be tendency to alter existing leadership styles. Sometimes it is successful, though it takes a lot of time and energy, and sometimes it is just an adjustment and improvement of existing leadership style. The ability of the leader should be viewed in that his conveying the basic assumptions and values, and being responsible for devising, encouraging and directing changes in the organization.

Given all this, in the Republic of Macedonia, every management team, depending on the situation and conditions of the environment, only by the implementation of all these necessary measures, will be able to create a model of leadership that will be the primary and decisive factor for the development of leadership style, basic prerequisite for successfully

adapting the company to the increasing challenges that it encounters in its external environment, in which predominate: competition, high performance, rapid development, profitability, educated workforce, motivation and commitment.

> 1. What urgently needed to be done, is the Department of Human Resources to be converted into a modern sector for human resources management, which will be run by exclusively professional managers who specialize in this area;

> 2. Management through this sector should improve the quality of work in the organization, imposing new modern thoughts of employees on priorities and objectives; then change its access, to improve the way of management, through effective management and selection of employees who will fit into the organizational structure; to revitalize how their remuneration, i.e. how to measure performance; for correct stimulation for all workers and to define the standards and codes of conduct between workers and management, and among the employees as well;

> 3. Extremely professional management should be devoted to finding new methods and tools for efficient operation, using more modern and better access to information for the continuous flow to all levels of managers; to ensure regular and modern techniques of training and specialization of all, as to allow easier access to knowledge and responsibility in decision-making;

> 4. Management team must find such a leadership model which can currently be adapted to the requirements of the environment, using the same time human resources as a key segment that is not only able to initiate a change, but also to be able to implement. What is important in the organization's management and all employees must understand the current model of leadership applied in the organization. Especially important for leaders is to be able to recognize the power and potential impact on other working strategy.

In the future, the experts or the ones that deal with this problem should pay more attention and have a more serious approach to the topics of leadership, especially on the authentic leadership, because although this kind of leadership exists, the same is still not sufficiently developed and researched in the Republic of Macedonia. Also, it is necessary to conduct research on a larger sample of respondents, by which this work will not remain just a simple attempt to analyze the ways and purposes of implementing and practicing authentic leadership in companies in the Republic of Macedonia.

CONCLUSION

The focus of this master's is the importance of authentic leadership as well as implementing this leadership style in the Macedonian companies. The main objective of this thesis has been to provide an overview of how the implementation of the authentic leadership model may advance leadership performance in analyzed companies. Also, the **main**

question that was reviewed and analyzed was in order to achieve entrepreneurial success, and there must be some form of authentic leadership. By realized research it was concluded that authenticity in many ways correlates to entrepreneurial success, and it is nearly implemented in Macedonian business environment. Surely, it must be mentioned that there are more things that should be done for complete implementation of this leadership style in management with the Macedonian companies.

So, in the research part it was conducted **qualitative research** in the Macedonian business environment. In this part it was used only primary data, which means that questionnaires were conducted and direct observation for the employees in the companies operated by CEOs and in the entrepreneur observed companies.

When analyzing the current conditions in the economy, it may be noted that the intensive exchange of goods and services, the intensive movement of people, knowledge and technology have led to changes in the overall operations of the companies, while also became a feature synonymous with each market driven company. New knowledge and experiences found application in all segments of the everyday business, and have contributed to change the outlook of companies, so increasing importance took matters falling within the scope of management.

In the framework of the perspectives in the field of management, in addition, as particularly important, is to affirm the following topics: development and upgrading of personality, communication, coordination, motivation and commitment, rather everything that puts people first, as the most valuable organizational resource. A particularly sensitive topic arises from the question of leadership and the choice of how to manage the leader.

The world of modern management leadership factor is becoming increasingly important, not only for progress but also for the survival of the organization. Leadership as one of the most complex phenomena was and still is a subject of intensive researches applied through a variety of sciences including psychology, sociology, economics, and history. Leadership development is part of many organizations mission statements thus being an important and unavoidable quality that make difference for all successful organizations. The success is reflected in the creation of such an environment where people can gather experiences and are delighted fully dedicated to the work. The necessity of leadership is particularly pronounced in dynamic operating environment, accompanied by changes in which all emphasized the needs of innovation, specialized knowledge, efforts and the activities are monitored from a different angle. That is resolved in a new way to respond to new and changing customer requirements.

The concept of leadership is a reflection of the individual opinions of leaders and systems that they are conducting. The only way to change the leadership is changing their personal image, and by that, to change the attitude and behavior toward the organization. It is the basis for drafting new organizations that provide adaptation to new contemporary operat-

ing environment. The new generation of leaders is facing the challenge of creation and functioning of organizations in which individuals can develop their potential and to feel valuable, useful and essential for the organization. The leader should make a correct choice of the necessary measures to coordinate the work, and choosing the one which will give real possibility for the company to quickly and adequately adapt to the changes of environment.

The preparation of the paper is based on specific empirical research and elaboration of specific behavior of individuals in a certain number of business entities in the country. Analysis of the operation was conducted to examine which are the most important leadership styles that correspond with the requirement to achieve changes that will mean more successful and efficient operation of any company.

The master thesis was divided in three parts, after the introduction, in the **first part** titled as "Authentic leadership", the concept of authentic leadership is defined and scrutinized. There the definitions from different authors are given and also the theories of authentic leadership.
Further in this part the main elements of authentic leadership are presented and in details the authentic leadership model and authentic leadership development are analyzed. The attention was on the development of authentic followers and on the authentic leadership impacts on motivation. At the end of this part, there was a comparison of authentic leadership with transactional leadership.

Second part, titled as "Entrepreneurial success" is divided into seven parts. Here, first of all is discussed about the given definition of entrepreneurship, and entrepreneurship theories as well. The most important role was analyzing the nine factors for competitive success which are of crucial importance for gaining the competitive advantage which lead to superior company success.

Further, it was given an attention on the entrepreneurial success and the characteristics of successful entrepreneurs. There was short correlation between psychology and entrepreneurial success, and also there was a sample of entrepreneurs as authentic leaders.

The third part of the master thesis was a qualitative research in the Macedonian business environment. Here was represented the survey design and methodology, data analysis and it was shown the design of the questionnaires. The main part of this segment was interpretation of the results and discussion. Next was the evaluation of the work, contributions, and the limitation of the study. At the end, some of the recommendations for further research were mentioned.

The purpose of the qualitative research analysis was to find out the present situation in the observed Macedonian companies, haw to implement the authentic leadership and in which way authentic leadership correlates to entrepreneurial success. Based on the presented data

analysis recommendations are proposed on haw Macedonian companies can benefit from authentic leadership.

The analysis showed that in the surveyed companies there is no single model of leadership built that prevails, but these companies as well as many in other young democracies, though pressed by the traditional bureaucracy that drag in the past, make efforts for improvement, investing and developing the leadership skills among the top management and middle level of the management.

The results of the survey conducted in the Macedonian companies showed that there is a positive answer to the most research question, which means that there is a good base for incorporating the authentic leadership. The same is still not sufficiently developed and researched in the Republic of Macedonia.

The proposed recommendation from my qualitative research in the Macedonian business environment is that in this turbulent time hard working and satisfied employees are the greatest asset. We can achieve that only through authentic leadership development. All these five successful companies in Macedonia have characteristics of authentic leadership. But in order to fully implement authentic leadership, there is a need for training programs and further development of the managers and employees together, in order to understand the principals of authentic leadership.

Companies should be aware that in the future, success will be guaranteed only to those who will develop authentic leadership. Specifically, they should be aware that success will come only to those organizations in which people inside are aware and also accept the mission and vision and core values of the company, which are necessary to the strategy being conducted. Such companies will be creators of authentic leadership at all levels, in particular, leadership which can mobilize the entire organization to the achievement of objectives and strategies.

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APPENDICES

LIST OF APPENDICES

Appendix A: Authentic Leadership Questionnaire

Demographic data

1. Gender

a) male
b) female

2. Age

a) from 25 to 35 years
b) from 35 to 45 years
c) from 45 to 55 years
d) over 55 years

3. Education

a) Secondary education
b) High education
c) University education
d) MSc or PhD

4. Position

a) Top management
b) Middle level
c) Line management
d) Worker

5. Working expirience

a) 5-10 years
b) 10-15 years
c) 15-20 years
d) over 20 years

Authentic Leadership Questionnaire	Scale
1. The leader in my company explains the way that workers view on his or her capabilities.	1 2 3 4 5
2. The leader in my company listens to alternative aspects prior making a conclusion.	1 2 3 4 5
3. The leader in my company shares information with employees.	1 2 3 4 5
4. The leader in my company takes into consideration the main beliefs to make decision.	1 2 3 4 5
5. The leader in my company is aware of the influence that he or she has on the employees.	1 2 3 4 5
6. The leader in my company supports employees, if they have different points of view than his or hers.	1 2 3 4 5
7. The leader in my company rejects influences on him/her to do things opposite to his or her beliefs.	1 2 3 4 5
8. The leader in my company accepts mistakes, when they appear.	1 2 3 4 5
9. The leader in my company shows that is aware of his weak and strong sides.	1 2 3 4 5
10. The leader in my company is open for new ideas which challenge the main beliefs.	1 2 3 4 5
11. The leader in my company puts his/her internal moral standards as guidelines in his or her actions.	1 2 3 4 5
12. The leader in my company expresses the ideas and thoughts clearly to others.	1 2 3 4 5

Source: Adapted from Bruce J. Avolio, William L., Gardner and Fred O. Walumba. Authentic leadership questionnaire for researchers: the standard measure of authentic leadership, 2005.

Appendix B: Review of Answers for Authentic Leadership Questionnaire

ID	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
1	2	5	5	5	5	5	4	3	4	5	4	5
2	5	5	5	5	5	5	2	5	4	5	5	4
3	4	5	5	4	5	4	3	5	5	4	4	3
4	3	5	5	5	4	4	2	3	5	4	5	4
5	5	2	5	3	5	5	1	4	4	5	4	3
6	4	4	3	4	3	4	3	5	5	3	3	5
7	1	3	5	5	4	3	2	2	3	5	4	4
8	3	4	4	4	4	4	1	4	5	4	4	4
9	4	4	4	4	4	4	4	5	4	4	5	5
10	2	5	4	3	4	3	4	5	5	5	5	4
11	3	4	4	4	5	4	5	4	5	3	4	5
12	4	5	2	5	4	5	1	4	3	4	5	4
13	3	4	4	3	3	4	4	5	4	5	4	3
14	2	3	3	4	4	4	2	1	3	5	4	5
15	4	4	4	5	3	2	1	4	5	4	4	4
16	5	4	5	4	5	3	2	5	4	5	3	4
17	3	5	5	5	1	5	4	4	5	5	4	4
18	3	5	4	4	2	5	3	4	3	2	4	4
19	4	4	4	4	5	3	1	2	5	4	5	3
20	5	3	5	5	4	4	5	5	4	3	3	4
21	5	4	3	4	3	4	4	3	3	5	5	5
22	3	4	3	4	5	3	2	5	4	4	5	5
23	5	4	4	5	4	3	5	2	3	4	5	4
24	2	4	4	5	5	4	1	1	5	5	5	5
25	4	4	4	5	4	5	2	4	5	5	5	3
26	5	4	5	2	5	4	5	5	5	4	4	5
27	5	3	5	4	2	3	4	3	3	3	5	5

28	5	2	5	5	5	5	3	5	4	4	5	5
29	3	5	4	5	4	5	5	5	5	5	4	3
30	5	5	4	5	3	5	1	5	4	5	5	5
31	4	4	5	3	4	4	2	5	2	3	4	5
32	5	4	3	5	5	5	4	3	3	5	4	4
33	2	4	4	4	5	2	5	5	4	4	3	4
34	5	5	1	4	3	5	1	1	3	4	5	5
35	3	5	4	4	5	5	3	4	5	5	4	4
36	5	3	4	5	4	4	2	4	5	5	3	3
37	4	4	4	4	3	3	1	3	5	4	4	5
38	2	3	5	5	4	3	4	3	3	3	5	5
39	2	5	4	2	5	5	1	4	5	5	4	5
40	5	4	2	5	3	5	1	4	2	3	4	3
41	3	5	4	5	5	5	3	4	5	5	5	5
42	4	5	4	5	4	5	2	4	3	5	5	5
43	5	5	4	4	5	4	5	5	4	4	5	5
44	2	4	4	5	4	5	4	5	5	4	5	4
45	3	5	5	5	3	4	3	4	4	3	5	5
46	4	5	3	4	5	5	2	3	4	4	5	5
47	5	4	5	5	5	3	1	1	5	4	4	3
48	4	5	4	5	4	4	3	3	3	5	3	4
49	3	5	5	3	3	5	2	4	5	3	5	5
50	2	3	4	3	3	4	4	3	4	4	5	5
51	3	4	2	4	4	3	2	1	3	4	3	4

Appendix C: Summary of results for Authentic Leadership Questionnaire

Question	Answers						Arithmetic mean	Percentage distribution				
	1	2	3	4	5	Total		1	2	3	4	5
Q1	1	8	13	12	**17**	51	3.70	25%	16%	25%	24%	33%
Q2	0	2	7	**22**	20	51	**4.41**	0%	4%	14%	43%	39%
Q3	1	3	6	**24**	17	51	**4.27**	2%	6%	12%	47%	33%
Q4	0	2	6	19	**24**	51	3.86	0%	7%	12%	37%	47%
Q5	1	2	11	18	**19**	51	4.01	2%	4%	22%	35%	37%
Q6	0	2	11	18	**20**	51	4.09	0%	4%	22%	35%	39%
Q7	12	**13**	8	11	7	51	2.76	23%	25%	16%	22%	14%
Q8	5	3	10	**18**	15	51	3.68	10%	6%	20%	35%	29%
Q9	0	2	13	15	**21**	51	4.07	0%	4%	26%	29%	41%
Q10	0	1	9	20	**21**	51	**4.19**	0%	2%	18%	39%	41%
Q11	0	0	7	20	**24**	51	**4.33**	0%	0%	14%	39%	47%
Q12	0	0	9	18	**24**	51	**4.29**	0%	0%	18%	35%	47%