

# Examining Determinants of Leadership Style among Montenegrin Managers

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## Abstract

As a leader's behavior can have a strong impact on different employee work-related outcomes, various approaches have been put forth in an effort to determine the most effective form of leadership and determinants of individuals' choice of leadership style. This paper analyzed whether one's choice of leadership style is due more to personal or organizational characteristics. We used survey data to investigate the determinants of leadership style among Montenegrin managers. Our analysis showed that, although demographic characteristics such as gender, age, and education do not influence the choice of leadership style, internal organizational characteristics such as hierarchical level, managerial orientation to tasks/people, and decision-making characteristics such as decision-making style and decision-making environment are positively associated with the choice of democratic leadership style. This contributes to recent research in leadership that shows how some personal characteristics are considered to be less important in developing certain styles and that the choice of style is more dependent and contingent on external influences and situations.

**Keywords:** decision-making characteristics, demographic characteristics, internal organizational characteristics, leadership style, Montenegro

## 1 Introduction

Research on leadership and leadership style has been present in scientific research for decades, yet despite its strongly recognized importance it remains an elusive

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concept (Singh, Nadim, & Ezzedeen, 2012) and an object of interest for many researchers. According to Bhatti, Maitlo, Shaikh, Hashmi, and Shaikh (2012, p. 192) leadership can be defined as

a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals. It is a process whereby one person exerts social influence over other members of the group and a process of influencing the activities of an individual or a group of individuals in an effort towards goal achievement in given situations.

Because of its strong influence not only on the employee's motivation, job satisfaction, and other work-related outcomes, but also on the overall organizational performance, various approaches have emerged in attempts to give an answer to the most effective form of leadership and leadership style. Different theories and assumptions, based on personality, behaviorist, and contingency theories, have been used to establish the traits and behaviors that determine effective leadership and leadership style (Jonsen, Maznevski, & Schneider, 2010). Leadership style can be defined as a set of behaviors, beliefs, and focus of power that a manager adopts toward its subordinate staff (i.e., the way in which the manager typically behaves toward members of the group; Mullins, 2005). Looking at the continuum or range of possible leadership behavior based on manager and non-manager power, influence, and freedom (Tannenbaum & Schmidt, 1973), one of the most accepted distinctions is between autocratic and democratic leadership styles. The notions of autocracy and democracy have been used to distinguish these two styles (Choi, 2007). Democratic leadership is defined as the performance of three functions: distributing responsibility among the membership, empowering group members, and aiding the group's decision-making process (Gastil, 1994). On the other side, an autocratic leader maintains a high level of individual control over all decisions, defines all the activities, and seeks no participation from group members.

The style that a leader adopts is based on a combination of their beliefs, ideas, norms, and values (Iqbal, Inayat, Ijaz, & Zahid, 2012). It is a permutation of various personal traits and characteristics, attributes, and qualities that influence group members for the accomplishment of the targets (Ansari & Naeem, 2010). In that sense, various demographic characteristics were investigated to determine their relevance to a leadership style. Demographic characteristics of the workforce in the management of an organization have received increased attention among researchers in recent years because of its importance in predicting workers' behavioral outcomes, such as efficiency and effectiveness (Shadare, 2011).

Therefore, this study collects and analyzes different data on a number of demographic as well as organizational and decision-making characteristics that can be considered important in explaining leadership styles. The characteristics analyzed age, gender, and educational level (demographic); hierarchical level and managerial characteristics (organizational); and decision-making style and decision-making environment (decision making). The objective of the study is to examine whether these characteristics can be seen as determinants of leadership style. As Oshaghbemi (2008) stated, although a significant amount of existing research on leadership styles has focused on only one personal dimension or one organizational aspect and its impact on leadership, it is believed that a better approach would be to examine both various personal and organizational dimensions as determinants of leadership style. Thus, this paper attempts to give a broader picture of the influence of not only demographic, but also organizational and decision-making characteristics on leadership style. Thus, this paper conducts an empirical study of the sample of 105 managers from 96 organizations in Montenegro.

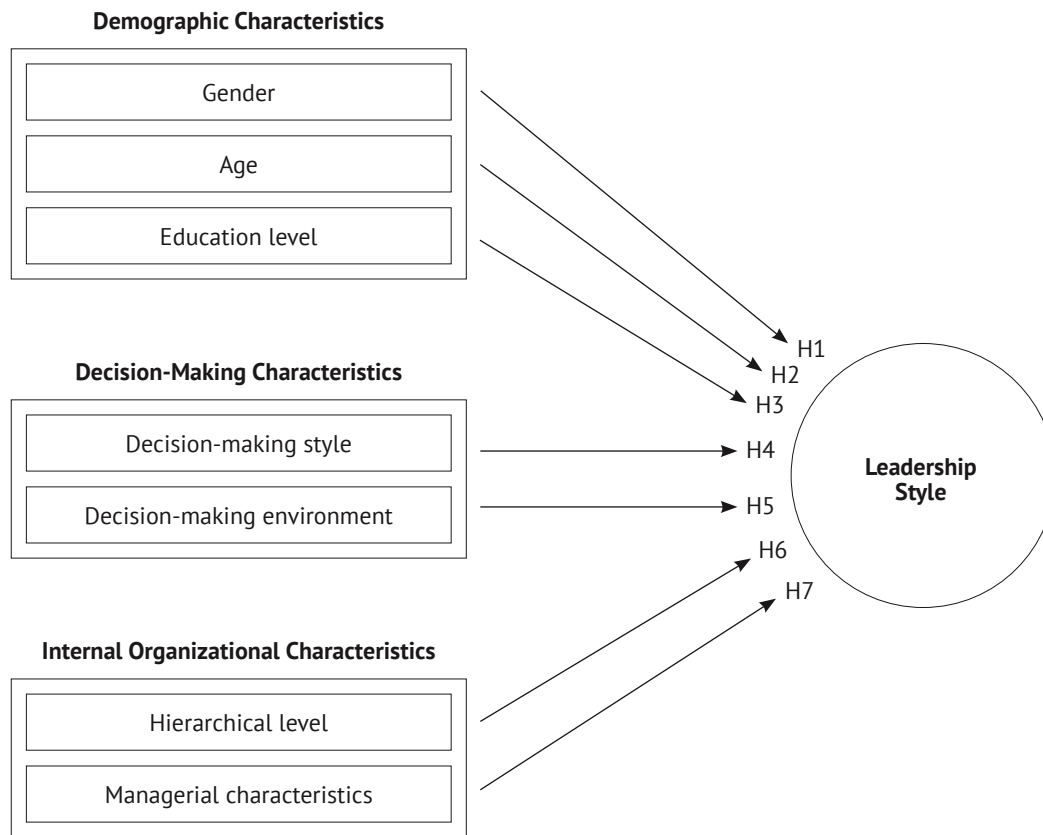
The remainder of this paper is structured as follows. In the next section, we provide a theoretical and conceptual framework of the influence of different demographic, organizational, and decision-making characteristics on leadership style. The third section presents data and methods employed. Section four analyzes the results. Concluding remarks as well as limitations of the study are presented in the final section.

## 2 Related Literature and Hypotheses

From an economic and management viewpoint, the managers' decision to adopt a certain leadership style can be explored in the context of a discrete choice model, where the rational manager chooses the alternative (one of the leadership styles) that maximizes the net expected benefits. Different variables are considered to determine the choice of one's leadership style. Previous research has explored several of these factors and those usually include personal characteristics (i.e., demographic factors such as gender, age, educational level, ethical background, nationality, work experience) (e.g., Eagly & Carli, 2003; Eagly & Johnson, 1990; Kabacoff, 2002; Merchant, 2012; Posner, 1992; Toren et al., 1997; van Engen, van der Leeden, & Willemsen, 2001), organizational position (e.g. Manning, 2002; Yukl, 2002) managerial orientation (e.g., van Engen & Willemsen, 2000), and decision-making characteristics (e.g., Puffer, 1990; Snowden & Boone, 2007).

In accordance with these studies, it is possible to see that individuals' choice of leadership style can depend on their demographic, organizational, and managerial characteristics

**Figure 1:** Research framework



as well as their decision-making situation based on different decision-making variables. Following these approaches of previous research and the literature review, we formulate several hypotheses regarding the determinants of leadership style structured along the following lines: (1) demographic characteristics (gender, age, and education); (2) internal organizational characteristics (hierarchical level and managerial orientation to tasks/people and change); and (3) decision-making characteristics (decision-making style and decision-making environment). With this approach, we try to integrate these three groups of characteristics to determine which leadership style should be used. Figure 1 illustrates the research framework.

## 2.1 Demographic Characteristics

### Gender

Traditionally, studies relating to gender and leadership have used masculine norms as the standards for behaviors, leading to conclusions that men are often viewed as better leaders while women often adopt masculine behaviors to fit into male-dominated hierarchical structures and systems

(Gutek, 1985). Moreover, as indicated by Barbuto, Fritz, Matkin, and Marx (2007), women are expected to behave like leaders (authoritative, confident) while simultaneously being feminine (friendly, kind, etc.). The literature presents conflicting arguments concerning the impact of gender on leadership style. Although one group of researchers finds that differences in leadership behaviors are based on gender (e.g., Collard, 2001; Druskat, 1994; Eagly & Johnson, 1990; Taylor, 1998; Vikenburt et al., 2011), another group has found no effect (e.g., Komives, 1991; Oshagbemi, 2008; van Engen et al., 2001). For instance, using a meta-analysis based on 162 reports, Eagly and Johnson (1990) found significant gender differences in the reported use of democratic or participatory styles of leadership. More precisely, the authors indicated that men were more likely than women to use autocratic, or direct, controlling styles. Gender was also found to have an effect on the process of the creation of leadership and interface between the leader and his or her followers (Bartkus, Kaminskas, & Grunda, 2012). In contrast to these findings, several authors have rejected the relationship between gender and leadership style. In this sense, Komives (1991), Oshagbemi (2008), and Yammarino Dubinsky, Comer, and Jolson (1997) found no effect of gender on leadership style. In order to further examine

the relationship between leadership style and gender, we propose the following hypothesis:

*H1: The leadership style is associated with the manager's gender.*

### Age and educational level

Studies of age and educational level as predictors of leadership style are nearly absent from the research literature. As Barbuto et al. (2007) emphasized, the very few studies that have examined age and leadership have been limited to retirement or adolescence factors. Even fewer of them have studied the relationship between leadership and educational level. However, age serves as an important factor that influences leadership style as there are important differences in attitudes and behavior between different generations. In this sense, it is argued that younger workers are more adaptable in fast-changing environments, take risks, consider new approaches, etc. (Kabacoff, 2002; Kabacoff & Stoffey, 2001; Oshagbemi, 2008). Moreover, using a sample of Ohio AmeriCorps members, Kazan (2000) found that age influences the self-leadership style. Similar results were obtained by Payden (1997), Taylor (1998), and Thomas (1996).

The leader's level of education can produce a significant effect on followers' perceptions of leadership behaviors. Barbuto et al. (2007) found significant differences among educational level groups, and additional research done by Ali and Ali (2011), Kao (2006), and Nayak (2011) confirmed the significant positive relationships between leadership style and educational level. Consistent with these findings, Shadare (2011) found that a manager with higher education tends to be more efficient on the job than one with a lower educational achievement. In light of these arguments, the following hypotheses can be tested:

*H2: The leadership style is associated with the manager's age.*

*H3: The leadership style is associated with the manager's educational level.*

## 2.2 Decision-Making Characteristics: Decision-making style and decision-making environment

### Decision-making style

Each leadership style is characterized by a specific decision-making style. These decision-making styles can differ with respect to the number of alternatives used, amount of

information, and the extent to which they coordinate different resources of input (Driver & Brousseau, 1990, as cited in Rehman & Waheed, 2012). Puffer's (1990) research showed that decision style, decision outcome, and organizational role of the observer have a significant impact on attributions of the charismatic leadership style. Similar results were identified by Kedia and Nordvedt (2002, as cited in Rehman & Waheed, 2012), whose study showed a relationship between leadership styles and decision-making styles. These researchers argued that transformational leaders use a more comprehensive style (a high number of alternatives used, a large amount of information, and a high coordination of different resources of input) of decision making. Therefore, we argue:

*H4: Leadership style is associated with the decision-making style.*

### Decision-making environment

Different aspects of the decision-making environment also determine leadership style. In situations of an unstable and turbulent environment, leadership style would be characterized by a very direct top-down communication (Snowden & Boone, 2007), which is seen as a characteristic of an autocratic leadership style. Decisions are made in a political manner based on the relative power of those involved and without any particular pattern characterizing the criteria used (Smart et al., 1997, as cited in Hassan, Shah, Zaman, Ikramullah, & Ali Shah, 2011). In a more stable environment, more information is available, decisions can be easily delegated, and a more democratic leadership style can be applied. In this sense, we propose the following hypothesis:

*H5: Leadership style is associated with the decision-making environment.*

## 2.3 Internal Organizational Characteristics: Hierarchical level and managerial characteristics

### Hierarchical level

According to Hunt (1971), the research has increasingly emphasized the possible differences in leadership requirements at different managerial levels, yet very few empirical studies have been conducted. Yukl (2002) suggested that differences in job requirements and discretion exist across levels in organizations and that hierarchy is one of the determinants of leadership style. Although Eagly and Johnson (1990) found that organizational level had little impact on the effect sizes of autocratic versus democratic leadership styles, strong evidence does suggest that there are distinct

patterns of behavior across different hierarchical levels in organizations (e.g., Edwards & Gill, 2012). Kabacoff (1999) found differences in the leadership styles and practices of individuals in terms of both organizational level and function. Specifically analyzing different organizational levels indicates that middle-level leadership styles differs significantly from either senior or lower-level leaders. Ansari and Naeem (2010) showed that lower management applied a significantly higher degree of autocratic style than middle management. However, Oshagbemi and Gill (2004) found that a significant difference exists between the senior and first-level managers' leadership styles, but not between senior and middle-level managers or middle- and first-level managers. Thus, we formulated the following hypothesis:

*H6: The leadership style is associated with the manager's hierarchical level.*

### Managerial characteristics

As previously mentioned, various classifications of leadership styles have been used in research practice. A widely accepted classification is the dimensions of autocratic and democratic leadership styles, emphasizing a strong distinction between managers oriented toward directive and participative or job-centered versus employee-centered leadership (van Engen & Willemsen, 2000). A democratic leader encourages employee participation by creating a sense of ownership among the employees an environment in which all employees feel at ease working. Employees and team members feel in control of their own destiny and are motivated to work hard by more than just a financial rewards (Bhatti et al., 2012). In addition, democratic leaders communicate regularly with employees about the organization's purpose, goals, and mission. They treat each worker as an individual, transmitting their values and ethical principles, providing challenging goals and communicating a vision of the future while encouraging strategy making, group synergy, innovation, change, and creativity (Ansari & Naeem, 2010). On the other hand, the autocratic leadership style is characterized by one's strong orientation to tasks, results, procedures, and rules, along with a strong emphasis on high standards for performance and making leaders' and subordinates' roles explicit (Eagly & Johnson, 1990). With respect to the identified factors, we plan to test to determine if a manager who chooses the democratic leadership style also has managerial characteristics that include a people orientation and affinity toward the implementation of changes. Thus, the following hypothesis is set:

*H7: The democratic leadership style is associated with a people orientation and the implementation of changes.*

## 3 Data and Model Specification

The data presented in this study were collected as part of a larger study conducted among all business organizations in Montenegro, with the aim of making a comparative analysis of management functions in Montenegro. To this end, a questionnaire survey was conducted; it consisted of 11 sections, where nine sections covered some different aspects of management behavior and two sections covered basic questions regarding organizational and personal characteristics.

In this paper, we present and analyze data concerned with various characteristics of Montenegrin managers as leaders as well as their preferred leadership and decision-making styles. The survey was conducted by a professional agency from June to September 2007. We obtained a sample of 105 managers from 96 organizations in Montenegro. Although they are usually used as control variables, the variables of age, gender, and educational and hierarchical levels are used as independent variables in this study; only size and the sector in which organizations act are used as control variables. The democratic leadership style was used as a dependent variable.

### Explanatory variables

To operationalize hypothesis H1 (gender), we used a dummy variable (*GENDER*) that has a value of 1 if the employee is a man. The second hypothesis, H2 (age), is tested using two dummy variables: *AGE 1* has value of 1 if the employee is between 18 and 40 years old and *AGE 2* has a value of 1 if the employee is more than 41 years old. *AGE 2* was also a reference category. The effect of education on leadership style in hypothesis H3 was measured using two dummy variables: *EDUCATION1* has a value of 1 if the employee has a doctorate, master's degree, or university degree; *EDUCATION2* has a value of 1 if the employee has two years of higher education, a high school degree, or a primary school degree. This was also a reference category. Hypothesis H4 (decision-making style) was tested using three dummy variables (i.e., rarely, often, always): *DECISION-MAKING STYLE* equals 1 if the employee rarely, often, or always makes decisions with his colleagues. To test how the decision-making environment affects the leadership style (H5), we used a continuous variable representing the percentage of people who make decisions in a stable or unstable environment. Hypothesis H6 (hierarchical level) was tested using three dummy variables: *HIERARCHICAL LEVEL* equals 1 if the employee's position is at the top level, middle level, or low level. To test hypothesis H7 (managerial characteristics), we used three dummy variables: *CHARACTERISTIC1* has a value of 1 if the employee is more oriented to reaching the objective than to following the leader, *CHARACTERISTIC2* has value of 1

if the employee is more oriented to procedures and results than to interaction between employees, and *CHARACTERISTIC3* that has a value of 1 if the employee is more oriented to results than to the implementation of changes.

The dependent variable, denoted as *DEMOCRATIC LEADERSHIP STYLE*, is a binary variable equal to 1 if the employee chooses the democratic leadership style rather than a mixed (between democratic and autocratic leadership styles) or autocratic style (looking at the continuum of the democratic–autocratic leadership style, from pure democratic to pure autocratic style).

Dummy variables were used to compile data into mutually exclusive categories (Gujrati, 2003). In this way, we could clearly analyze differences among the analyzed categories. As mentioned, we used sector and size as the control

variables. We used three sectors of activity: manufacturing, service, and trade. In terms of size, we used three groups of organizational size: Size 1 (1 to 10 employees), Size 2 (11 to 50 employees), and Size 3 (more than 50 employees). The definition of variables and sample statistics are given in Table 1. By using adequate statistical methods, no problem of multicollinearity was detected.

### The Empirical Model

We used a linear model for the underlying latent variable driving certification:

$$Y_i^* = \alpha + \sum_{i=1}^{10} \beta_i X_i + \mu_i, \quad i = 1, 2, \dots, N. \quad (1)$$

**Table 1** Definition of Variables and Sample Statistics

Variable	Description	Mean	SD	Min	Max
<b>Dependent variable</b>					
Democratic Leadership Style	The employee uses democratic rather than a mixed (between democratic and autocratic or pure autocratic) leadership style Dummy variable (= 1 if yes)	0.40	0.49	0.00	1.00
<b>Independent variables</b>					
SECTOR	Manufacturing	0.25	0.43	0.00	1.00
	Service	0.31	0.47	0.00	1.00
	Trade ( <i>ref</i> )	0.44	0.50	0.00	1.00
SIZE	Size1 (1 to 10 employees) ( <i>ref</i> )	0.29	0.45	0.00	1.00
	Size2 (11 to 50 employees)	0.34	0.48	0.00	1.00
	Size3 (more than 51 employees)	0.37	0.48	0.00	1.00
GENDER	The employee is a man Dummy variable (= 1 if yes)	0.75	0.44	0.00	1.00
AGE	AGE1 (between 18 and 40 years old)	0.52	0.50	0.00	1.00
	AGE2 (more than 40 years old) ( <i>ref</i> )	0.48	0.50	0.00	1.00
EDUCATION	EDUCATION1 (Ph.D., master, or university degree)	0.44	0.50	0.00	1.00
	EDUCATION2 (two years of superior education, high school degree, primary school degree) ( <i>ref</i> )	0.56	0.50	0.00	1.00
HIERARCHICAL LEVEL	Top level	0.55	0.50	0.00	1.00
	Middle level	0.32	0.47	0.00	1.00
	Low level ( <i>ref</i> )	0.13	0.34	0.00	1.00
CHARACTERISTIC1	The employee is more oriented to reaching the objective than to following the leader Dummy variable (= 1 if yes)	0.84	0.37	0.00	1.00
CHARACTERISTIC2	The employee is more oriented to procedures and results than to interactions between employees Dummy variable (= 1 if yes)	0.53	0.50	0.00	1.00
CHARACTERISTIC3	The employee is more oriented to results than to the implementation of changes Dummy variable (= 1 if yes)	0.61	0.49	0.00	1.00
DECISION-MAKING ENVIRONMENT	Stable environment	52.32	25.06	0.00	100.00
	Unstable environment	43.39	24.39	0.00	100.00
DECISION-MAKING STYLE (participation)	Rarely ( <i>ref</i> )	0.19	0.39	0.00	1.00
	Often	0.50	0.50	0.00	1.00
	Always	0.26	0.44	0.00	1.00



where  $X_i$  represents the vector of variables for leadership style (*SECTOR*, *SIZE*, *GENDER*, *AGE*, *EDUCATION*, *HIERARCHICAL LEVEL*, *MANAGERIAL CHARACTERISTICS*, *DECISION-MAKING ENVIRONMENT*, and *DECISION-MAKING STYLE*);  $\beta_1$ – $\beta_{10}$  are the slope coefficients to be estimated; and  $\alpha$  and  $\mu$  are the intercept and the disturbance term, respectively.

The model of the employee's leadership style was a discrete-choice model, with the dummy variables indicating *DEMOCRATIC LEADERSHIP STYLE* as the dependent variable  $Y_i$ :

$$Y_i = 1 \quad \text{if} \quad Y_i^* > 0, \\ Y_i = 0 \quad \text{otherwise.} \quad (2)$$

We specified logistic distributions for  $\mu$  and maximized the log-likelihood of the logit models (Greene, 2000) to estimate the model's parameters up to a positive constant.

## 4 Results and discussion

The results of the multinomial regression regarding determinants of leadership style are presented in Table 2. According to the results, R2 is 0.30, indicating that the model fits the data adequately. The following paragraphs present the validity of each hypothesis based on the statistical significance of associated parameters.

Our first hypothesis (H1)—the leadership style is associated with the manager's gender—was not supported in the model. The results show that no effect of gender exists when using the democratic leadership style, indicating that men and women equally use this style. This is, as mentioned in the literature review, in line with Komives' (1991), Osaghebemi's (2008), and Yammarino et al.'s (1997) results, which indicated that gender had no effect on leadership style. In addition, overviews of studies of sex differences in cognition demonstrate that these differences have become

**Table 2** Determinants of Leadership Style

		Democratic Leadership Style	
Variables		Estimate	Standard Error
Intercept		-2.48*	1.34
SECTOR	MANUFACTURING	0.17	0.52
	SERVICE	0.17	0.44
SIZE	SIZE1	1.04***	0.49
	SIZE2	1.27***	0.58
GENDER		0.33	0.43
AGE1		0.26	0.39
EDUCATION1		-0.16	0.42
HIERARCHICAL LEVEL	TOP	1.51***	0.57
	MIDDLE	1.72***	0.59
MANAGERIAL CHARACTERISTICS	CHARACTERISTIC1	-0.82	0.55
	CHARACTERISTIC2	0.66*	0.39
	CHARACTERISTIC3	-0.06	0.38
DECISION-MAKING ENVIRONMENT	STABLE	0.00	0.01
	UNSTABLE	0.02***	0.01
DECISION-MAKING STYLE	OFTEN	-0.02	0.48
	ALWAYS	-1.09**	0.52
Max Rescaled R2		0.30	
-2 log L		194.293	
-2 log L (Intercept only)		238.407	
Likelihood ratio		44.11	
Percent concordant		76.9	
Number of observations		177	

Note: (\*), (\*\*), and (\*\*\*) stand for parameter significance at the 10%, 5%, and 1% levels, respectively.

considerably smaller or have even vanished within the last 30 or 40 years (van Engen & Willemsen, 2000). One potential reason for these results might be the changed roles and characteristics of women as business leaders. As Jonsen et al. (2010) stated, there is an evident trend in increasing similarities in the styles of men and women as a result of the changed roles and self-perceptions of women in industrialized countries and the appearance of women in formerly all-male occupations. Thus, according to our results, we can conclude that male and female Montenegrin managers use similar leadership styles and gender cannot be seen as a determinant of leadership style used. More and more research has shown that the differences in leadership styles between men and women are slowly vanishing; our research contributes to this line of thinking.

Hypotheses H2 (the leadership style is associated with the manager's age) and H3 (the leadership style is associated with the manager's educational level) were also not supported in our model. Previous research does indicate that the older the manager, *ceteris paribus*, the more likely it is for consultative and participative leadership styles to be used. In other words, older leaders prefer more collective decisions compared to younger managers, who prefer making decisions that might not necessarily get the approval of the majority of workers (Oshagbemi, 2008). However, our results show no significant difference between young workers (between 18 and 40 years old) and older workers (more than 40 years old) when using the democratic leadership style. This suggests that, for the managers in Montenegrin organizations, age does not represent a significant determinant or predictor of the use of the democratic leadership style. This is in line with research of Ekaterini (2010), who explained such a result as the intention of older workers to not necessarily make decisions with their colleagues as they can draw on their years of experience to make decisions with a greater degree of confidence, which younger workers usually do not have. In addition, for Montenegrin managers, education cannot be seen as associated with the democratic leadership style as our results show no difference among employees with a doctorate, master's degree, or university degree and employees having two years of higher education, a high school degree, or a primary degree. Although, as mentioned, the level of education influences people's values, wants, and needs, our results suggest that this factor is not connected with the leadership style used, but presumably more with different expectations and motivation in the workplace.

Hypothesis H4 tested whether leadership style is associated with the decision-making process. The results suggest a significant and positive relationship exists between the democratic leadership style and managers' decision making when the manager always makes decisions with his colleagues. The results suggest that the democratic leader always tries

to create such an environment in which all employees feel at ease working and are asked to participate in decision making in the organization. This creates a sense of ownership among the employees, and they work more enthusiastically (Bhatti et al., 2012). Montenegrin managers encourage their colleagues' participation, which can be seen as being associated with the democratic leadership style. Moving toward this highly participative decision-making style, as Vroom (2000) emphasized, can contribute to the organization by (1) developing individual members' knowledge and competencies by providing them with the opportunities to work through problems and decisions usually happening at higher organizational levels; (2) increasing teamwork and collaboration by providing individuals with the opportunities to solve the problems as part of the team; and (3) helping in increasing individual identification with organizational goals.

Hypothesis H5 tested whether the leadership style is associated with the decision-making environment. The results confirmed that the democratic leadership style is associated with the unstable decision-making environment. This is interesting to see because it was expected that the democratic leadership style would be more of a characteristic of a stable environment, where the leader has enough time to take into consideration all of the alternatives and resources while encouraging employees' participation and exchanges of information. In a more unstable environment, decisions have to be made quickly and with a minimum of costs, so it is surprising and rather unusual to see that Montenegrin managers use the democratic style in an unstable environment. This result might suggest that they are more oriented to getting the right and appropriate decision instead of making a risky but not necessarily right and, in the long-term, satisfactory decision.

The hypothesis that leadership style is associated with the manager's hierarchical level (H6) was strongly supported by our research for top and middle management levels. Our results indicated that strong differences in leadership style exist between top and middle management compared to lower management, but no difference exists between top and middle management. This is a somewhat expected result as the work itself and job responsibilities and requirements at different organizational levels call for a higher or lower level of democratic or autocratic leadership style. First-level management is more oriented to tasks, procedures and results, and day-to-day activities, where a more autocratic or mixed leadership style is suitable, while higher organizational levels tend to use more democratic ones as higher organizational levels are more strategic and change oriented, motivating and encouraging people to do more than they initially thought possible (Oshagbemi, 2008).

The results of our final hypothesis, H7 (democratic leadership style is associated with people orientation and



implementation of changes), were somewhat expected. The results strongly confirmed that orientation to people is associated with one's choice of democratic leadership style, but they did not confirm that the democratic leadership style is associated with following the leader and the implementation of changes. These findings suggest that Montenegrin managers—although oriented to people—still have to develop their abilities for inspiring employees to follow them, create, innovate, and change.

Finally, regarding the sector activity and size that we used as control variables, the results showed no support for the differences in democratic leadership style in organizations regarding their sector activity, but they did support that certain organizations—according to their size—are more sensitive to the democratic leadership style than others. For instance, the results show that the democratic leadership style is associated with smaller organizations—concretely, with organizations with 1 to 10 employees or with 11 to 50 employees. Larger organizations usually require more control mechanisms, rules, and procedures; thus, it is possible that the autocratic or mixed leadership style is more present in larger organizations.

## 5 Conclusion

In this study, our aim was to analyze and examine various variables that seem to contribute to and determine one's choice of its leadership style. As most of the previous studies counted for only one or several closely interlinked variables, our goal was to examine several demographic, organizational, and decision-making characteristics that could be seen as determinants of leadership style. According to the literature review, we proposed several hypotheses that were tested on a sample of managers in Montenegrin organizations.

Our results yielded several interesting outcomes that can help us better understand the effect of demographic, organizational, and decision-making characteristics on leadership style. The results have shown that there is no significant difference regarding leadership style among men and women or

according to age and education level. This leads to the conclusion that leadership style could be under a greater influence of different situational characteristics and contingencies that are not a direct characteristic of a manager, but conditions in which the manager works (e.g., hierarchical level or organizational characteristics) that surround the leader.

The results also confirm that the democratic leadership style is more people oriented and transformational and encourages participation more. As such, it is not surprising that our results confirm that the democratic leadership style is associated with interactions with people and an orientation to people.

There are three limitations of our study that future work might seek to address. First, we used a rather small sample of Montenegrin managers. Our analysis is restricted by the choice of this sample. Thus, future research should include a larger sample in order to gain a deeper understanding of the issues examined. It would be interesting to examine these issues in other countries to determine whether national culture also plays a significant determinant of leadership style. Second, further research should analyze the combined effects of various characteristics of leadership style. It would also be useful and interesting to consider and analyze how and if these differences can produce differences in the effectiveness of leaders. This is a complex question that future research should address by considering different measures of organizational outcomes in line with different measures of leadership style and its determinants.

The findings of this study could be useful for theory and practice in understanding different influences on one's choice of leadership style. The research is also a way of enhancing existing research as previous management literature has not provided a similar approach to researching at the same time various personal as well as organizational factors. This is especially interesting in the context of Montenegro as, together with the broader results of the study, this research helped develop a deeper understanding of management practice in Montenegro and, more specifically, leadership characteristics and determinants of leadership styles in Montenegrin organizations.

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## Proučevanje dejavnikov stila vodenja med črnogorskimi menedžerji

### Izvleček

Obnašanje vodje ima lahko močan vpliv na različne izide, povezane z delom zaposlenega, zato so bili razviti različni pristopi za najučinkovitejši stil vodenja in dejavnikov za izbiro stila vodenja. Namen prispevka je analizirati, ali na izbiro stila vodenja vplivajo bolj osebni ali bolj organizacijski dejavniki. Pri proučevanju dejavnikov stila vodenja med črnogorskimi menedžerji je analiza podatkov iz raziskave pokazala naslednje: demografski podatki, kot so spol, starost in izobrazba, ne vplivajo na izbiro stila vodenja, interne organizacijske značilnosti, kot sta hierarhična raven in menedžerska usmeritev k nalogam/ljudem, in značilnosti odločanja, kot sta stil odločanja in odločevalsko okolje, pa so pozitivno povezane z izbiro demokratičnega stila vodenja. Ta prispevek k novejšim raziskavam o vodenju kaže, da so nekatere osebne značilnosti upoštevane kot manj pomembne pri razvoju določenega stila in da je izbira stila bolj odvisna od zunanjih vplivov in razmer.

**Ključne besede:** značilnosti odločanja, demografske značilnosti, interne organizacijske značilnosti, stil vodenja, Črna gora