

ISTANBUL BILGI UNIVERSITY
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EXPLORING EFFECTS OF TRANSFORMATIONAL LEADERSHIP STYLE
IN ENTREPRENEURIAL SUCCESS: A DEDUCTIVE CONTENT ANALYSIS
STUDY

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LIST OF ABBREVIATION

GEM:	Global Entrepreneurship Monitor
KOSGEB:	Small and Medium Enterprises Development Organization
MLQ:	Multifactor Leadership Questionnaire
SMEs:	Small and Medium Sized Enterprises
TEA:	Total Early-Stage Entrepreneurial Activity
METI:	Japan Ministry of Economy, Trade and Industry
OECD:	Organization for Economic Co-operation and Development

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ABSTRACT

This study contributes to theoretical model of entrepreneurial success, composed individual (entrepreneurial actions) and contextual (institutions and resources) by investigating the role of transformational leadership components (idealized influence, individualized consideration, intellectual stimulation, inspirational motivation). First, entrepreneurship and leadership literatures are reviewed to provide theoretical background and empirical findings. Second, reviews of related research on entrepreneurship and leadership summarized to underpin the research questions. To investigate individual and contextual factors and effects of transformational leadership components on entrepreneurial success, interviews were completed with 8 (5 males, 3 females) new business owners running businesses that have paid salaries, wages, or any other payments to the owners for more than 42 months in Turkey. Directed method of qualitative content analysis are employed to analyze transcripts of interviews. Finally, results of content analysis presented that entrepreneurial actions are the only direct effect on entrepreneurial success, while external factors (resources and institutions) have indirect effect. However, all transformational leadership components have also indirect effect on entrepreneurial success through human/labor capital. The study contributed to identify effective leadership characteristics of entrepreneurs in developing countries. Findings are discussed to provide practical implications and further research.

ÖZET

Bu çalışma, dönüřümcü liderlik bileřenlerini (idealleřtirilen etki, bireyselleřtirilmiř düřünme, entelektüel uyarım, ilham verici motivasyon) sorgulayarak bireysel (giriřimcilik hareketleri) ve bağlamsal (kurumlar ve kaynaklar) faktörlerden oluřan giriřimcilik başarıřı teorik modeline katkı saėlamaktadır. Öncelikle, teorik arkaplan ve deneysel bulgular temin etmek için giriřimcilik ve liderlik alan yazını ayrı ayrı gözden geçirilmiřtir. Daha sonra araştırma sorusunu desteklemek için ilgili giriřimcilik ve liderlik arařtırmaları özetlenmiřtir. Bireysel ve bağlamsal faktörlerin ve dönüřümsel liderlik bileřenlerinin giriřimcilik başarıřı üzerine etkisini arařtırmak için 8 katılımcı (5 erkek, 3 kadın) ile mülakatlar yapılmıřtır. Katılımcılar, Türkiye’de 42 aydan uzun süredir maař, ücret ve diėer ödemeleri yapan iř sahibi giriřimcilerdir. Görüřmelerin transkriptlerini analiz etmek için yönlendirilmiř nitel içerik analizi yöntemi kullanılmıřtır. Son olarak, içerik analizi sonuçları, giriřimci eylemlerinin giriřimci başarı üzerinde tek doğrudan etki olduėunu, dıř faktörlerin (kaynaklar ve kurumlar) dolaylı etkiye sahip olduėunu göstermiřtir. Bununla birlikte, tüm dönüřümcü liderlik bileřenlerinin insan/emek sermayesi yoluyla giriřimci başarı üzerinde dolaylı etkisi vardır. Çalışma, geliřmekte olan ülkelerdeki giriřimcilerin etkili liderlik özelliklerinin belirlenmesine katkıda bulunmuřtur. Bulgular pratik çıkarımlar ve daha ileri arařtırmalar için tartıřılmıřtır.

CHAPTER 1: INTRODUCTION

1.1 Entrepreneurship

In the current economic atmosphere, a new company or a brand is arising each day. Over the passing 50 years, businesses have changed (Naude, 2009) and so called “superior” companies were challenged by the smaller ones or start-ups (Burduş, 2010). Statistics show that businesses are the small and medium sized enterprises (SMEs), 99.8 percent in Europe, 99 percent in UK, 99.7 percent in Japan and 80 percent in South Korea. SMEs account for 59 percent of employment in UK, two-thirds of employment in Europe, 70 percent of employment in Japan and 80 percent of jobs in South Korea (Euromonitor, 2006; Japan Ministry of Economy, Trade and Industry [METI], 2007; Small Business Service, 2006; World Bank, 2007). Similarly, SMEs (1-150 employees) hold 99.8 percent of the total number of enterprises and 99.3 percent of all manufacturing firms in Turkey. Besides, SMEs account for 76.7 percent of total employment and 56 percent of all manufacturing workers in Turkey (OECD, 2004; Republic of Turkey Ministry of Industry and Trade 2006,).

Due to the position of SMEs, entrepreneurship has important effects on the direction of broader changes, socially and economically. Having numerous enterprises and entrepreneurs is crucial and valuable for countries. It creates movements in economy, provides employment, encourages new businesses, and even supports social change in positive way (Tracy, 2013). Bringing innovative ideas and productions into market is also another way of supporting the economy, and many entrepreneurs have done this through time (Van Stel, Carree and Thurik, 2005).

There are also some boundaries, limitations, or obstacles which entrepreneurs may face while they try to build their jobs, especially in more unstable economies. The complex bureaucratic processes and taxation rules, accessing the necessary financial resources, a highly competitive environment or finding trustworthy employees are the challenges confronted in the entrepreneurship process (Benzing, Chu and Callanan, 2005; Benzing, Chu and Kara, 2009; Chu, Benzing and McGee, 2007; Pratt, 2001). However, people describe several motivational factors or reasons why they had decided to firm their own businesses. These are increasing income and aim to become wealthier (Benzing, Chu and Szabo, 2005), becoming independent from the companies by working for themselves, being an agent of insurance for their family by providing economic security (Kuratko, Hornsby and Naffziger, 1997; Robichaud, McGraw and Roger, 2001; Benzing et al., 2009) or personal development with the help of challenges and self-satisfaction sourcing from the goal achievements (Swierczek and Ha, 2003). For Turkey,

Ozsoy, Oksoy and Kozan (2001) have found that family security, increase of wealth and making a job valuable were the top reasons for founding an enterprise. Also, some people believe that founding an enterprise and having their own businesses moves them up the social ladder and the entrepreneurship will have been a successful career pathway in their lives (Tracy, 2013). Statistics showed that, almost 2 out of 3 people recognized being an entrepreneur is a tool for being in a higher status-quo (GEM Global Report, 2012). Also, running their own businesses may establish a more secure feeling for entrepreneurs in less stabilized Turkish economy (Benzing et al., 2009).

Entrepreneurship also fights poverty and brings economic development and growth by creating new business lines and providing eligible employment. Those are the essential necessities for countries in every respect, especially for the developing ones (Gielnik and Frese, 2013; Tracy, 2013; Van Stel et al., 2005). Vietnamese 7 years development is a prime example to show how effective entrepreneurship can be on employment. 8.8 million people have found their jobs from entrepreneurship while the Vietnamese government had only been able to provide jobs for 3 million people (McMillan and Woodruff, 2002). When reviewed developing countries such as India, it seems that the entrepreneurship rates or small and medium-sized enterprises (SMEs) are even higher than the developed countries of Northern Europe such as Finland and Netherlands (Naude, 2009). According to Ho and Wong (2007), the conditions for building an entrepreneurship is more convenient in developing countries compared to developed ones. With the support of governmental organizations, people may become able to start their own job with less questions in their mind and they may be more willing to do it. In Turkish example, Small and Medium Enterprises Development Organization (KOSGEB) has become a significant organization for newly founding enterprises. It has been activated on 1990 and offered free training programs on entrepreneurship to be supportive for the public development of entrepreneurship. This also produce positive long-term outcome in the matter of social change (Benzing, et al., 2009; Friedman and Aziz, 2012).

Although this 'meta-economic event' (Drucker, 2006) was not taken into consideration by the experts of economy for a while (Naude, 2009), the need to focus on this area became obvious day by day, especially for developing countries. Several questions may evoke at this point: What is entrepreneurship? What makes an entrepreneur? What are the psychological and contextual aspects of entrepreneurship?

1.2 The present thesis: Exploring Effects of Transformational Leadership Style on Entrepreneurial Success

The present thesis investigates the theoretical model of entrepreneurial success in developing countries integrating individual and contextual factors (Gielnek, Frese, 2013) by adding transformational leadership to this model to investigate of entrepreneurial success in Turkey as a contribution the theoretical model and entrepreneurship literature. Bass (1985) argues that emergence of transformational leadership is more likely in times of distress or change, as Peter F. Drucker (2006) indicated that entrepreneurship arise from changes in technology, economy, perceptions and meanings, demographics, and knowledge. Transformational leadership is effective in small organizations with orientation toward supportive, innovative, and flexible organizational characteristics (Bass, 1985; Bass, Bass, 2008; Berson and Koopman, 1991; Linton, 2005), while innovative start-ups, new venture and small firms analogously hold these organizational characteristics. In the present thesis, I wonder the extent to which new ventures' environment and organizational characteristics are favorable for emergence and effectiveness of transformational leadership.

Researchers developed theoretical model of entrepreneurial success in developing countries integrating individual and contextual factors by current best evidence in the literature (Frese, 2009; Frese et al., 1996; Frese et al., 2012; Frese and Zapf, 1994; Gielnek and Frese, 2013; Rauch and Frese, 2000). Entrepreneurs' actions, such as personal initiative, action planning and deliberative practice, enhance entrepreneurial success (Baum, Locke, 2004; Brinckmann, et al., 2010; Frese et al., 1996; Frese et al., 2007; Frese and Fay, 2001; Gatewood et al., 1995; Unger et al., 2009). Further, contextual factors, such as institutions (formal, informal, and social institutions) and resources (financial, social, labor/human capital and infrastructure), also affect entrepreneurship success in the examined developing countries (Bruton et al., 2008; McMullen, Naude, 2010; Naude et al., 2008; 2010; Tonoyan et al., 2010; Welter, 2010). Unger et al.'s (2011) meta-analysis indicated that human capital is more important for entrepreneurial success in developing countries rather than in developed ones.

However, the current model of entrepreneurial success does not include leadership as a factor. Leadership has not been addressed as a focal predictor of success, or as a mediator or moderator of other core predictors, in relation with contextual factors such, as labor/human capital. To fill the gap in the literature with regards to role of leadership, the present thesis, applying qualitative methods, focuses on successful entrepreneurs to investigate the role of transformational leadership behaviors besides contextual factors that have been identified in the theoretical model (Gielnek, Frese, 2013). Interviews were conducted with 8 established

owners (5 males, 3 females) running businesses that have paid salaries, wages, or any other payments to the owners for more than 42 months in Turkey identified as successful entrepreneurs based on several entrepreneurship success indicators such as business growth, profitability, business value and number of employees. Thus, this study provides insights from established business owners to nascent entrepreneurs and new business owners running businesses not more than 42 months.

1.3 Definitions and Conceptual Framework

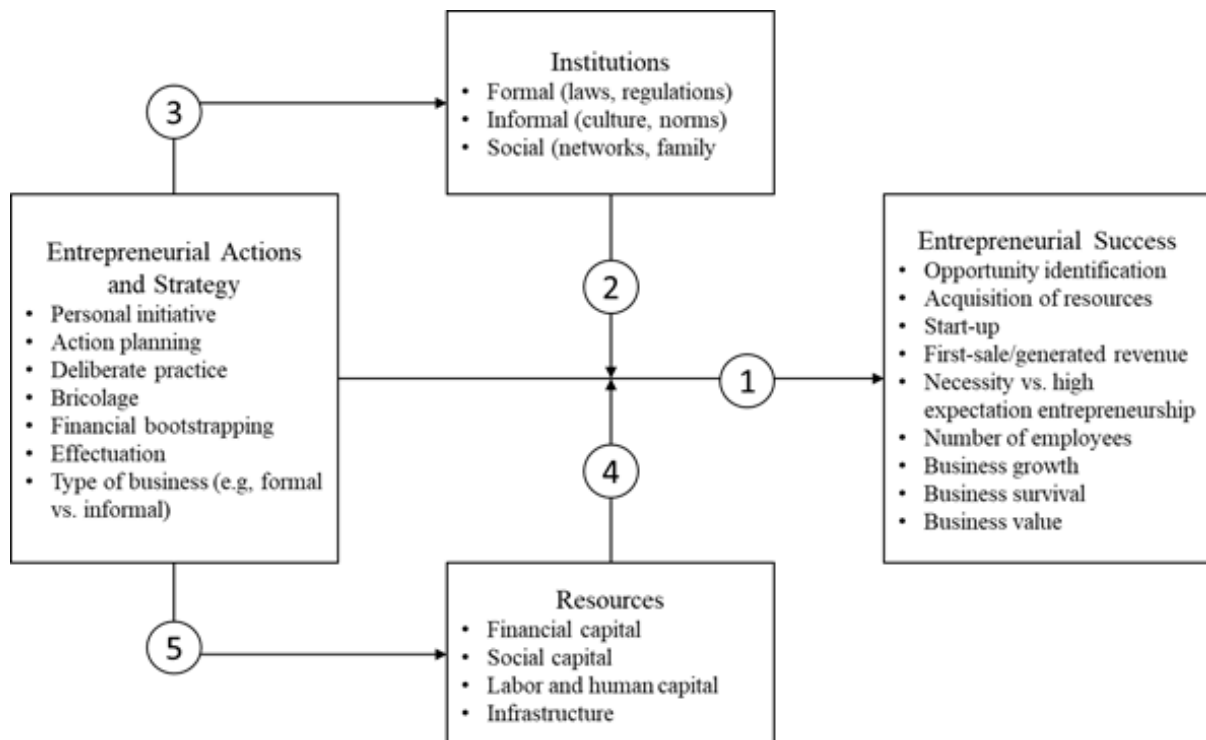
As an economic model, entrepreneurship has several definitions from very early times of its history, each of them may point out a different feature of it (Foss, 1994) and also each of the definitions completes one another. A simple definition may be self-employment for entrepreneurship (Tracy, 2013). Global Entrepreneurship Monitor (GEM) defines entrepreneurship as: "Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business". Commonly used definition of entrepreneurship is referred to Shane and Venkataraman (2000) as "identification and exploitation of business opportunities to create goods or services".

Expanding and mixing definitions, entrepreneur is businessperson who evaluates and examines the current market, realizes the opportunities in the market or the needs of people. Furthermore, entrepreneur decides to create a product or a service to satisfy those needs and gain profit (Tracy, 2013; Burduş, 2010.; Durukan, 2006.; Shane and Venkataraman, 2000). To define someone as an entrepreneur, the investment of money is inefficient criteria. The crucial point is, with the help of necessary information, bringing an idea which would gather the potential attention of people that may arise for a product or service brought by that idea (Durukan, 2005, 2006; Titiz, 1994; and Müftüoğlu, 2004). The ideas and the products may stem from both necessities of people for something specific in their daily lives or an opportunity which fills a gap (Friedman and Aziz, 2012). This new idea or organization also brings risk taking (Durukan, 2006; Titiz, 1994) because of the unknown nature of the new job; whether it will be successful or not that cannot be predicted in the beginning. Entrepreneurship has been addressed intensively by two main schools; economics and psychology. As researchers of economics study entrepreneurship through external factors and institutions, the focus of psychology researchers is on individuals, their behaviors, characteristics, and motives. However, Gielnek and Frese (2013) mixed both perspectives with a lens of Industrial and Organizational Psychology, that, these two perspectives are inseparable and symbiotic factors.

1.4 I/O Psychology Perspective on Entrepreneurship

Frese et al. (2012) discussed evidence-based entrepreneurship concept to bridge knowledge in entrepreneurship literature and its practice in use. Evidence-based entrepreneurship concept rely on current best evidence from empirical studies, systematic reviews and meta-analysis related to entrepreneurial success to develop theoretical models. Firstly, researchers provided entrepreneurial success indicators that are venture outcomes such as size, business growth, profitability, business value and number of employees. (Glaub et al., 2014, Gielnek and Frese 2013, Unger et al., 2011). Secondly, researches have also shown that entrepreneurs' actions have direct effect on entrepreneurial success in developing countries (Baum and Locke, 2004; Brinckmann et al., 2010; Frese et al., 1996; Frese et al., 2007; Frese and Fay, 2001; Gatewood et al., 1995; Krauss et al., 2005; Unger et al., 2009). Finally, reviews provided that contextual factors are institutions (formal, informal, and social institutions) and resources (financial, social, labor/human capital and infrastructure) indirectly affect entrepreneurship success in the examined developing countries (Bruton et al., 2008; McMullen and Naude, 2010; Naude et al., 2008; 2010; Tonoyan et al., 2010; Welter, 2010). Gielnek and Frese (2013) combined this evidence and proposed theoretical model of entrepreneurial success in developing countries integrating individual and contextual factors as show in Figure 1.0.

Figure 1.0: Theoretical Model of Entrepreneurial Success in Developing Countries Integrating Individual and Contextual Factors



The theoretical model suggests that future studies on entrepreneurship in developing countries may be conducted in consideration of these current best evidence in entrepreneurship literature. The model places the individual as the focal factor that directly affects entrepreneurial success, also explains the institutions and resources as indirect and interacting factors with the entrepreneurial actions.

The factors directly affect entrepreneurial success are integrated into center of the model under the name of entrepreneurial actions. Research has shown that entrepreneurs' actions such as personal initiative, action planning and deliberative practice directly related to entrepreneurial success (Baum and Locke, 2004; Brinckmann, Gielnik, Frese, Graf, and Kampschulte, 2012; Grichnik and Kapsa, 2010; Patel and Fiet, 2009). Personal initiative refers to self-starting, proactive, persistent actions that implies long-term and goal-directed behaviors (Frese et al., 1996). Action planning connect goals with actions by facilitating goal pursuit to initiate and maintain goal-directed actions (Frese and Zapf, 1994). Deliberative practice comprises of customized self-regulatory and effortful practices that intend to performance improvement (Unger et al., 2009). Besides, scholars suggested that bricolage, financial bootstrapping and effectuation are entrepreneurial strategies that are effective to overcome resource-constrained environments in developing countries (Baker et al., 2003; Baker and Nelson; 2005; Ebben and Johnson; 2006; Sarasvathy, 2001; Sarasvathy et al., 2008).

Theoretical model represented contextual factors in two categories; institutions and resources. Institutions consist of formal, informal, and social institutions. Formal institutions are regulations and laws that affect the ease of doing business (World Bank, 2010). Scholars argued that laws and regulations are obstacle and have minor effect on nascent entrepreneurs, in developing countries (McMullen, 2010; van Stel et al., 2007). Formal institutions are culture and social norms. Research found that cultural differences between developing and developed countries and social norms have indirect effect on entrepreneurship (Pinillon and Reyes, 2011; Stephan and Uhlaner, 2010; Gielnek, 2011). Social institutions are entrepreneurs' networks and family in terms of negative effect on entrepreneurship. Research has shown that social networks and family have negative indirect effect on entrepreneurship through resource acquisition (Khavul et al., 2009; Khayesi and George, 2011). Resources are other contextual factor consisting financial capital, social capital, labor and human capital, infrastructure. Research have shown that entrepreneurs have challenges in developing countries to access limited resources (Ho and Wong, 2007; Kodithuwakku and Rosa, 2002; Seelos and Mair, 2007). Social capital refers to individual affiliation within the community as a resource (Honig, 1998) and

human capital includes human resources as knowledge, skills, education, experience (Unger et al., 2011).

Frese (2009) contributed to theory that success indicators are categorized in two; business creation and business performance. Business creation refer to first phase success indicators of entrepreneurs consisting opportunity identification, acquisition of resources, start-up, first sale and necessity vs. high expectation entrepreneurship. Business performance is second phase success indicators of new ventures that long-term oriented outcomes consisting of number of employees, business growth, business survival and business value.

This study suggests that leadership may have impact on business performance of entrepreneurs' firms.

1.5 Leadership as a Missing Point of Theoretical Model

While the theory offers an entrepreneurial success model, it recalls other studies related to organizational success or organizational outcome, specifically to the impact of leadership on organizations (e.g., Kaiser et al., 2008). Cogliser and Brigham (2004) have shown four overlapping subjects of leadership and entrepreneurship; vision, influence, leading the context of innovation/creativity and planning. Cutting and Kuizmin (2000) offered that both leaders and entrepreneurs have vision what can be achieved. Thomson (1999) concluded that strategic leaders with charismatic role explained entrepreneurial firms' success. Arham et al. (2013) found that transformational leadership behaviors enhance entrepreneurial success in Malaysia. The research literature has demonstrated much evidence to show that leadership plays a key role in organizational success (Bass and Bass, 2008). Bloom and Van Reenen (2006) showed that half of the variance of organizational outcomes are explained by managerial practices utilized by senior leaders. Further, other studies indicate that executive leaders and CEOs explain significant variance of organizations' financial outcomes, %20 to %45 and about %14, respectively (Day and Lord, 1988; Joyce et al., 2003; Thomas, 1988). Barrick et al. (1991) found that executive leaders had positive impact on firms' income, return on equity and earnings per share.

Kaiser et al. (2008) described effects of leadership on objective organizational outcomes (productivity, financial performance, customers, human resources, and innovation) that are mediated by performance of followers, of team and the organization in which they serve. Banks et al.'s (2016) meta-analysis showed that there is significant positive correlation between transformational leadership and job satisfaction, follower satisfaction with leader, task performance and leader effectiveness. Research found that transformational leadership has

direct and mediated effect on group performance (Bass, 2010; Dionne et al, 2004; Kahai et al., 2000). Two meta-analysis showed that transformational leadership correlated with perceived and objective leader effectiveness (Dumdum et al., 2002; Lowe et al, 1996). Another study in Kenya showed that transformational leadership behavior (intellectual stimulation) has strong positive and significant correlation with employee performance in SMEs. Transformational leaders are suggested to be emerged in organic organizations that perform better in unstable, uncertain, and turbulent environments (Bass and Riggio, 2005). This may fit the nature and environment of entrepreneurial firms in developing countries. Consequently, findings lead the present thesis to investigate effects of transformational leadership style in entrepreneurial success.

1.6 Approaches and definitions of Leadership

In 2003, 26.000 articles including the term leadership had found in Expanded Academic Database (Winston and Patterson, 2006). Yammarino (2013) separated the notion of leadership into time scales and named them as ‘past, present and future’. As present, he took the time scale between 1900-2012 which is equal to the times when a systematic approach has started to be built. Leadership, as a concept, came into view in the Victorian Age, 19th century. The historian and philosopher Thomas Carlyle suggested that world history was a biography of Great Men. This great man theory was based on main assumption that great leaders are born with superior traits. Early systematic leadership studies premised the assumption of the Great Men theory. Trait approach focused on personal traits hold by leaders, such as intelligence, self-confidence, extraversion, dominance, adjustment, and sociability (Fleenor, J. W., 2006). However, the results of the investigations between traits and leadership were inconsistent. (Judge et al, 2002).

In the later years, Ohio State Leadership Studies hold leader-behavior focused perspective. Ohio Studies divided leadership behaviors into initiating structure (task-oriented) and consideration (relationship-oriented) (Stogdill, 1974). Behaviorist approach to leadership led to question contextual factors. Thus, Hersey and Blanchard (1969) proposed a situational approach to leadership, which comprises four leadership styles (delegating, supporting, coaching, and directing) derived from supportive and directive dimensions of leader behaviors. This approach suggests that leaders adapt one of the four leadership style based on subordinates’ level of competence and commitment.

Leader-member exchange (LMX) theory conceptualizes leadership as a process that focuses dyadic relationship between leaders and followers (Northhouse, 2016). Graen and Uhl-Bien (1995) found two types of relationship between leaders and followers. One is in-groups

that reflect high-quality exchange with high trust, respect, and obligation, on the contrary, out-groups reflect low-quality exchanges with low trust, respect, obligation.

Some researchers distinctly investigated leader perception of followers rather than the leader himself/herself. This social-cognitive approach led to the emergence of the leader categorization theory (LCT), also known as the implicit leadership theory (ILT). ILTs investigated how leaders are defined and rated based on followers' cognitive preconception/mental representation (prototypes, schemas, biases etc.) of leadership. This LCT suggest that individuals' shared beliefs of what a good leader's behaviors and traits drive selection, emergence, and effectiveness of leaders (Lord, Foti and Phillips, 1982; Lord, Foti and De Vader, 1984).

Authenticity also has drawn attention from leadership studies as an intrapersonal perspective. Concept of authenticity is relevant with actualization of oneself and complete functionality (Avolio and Gardner, 2005). Authenticity basically explain the state of knowing the core nature of oneself, recognizing the self as it is and acting in harmony with that nature, while continuing the life (Rogers, 1959; Maslow, 1968). Authentic Leadership is characterized by originality (self-concept), person-role merger, consistency between the actions and personality (self-awareness), relational transparency and positive modelling (Černe et al., 2013; Gardner et al., 2005; Shamir and Eilam, 2005).

1.7 Transformational Leadership Theory

Transformational leadership theory is the most studied leadership theory; one third of the articles published in Leadership Quarterly had been related to transformational leadership or charismatic leadership (Lowe and Gardner, 2001). Burns (1978) identified two types of leadership styles, including transformational and transactional leadership, both have separate components. Transactional leadership refers to exchanges between the followers and the leader that focus on contingent reward and management-by-exception. On the other hand, transformational leadership is a process, between leader and follower. Transformational leader concerns with followers' needs and emotions, while follower respects and admires toward leader and leader's long-term goals (Northouse, 2016). Transformational leader inspires followers to 'performance beyond expectation'. Bass (1985) expanded Burns leadership model as a single continuum ranging from transformational to transactional and to laissez-faire leadership. Laissez-Faire leadership refers to lack of leadership with no transformation of and exchange with followers.

1.7.1 Components of Transformational Leadership

1.7.1.1 Charisma (Idealized Influence)

Charisma is an essential piece of this theory (Bass and Avolio, 1995; Paulsen and Callan, 2009) and sometimes, transformational leadership has the same meaning with charismatic leadership (House and Shamir, 1993; Hunt, 1991; Conger, 2015). Weber (1947) discussed charismatic authority as a leadership type with extraordinary abilities in analogy to Great Men theory. House (1976) suggested that charismatic leaders are those who possess certain personality characteristics, behaviors and who have effects on followers. Author defined personality characteristics of charismatic leaders are dominant, desire to influence, self-confident, strong moral values. Second, charismatic leaders are suggested to display behaviors such as setting role model, showing competence, articulating goals, communicating high expectations, expressing confidence, arousing motives. Finally, charismatic effects are trust in leader's ideology, belief similarity between leader and follower, unquestioning acceptance, affection toward leader, obedience, identification with leader, emotional involvement, heightened goals, increased confidence. In several studies, scholars have found that charisma has the most significant element for the effectiveness of a leader (Bass, 1985; Avolio and Yammarino, 1990; Conger, 2015).

According to Bass (1985), although charisma is a critical necessity for the transformational leadership, it does not complete the whole theory (Conger, 2015). Charisma (also known as idealized influence in transformational leadership) has been explained as a power that create identification of the follower group with the leader and thus, leader is able to direct the follower group to the goal of institution they serve (Bass, 1985; Bass and Avolio, 1993, Conger, 2015). Conger (1993) also draw attention to the importance of the relationship between context and the leaders' characteristics of personality, rather than context itself.

Bass (1990) argues that leaders who adapt transformational style have a certain charisma. Charisma affects the followers for the triumphs they are going to achieve together. Leader's charisma also brings reputation and acceptance of leader. These reputation and acceptance are due to their followers' ambition/desire to be like the leader (McCleskey, 2014). Bass (1990) sees charisma as a crucial feature that is a 'must' for a leader. Charisma has been evaluated as a significant element of transformational leadership (Bass and Avolio, 1994). Charisma are referred to leaders revealing determination, having extraordinary qualities, setting models, creating a sense of empowerment, taking risks, creating shared mission, dealing with crises with radical solutions, showing dedication to the cause, and building trust in the

subordinates for their leadership (Bass and Riggio, 2005). Charismatic leaders elicit and arouse highly motivating emotions from followers to influence followers' and groups' behaviors (Grabo, Spisak and Vugt, 2017; Sy, Horton and Riggio, 2018).

1.7.1.2 Individualized Consideration

Even if charisma is influential component of transformational leadership, some charismatic leaders show a lack of altruism and individualized consideration (Bass and Steidlmeier, 1999). Transformational leaders pay attention to each of their followers' ideas and problems, at the individual state. Individualized consideration is also missing and criticized for transactional leaders. Avolio, Waldman and Yammarino (1991) defined individual consideration is parallel to mentoring approach. With the individualized consideration for each and every follower, leader becomes able to learn the specific needs of the personnel to fulfill them, thus, employees reach the potential lies in them (Bass, 1990; Bass and Avolio, 1993). Also, knowing their employee at individual level gives advantage to take some precautions before something harmful for both the organization and employee, if the employee tends to create problems in the future (Avolio et al., 1991). Individualized consideration is attributed to leaders having concerns about subordinates' well-being. Individualized consideration allows leaders allocating tasks based on subordinate skills and abilities. Individually considerate leaders encourage self-development and new learning opportunities. Effective mentoring, counseling, and coaching are also attributions of individually considerate leaders (Bass and Riggio, 2005).

1.7.1.3 Intellectual Stimulation

Intellectual stimulation is another transformational leadership feature which serves to prompt follower to be innovative (Bass and Riggio, 2005). Transformational leaders aim to make followers solve old problems in new unique way (Avolio et al., 1991). Followers are encouraged to be creative. Transformational leaders try to help their followers to positively change, grow and reach their own full potential (Bass and Avolio, 1993). Intellectual stimulation works for this aim by leading employees to critically question their own ideas and behaviors. A sample item from Multifactor Leadership Questionnaire (MLQ) is, "My leader seeks differing perspective when solving problem" (Bass and Avolio, 1997).

Intellectual stimulation is identified when leaders questioned assumptions, promoted extraordinary ideas, encouraged followers to employ intuition, created imaginative visions, encouraging followers to see new patterns on the old same problems (Bass and Riggio, 2005).

Intellectually stimulating leaders also avoid public criticism of followers (Bass and Bass, 2008).

1.7.1.4 Inspirational Motivation

Inspirational motivation can be explained briefly as assuring followers about their ability to do their best for the goals, making them believe that they have the power inside by creating excitement (Avolio et al., 1991). Inspirational leadership includes envisioning optimistic future, providing challenge and meaning, reforming expectations, creating self-fulfilling prophecies, and looking ahead. (Bass and Riggio, 2005)

1.7.2 Transformational Leadership and Performance

Bass (1990) names transformational leadership as the “superior leadership performance”, mostly comparing with transactional leadership. Bass and Riggio (2005) conceptualized objective leader performance as outcomes of leaders’ followers, group, team, or organization that rely on objective indicators of financial performance, productivity, sales figures. Scholars suggested that transformational leadership has direct and indirect relationship with performance of different groups and teams such as salespersons, health care workers and prison workers (Dionne, et al., 2004; Jolson et al., 1993; Gellis, 2001; Walters, 1998). Banks et al. (2016) showed that transformational leadership has significantly strong positive relationship with follower job satisfaction (.58), follower satisfaction with leader (.71), leader effectiveness (.64), organizational citizenship behavior (.30), and relatively less positive effect on task performance (.21) and organizational performance (.23).

Multifactor Leadership Questionnaire (MLQ) is mostly used self-rated and follower-rated psychometric tool with excellent internal consistency (.80) (Bass and Riggio, 2005). MLQ have statements of transformational leadership behaviors to assess the constructs (Bass and Avolio, 2000). A Meta-analytic study of Lowe et al. (1996) found that MLQ scales was significantly related to objective measures of organizational outcomes (r in the .17 - .30 range) and subjective measures of leader effectiveness (r ranging from .50 to .70). Bass and Riggio (2005) suggested that regardless of performance criterion, transformational leadership have positive effect on group performance.

Authors suggested three level of criterion to measure leadership effectiveness; individual, team and organizational level. Authors recommend future studies greater focus on organizational level optimizing several objective outcomes. Yukl (2013) provided that

objective performance criterion of leader effectiveness on organization and team are sales, net profits, profit margin, market share, return on investment, return on assets and productivity.

1.7.3 Transformational Leadership, Organizational Characteristics and Environment

Bass (1985) expected that transformational leaders are more able to emerge in organic organizations. Burns (1961) specified organic organizations are flexible, least hierarchical structure with no job descriptions and workers performing multi-functions. Organic organizations work better in turbulent, uncertain, and unstable environments. Moreover, it is also suggested that, in unstable internal and external environment, leaders are likely to be consultative rather than directive (Bass and Bass, 2008). The assumption of the present thesis is entrepreneurial firms look like to be organic organizations. Literature review also showed that transformational leadership is a more consultative approach. On the other hand, Berson, Shamir, Avolio and Popper (2001) found that transformational leader's vision has more positive impact on followers in small organizations than larger organizations.

Additionally, Conger (1989) found entrepreneurs with charismatic leadership characteristic who operates better in uncertain environments.

1.8 Leadership and Entrepreneurship

The aim of this section is examining the intersection points between entrepreneurship and leadership and due to the results of this examination, explaining the possible existing relationship between the two areas. The core idea of the present thesis is entrepreneurship is not able to be independent from the leadership concept. Cogliser and Brigham (2004) presented that leadership and entrepreneurship have similarities, commonalities, and relationship. Both areas are relatively young in management systems and interestingly, in the past, entrepreneurship was declared as a sub-segment of leadership (Schumpeter, 1934). Leadership is still important in the entrepreneurship process (Van Hemmen, Alvarez and Peris-Ortiz, 2015; Vecchio, 2003). Bhattacharyya (2006) mentioned that leadership style prepares the environment fitting to the entrepreneurship. Van Hemmen et al. (2015) have found that the leadership with a more supportive/contributive nature has statistically significant effect on the entrepreneurship, specifically on the innovative type. Research have shown that leadership strategies effect failure and success of businesses. (Anderson, 2002; Visser, Coning and Smit, 2005)

Cogliser and Brigham (2004) showed overlapping subjects of entrepreneurship and leadership. These subjects are categorized as “Vision, influence, leading the context of innovation/creativity and planning”.

1.8.1 Vision

Vision is a frequently studied topic in leadership studies, particularly in transformational or charismatic leadership style. Vision empowers followers to show high performance to reach leaders’ goals (Cogliser and Brigham, 2004). Vision is also effective while managing and providing motivation for the followers (Ireland, Hitt and Simon, 2003). Transformational leaders actively support the followers, to reveal their full potential for the goal that is asked to be reached by the organization (Bass, 1985, 1990). Vision might be adopted by followers, and transformational leadership would be effective at this point, with its supportive nature. Kouzes and Posner (2002) suggested that effective leaders inspire and create challenging visions to drive follower’s behaviors. Charismatic leaders also provide shared visions to motivate followers (Conger, 2015). Followers are more likely to accept leaders when leaders created a sense of group identification with vision (Shamir et al., 1993).

Vision allows entrepreneurs to clarify goals and inspire trust of followers working for a blurry future (Bryant, 2004; Cogliser and Brigham, 2004). Baum et al. (1998) suggested that vision is related to new venture growth and success to motivate followers through involvement, participation, and meaningfulness. Cogliser and Brigham (2004) suggested that vision communicates meaning and long-term goals of entrepreneurs to stakeholders.

1.8.2 Innovation and Creativity

Peter F. Drucker (2006) argued that innovation is a ‘specific tool of entrepreneurs’ to exploit opportunity in changing environment. As it is known, innovation or creativity is crucial characteristic of entrepreneurs (Cogliser and Brigham, 2004), specifically for successful ones (Bolin, 1997). Entrepreneurship definitions also contain innovation. Innovation is a key element of entrepreneurship because the business without innovation would not be different from existing business, therefore it cannot be called “enterprise” (Durukan, 2006; Hagedoorn, 1996; Schumpeter, 1934). Hagedoorn (1996) called entrepreneurs as “personification of innovation” (also see Schumpeter, 1934). This quote also emphasizes the importance of innovation for entrepreneurship.

From the leadership perspective, the relationship between leadership and innovation/creativity has been studied, and their effects, both directly and remotely (Mumford and Gustafson, 1988; Jung, Chow and Wu, 2003). Leaders help the followers inside the organization, in the means of being innovative or creative in several ways, such as clarifying the goals and the missions, defining the problems and guiding the people when they face with problems (Amabile, 1998; Redmond, Mumford and Teach, 1993). Leaders create organizational culture which encourages the members to be innovators (Yukl, 2001). Many scholars showed that positive correlation between application of leadership and creative/innovative work environment when leader support followers, place democracy in work environment and show interest in followers (Hage and Dewar, 1973; Maier, 1970; Redmond et al., 1993; Oldham and Cummings, 1996; Jung et al., 2003).

Transformational leadership is considerate, engaging, and supportive in nature (Bass, 1990; Avolio et al., 1991). Transformational leaders also encourage their followers to approach differently, when followers face with a problem (Sosik, Avolio and Kahai, 1997; Hater and Bass, 1998). Jung et al. (2003) performed a study with 32 Taiwanese companies and the resulted that “direct and positive relationship exists between transformational leadership and organizational innovation”. The core idea of present thesis that innovative characteristics of transformational leadership may support entrepreneurs through charisma and inspirational motivation.

1.8.3 Influence

The third commonality between entrepreneurship and leadership is named as influence. Influence is an essential point of leadership to direct followers through the goal to be achieved. Influence also sustain motivational environment between follower (Yukl, 2002; Cogliser and Brigham, 2004). Peter F. Drucker (2006) defined that entrepreneurship has profound influence over economy and market. In an entrepreneurial organization, entrepreneur is also responsible from imposing the influence on the allocation of the resources, properly, to utilize the opportunities they discovered (Cogliser and Brigham, 2004). Howell and Higgins’ (1992) examined that successful people in a corporate organization, named as “champions”, are more entrepreneurially organized than the “non-champions”. When the leader is entrepreneurially organized, they can influence their audience to use the opportunities arising, especially if there is a current problematic context (Conger, 2015).

1.8.4 Planning

The last category overlapping between leadership and entrepreneurship is planning. Mumford et al. (2004) defined planning as the mental stimulation of future actions. Authors suggested that, in turbulent, dynamic, and changing environments, planning is a key determinant of performance at the individual, group, and organizational levels. Empirical evidence supported that positive effect of action planning on entrepreneurial success (Brinckmann et al., 2010; Frese et al., 2002; Frese et al., 2007; Hiemstra et al., 2007; Unger et al., 2008). Planning is a requirement for entrepreneurial management in new ventures (Drucker, 2006)

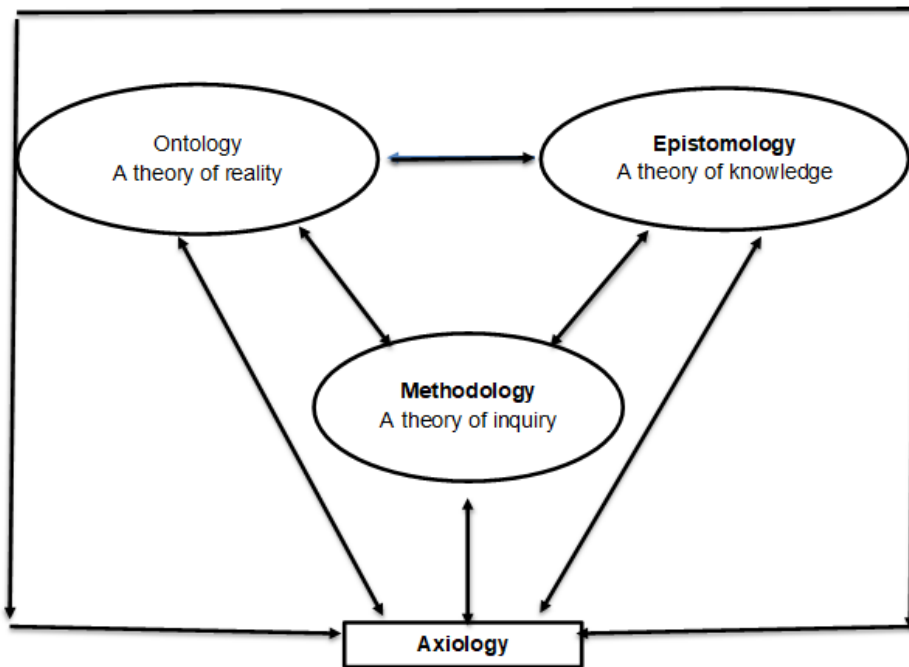
Planning is a focal point of strategic leadership to be effective (Conger, 2015). Leaders can adapt different situations by strategic planning (Boal and Hooijberg, 2000). Charismatic leaders review the current problems, the goals of the organization and skills of the followers, critically. After, leader also needs to consider the possible resources to be allocated to reach the goal and to solve the existing problems (Conger, 2015). Thus, all of these processes require careful planning and strategy.

CHAPTER 2: METHOD

Karin Klenke's (2016) book, "Qualitative Research in The Study of Leadership", was used a guide for research method of the present thesis. The author argued that method of a research is necessarily associated with research paradigm. In the figure, Klenke (2016) presented a paradigm triangle that shapes up a qualitative research methodology. Referenced triangle comprises of.

- a) Ontology, that stands for the nature of the reality,
- b) Epistemology that stands for the nature of knowledge,
- c) Axiology that stands for the role of values.

Figure 2.0: Expanded Paradigm Triagle



(Source: Klenke, 2016)

Accordingly, the underlying paradigmatic assumptions of the present thesis are reflected perspicuously to understand design process. The present thesis has pragmatic paradigm which intended to provide practical knowledge about entrepreneurship on behalf of poverty reduction, acceleration of class permeability with leadership-boosting. In parallel with this purpose, the nature of this study encompasses ontological, epistemological, and axiological assumptions. Ontological assumption of the present thesis is reality might be single or multiple

embedded in environment and human experience. Epistemological assumption is social constructions produce knowledge attached to human experiences. The present thesis values fair income distribution and sustainable social wealth in terms of axiology.

2.1 Participants

This study comprises a sample of 8 established business owners (males=5, females=3) running business that has paid salaries, wages, or any other payments to the owners for more than 42 months in Turkey. The mean age is 39,1 ranging from 29 to 54.

Table 2.0: Participant List

No	Sex	Age	Industry	Firm lifetime (years)	Generating Employment	Revenue Growth rate
1	Male	48	Digital Transformation	4	2	Yes
2	Male	40	Logistics	4,5	20	Yes
3	Female	38	Sports	6	3	Yes
4	Male	54	Consultancy	18	8	Yes
5	Male	29	Market Research	5,5	24	Yes
6	Male	32	Human Resources	6	8	Yes
7	Female	32	Textile	8	40	Yes
8	Female	40	Entertainment	4	6	Yes

Interviews are conducted face-to-face with those established business owners. Participants had to meet several criteria;

- Running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months.
- Currently generating employment,
- Having growth rate in terms of revenue.

2.1.1 Entrepreneurial Activity and Success

To define successful entrepreneurs, the present thesis combines data from literature on entrepreneurial success indicators and Global Entrepreneurship Monitor's (GEM)

classification of entrepreneurial activities. In the light of two decades of data, GEM presented categories, which are referred to as entrepreneurial activity in the Table 2.1. Entrepreneurial activities define different stages of entrepreneurship starting from entrepreneurial intentions to established business owners. Established business ownership stage reflects entrepreneurs who are owning and managing a running business that has paid salaries, wages and other payments for more than 42 months. This stage of entrepreneurship corresponds to entrepreneurial success indicators in literature. Several researchers defined entrepreneurial success indicators that refer to venture outcomes such as survival, size, business growth, profitability, business value and number of employees. (Glaub et al., 2014, Gielnek and Frese 2013, Unger et al. 2011). Therefore, the present thesis employs participants who are in established business ownership stage. Furthermore, participants had to meet two entrepreneurial success indicators including capacity to currently generate employment and growth rate in terms of revenue. It is also critical for exploring effects of transformational leadership that participants had to generate employment.

Table 2.1: Entrepreneurial Activities

Entrepreneurial Activity	Definition
Entrepreneurial Intentions	Intend to start a business within three years (individuals involved in any stage of entrepreneurial activity excluded).
Nascent Entrepreneurs	Currently nascent entrepreneurs, i.e., actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages, or any other payments to the owners for more than three months.
New Business Owners	Currently owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months.
Total Early-stage Entrepreneurial Activity (TEA)	Nascent entrepreneur or owner-manager of a new business.

Established Business Owners

Currently owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) 2018/2019 Global Report

2018-2019 Global Report of GEM indicated that, in Turkey, entrepreneurial Intentions rate is %29.7, Total Early-stage Entrepreneurial Activity (TEA) rate is %14.2 and Established business ownership rate is %8.7. GEM Report tells us how entrepreneurial activity rates decrease step by step on the way of established business ownership in Turkey. To provide insight from established business owners, nascent entrepreneurs and new business owners may take advantage of results of the present thesis.

2.2 Instruments

Participants were asked 22 semi-structured interview questions covering the following categories (see Appendix);

- a) Criterion
- b) Entrepreneurship (institutions, resources and entrepreneurial actions)
- c) Leadership
- d) Transformational leadership components

Success criteria are asked to check whether the entrepreneurs participating in the research meet the criteria. Entrepreneurial success factors of the theoretical model are examined in entrepreneurship category. Leadership questions investigate, missing point of the theoretical model, effects of leadership in entrepreneurial success. And lastly, transformational leadership components are asked in the last cluster of questions.

2.3 Procedure

2.3.1 Human Participant Research Ethics Committee Approval

Data collection is started after Istanbul Bilgi University Human Subjects Ethics Committee Application was approved. Approval form is given in the Appendix.

2.3.2 Interviews

The data were collected by one-on-one interview method. Participants were informed verbally and via written informed consent form. Each interview episode was completed in 30 - 40 minutes. The questions were verbally asked, and the interviews were voice recorded by cell phone with the approval of the participants. One of the participants did not approve to be recorded and verbatim transcript were done simultaneously.

2.4 Data Analysis

8 interviews with business owners were transferred into verbatim transcript. Qualitative data analysis was conducted on these transcripts via MAXQDA software program without specifying either the name of interviewees or their organizations. Directed approach of deductive content analysis was applied. Directed approach is a structured process, in which codes are derived from existing theory or prior research to classify key concepts and initial coding categories (Hickey and Kipping, 1996; Potter and Levine-Donnerstein, 1999). The present thesis purpose to validate and extend theoretical framework through directed approach to content analysis (Hsieh and Shannon, 2012).

CHAPTER 3: RESULTS

Data was analyzed by directed approach of deductive qualitative content analysis methodology. To validate and extend conceptual framework, existing theory and prior knowledge about entrepreneurial success and transformational leadership are used. Directed approach to deductive content analysis is employed through coding process. Data gathered by open-ending questions and following targeted questions validated effects of theoretical components of entrepreneurial success, whereas transformational leadership components were also crucial especially for leading first team of entrepreneurs to reach sustainable success. These findings extended theoretical model of entrepreneurial success in developing countries.

This study revealed significant findings about the impact of entrepreneurial actions, resources, and institutions on entrepreneurial success in Turkey. Findings show that entrepreneurial actions have a direct impact on entrepreneurial success whereas institutions and resources have indirect effect. However, study indicated that leadership, missing point of theoretical model, also have indirect effect on entrepreneurial success. Findings are worth deepening the research on the effects of leadership.

3.1 How and to what extent is the impact of individual entrepreneurial actions are part of entrepreneurial success?

Findings in the data analysis showed that participants put greatest emphasis on entrepreneurial actions for entrepreneurial success. The findings indicated that entrepreneurial actions are at the centre of entrepreneurship process in order to achieve entrepreneurial success. This view of participants supported theoretical model. One of the participants put emphasis on individual factor as following;

“This job (entrepreneurship) is already very personal. You can not just say that I am entrepreneur and let’s see what happens next. You can not expect anything from outside. It totally depends on you. It depends on your efforts. This is a very individual journey.”

All constructs, which are personal initiative, deliberative practice and action planning, have been expressed several times by successful entrepreneurs. On the one hand, personal initiatives were stated in proactive, self-starting and persistent behaviors and attitudes, on the other hand, deliberative practice were represented in self-evaluation, self-regulated learning and knowledge enhancement codes. A remarkable sentence by a participant clearly showed that entrepreneurship requires a continuous action;

“Patience is important. The project does not happen in one day. Here is like a marathon. Entrepreneurship is like a marathon rather than one hundred meters running. It starts as one hundred meters run, but you realize it's a marathon. So, persistency is also important.”

Action planning is also expressed as another category of entrepreneurial action by participants. Participants pointed out several statements are shown in the following Table 3.0.

Table 3.0: Codes of Entrepreneurial Actions

Categories	Codes	Statements
Personal Initiative	Proactive	“What customers expect is to be much more proactive. Because why should they trust you? Why should they trust a startup and give you that job? It is necessary to make a difference there. I think it is very important to be proactive there. Apart from that, to be proactive in the investor relations, you should report growth, development, and send monthly reports before that requested. Investors have also need, you should solve it at once. It is same for the customer. It is important to solve the customer problem and present it before they requested. It is same even on the employee side. It makes a different perception when you solve employee's problem by taking initiative before he/she tell it.”
	Self-starting /Proactive	“There are things you need to solve by yourself. In the meantime, there is cash to direct, there is a team to direct, there is a family to direct. So, this is a profoundly serious individual ambition when you look at it.”
	Persistent	“It is extremely critical not to give up, to insist. Every job has a time, you have to increase your quality with a consistent effort until that time come.”
Deliberative Practice	Self-evaluation	“This is an issue about yourself. It is your own development. How entrepreneur you are? There is a beginning that you do not understand how entrepreneur you are. You do not know. So, you build this awareness over time to manage it.”

	Self-regulated learning	“There are a lot of entrepreneurship courses, but there really isn't a course that can teach you. This course is by trial and error.”
	Knowledge Enhancement	“For those who are just starting out like us, there is a lot of lacking and you have to read it constantly to eliminate it.”
Action Planning	Planning	“Because what we call startup is a model that needs to take action and work very quickly, and accordingly, an exit plan or a shutdown plan should be made.”

3.2 How and to what extent is the impact of external factors are part of entrepreneurial Success?

3.2.1 Institutions

Comments of participants showed that institutions have indirect effect on entrepreneurial success. Regulations, taxes, and governmental incentives are major subcategories that fall under formal institutions. Almost all the participants reflected negative experiences about taxes, regulations and governmental incentives. Participants found that formal institutions are complex, time wasting and unsupportive for entrepreneurship in Turkey. These findings show that regulations and taxation is still an obstacle that effects entrepreneurial success indirectly, supporting Benzing et al.'s (2009) study in Turkey. Only one participant who has a business in sports industry articulated that regulations are favorable in terms of human health.

Participants' comments showed that there is a consensus on informal institutions have also indirect effect on entrepreneurial success positively or negatively. Participants represented that cultures, business mindset and the point view of innovation is main informal institutions that affect entrepreneurial success differentiated into industries. A participant mentioned that differences between entrepreneurship mindset and corporate mindsets is challenging. Another participant expressed that innovation perspective of industry affects entrepreneurial success, positively or negatively. Other participant's opinion was that the collectivistic culture of Turkish society has positive effect on entrepreneurial success. These findings are related to culture and norms of society and market.

Participants indicated that family support as a social institution is sine qua non for every entrepreneur. This subcategory is assisted by the experiences of fluctuant essence of

entrepreneurship. Besides that, participants expressed positive and negative effects of social networks and friends in the entrepreneurship process.

Table 3.1: Codes of Institutions

Theme	Categories	Statements
Institutions	Formal Institutions	“There are incentives, and there is government support for these innovation issues. But it takes so long that I have not yet seen the government facilitating here.”
		“The government is also trying to do something, I see it. Unfortunately, these procedural works are going to become a waste of credit for bureaucratic obstacles. It would be better if it was simplified, more traceable.”
		“We had a very difficult time in tax. Special taxes should be applied for high technology companies like us.”
		“Regulations in Turkey definitely do not support entrepreneurship. On the contrary, it prevents. It has an impact on the success and success of a company, but it is indirect.”
Institutions	Informal Institutions	“The fact that corporations do not absorb entrepreneurship very well. It makes the sales process very difficult. So, it looks like there are two separate mindsets. It is as if there is a white-collar mindset in the corporate world, and there are entrepreneurs trying to sell something. Now these two worlds do not intersect. For this reason, I had difficulties. Corporate mindset run you two months just for taking an idea. And then, they say ‘thank you, project is terminated’. Corporate mindset is just ordinary. ”
		“If you have to work in the same country, of course, the culture, the current innovation perspective affect people how much risk they can take, how much budget they have for taking risk, and how much they can spend. These are important factors.”
		“Culture, governance and communication culture is a driving force. Culture can take it back or forth. It is a factor, although

indirect in success. Built on an unfounded, the structure collapses.”

Social
Institutions

“I think the most important issue in entrepreneurship is a supportive family. In other words, the support of the family is critical for me to enter a successful period. Many of my friends had to go back to corporate life when the first insurance was cut. Because entrepreneur had to make insurance himself/herself. For this reason, he/she lost the support of the family. So, this is a very critical thing; support of friends, family.”

“Social networking and family ties are crucial for keeping alive. Entrepreneurship is a fluctuating process in terms of success. Success is achieved after failure. Being in a social network that you receive moral and material support during failure period. It keeps you strong and alive. Social institutions can pull you down when it's not well managed.”

3.2.2 Resources

Findings about effects of resources are categorized in four clusters; financial capital, social capital, labor and human capital and infrastructure. Underlying statements are presented in Table 3.2. The point view of participants was that financial capital has substantial effect on entrepreneurial success. However, one of the participants compressed this effect as following;

“But I have not ever seen that someone could not realize his ideas for financial reasons. In other words, if you believe in that idea, if you are pursuing that idea, if you are struggling, I think that somehow there can be found financial resources.”

This comment about the effects of financial capital denoted that successful entrepreneurs find a way to access in financial resources through entrepreneurial actions. However, the common view of participants was that financial capital is a must. Participants also stated that financial resources are limited in Turkey and there are still problems to access financial resources for entrepreneurs. Unfortunately, there is not enough finding about social capital. Only one participant stated that social networks affect sales through entrepreneurial actions.

Human capital is frequently emphasized in the interviews. Findings show that all participants are on the same page about substantiality of human capital. One participant summarized this as follows;

“Even if you are very capable alone, success is something that requires versatile quality. The chain is as strong as its weakest link. If there is a weak link in the team, you cannot achieve great success. The higher the quality of human and labor resources, the stronger you are. This contributes to your success.”

In addition, the following words of another participant are quite noteworthy;

“Because a company needs good resources and a good team to grow. A good team is really one of the most important elements that brings you from one point to another.”

While the importance of human resources is stated in beforementioned statements, results showed that entrepreneurs have difficulties in accessing these resources in Turkey. Participants complained that skilled labor migration and talent shortage in Turkey are two main damaging reasons to attain talented human capital.

It is also addressed a question about infrastructure in order to examine effects of infrastructure on entrepreneurial success. Depending on the industry, it is reported that there are no infrastructure problems in Turkey. Thus, infrastructure does not have any positive or negative effect on success. Some entrepreneurs who are running business in internet heavy industries, there are some problems but it does not affect the business success. The overall view of the participants is that even though the infrastructure lags relatively behind developed countries, it is better than middle east and the nearby geography.

Table 3.2: Codes of Resources

Theme	Categories	Statements
Resources	Financial	“It takes some time to get our job done. Financial resources are a must. But it may not be necessary in every job. We invested constantly because we believe in business. We had to make serious spending. Funding was required.”
	Capital	“It is very important to keep an expense somewhere between 12 months and 24 months when you firstly entered the entrepreneurship world. So, it is very comforting to have such a resource. Then you can be flexible. But if you are trying to progress with very limited cash, cash management is really a

very important thing. I saw that many good thoughts were left halfway because they could not manage the cash well.”

“For example, if there is no funding, you cannot grow the team, you cannot do business.”

“Turkey was always problematic in access to finance is still problematic.”

“While the entrepreneur abroad is doing the same job with 10 people and 100 liras, we should do the same job with 3 people and 10 liras. Because a different project comes from a different place, you come back because of the need for financing, which means you are out of the way. You lose focus.”

“Social resources are important. Big sales come from social resources. This creates a driving force for success. Of course, creating these social resources takes place with the entrepreneur's own efforts. If the abilities and characteristics of the entrepreneur are suitable to develop and use social resources, they contribute to the success of the entrepreneur.”

Social Capital “Individual, relatives, friendships are okay, but I think the other group doesn't work there. Especially recently, there is a little bit of the opposite thing, so okay, we have a lot to do with the concept. Especially this association, we see a lot of bureaucrats in that group. I don't believe that side works hard. There is no problem in individual friendship. When we search there, people refer, direct, help, there is no problem.”

Labor and Human Capital “Even if you are very capable alone, success is something that requires versatile quality. The chain is as strong as its weakest link. If there is a weak link in the team, you cannot achieve great success. The higher the quality of human and labor resources, the stronger you are. This contributes to your success.”

“Talent pool in Turkey is tight. You know, a very large part of them has been migrating for the last 2 years. And I have a hard time finding such competent people. But in the last few years, we have been able to do quite cramped and difficult projects somehow, so if you have access in network, you find someone, but this was more in the past. This has been reduced somewhat in recent times, so our human resources have traveled to northern Europe, mostly Europe and England. Therefore, it was a little difficult to reach the source that was trained in that sense. And the cost of the trained resource also increased.”

“Human resources are extremely important. A team is the basic element that shows the quality of many things. The people you first hire is very important. The more time you take full care of products, the more you need to spend on human resources. It's a very important issue.”

Infrastructure

“It is inevitably important. However, in our age, this problem has disappeared for our country.”

“But the library and internet access sometimes have trouble. But I think this will increase. For example, we are not a Korean. In Korea, you also access the internet on the train. Here is something cheaper last month, electricity cost came close to 300 liras, so I think these are the problems of many businesses. So overhead expenses increased. Rents are high, of course, in Istanbul. According to this sense, the infrastructure is better than Middle East, but we have a lot to develop according to where we target.”

“To be honest, I don't think there is a huge infrastructure problem for software companies, because the internet infrastructure is good now.”

3.3 How and to what extent is the impact of leadership style are part of entrepreneurship?

This study derived important findings about effects of leadership attitudes and behaviors on entrepreneurial success. Semi-structured interviews enabled probing leadership phenomenon in entrepreneurship process by asking open-ended questions about effects of leadership practices on entrepreneurship and then participants' individual leadership styles. After collecting general information about participants leadership practices, targeted questions asked for exploring transformational leadership components.

Open-ended general leadership questions provided data about leadership perspectives of participant. Except one participant, all participants agree that leadership competencies contribute to entrepreneurial success. It is worth noting that even this single participant reflected that strong leadership characteristics are important for success. Although, first, this participant stated that leadership is not important for entrepreneurship, on the contrary, later on in the interview he emphasized several transformational leadership behaviors and attitudes. One of the participants summarized the results as follows:

“When I compare it with other skills such as communication skills and problem solving, I put the leadership in the top three.”

Another participant linked leadership skills with key parts of enterprise as follows;

“Leadership skills are required in decision-making process about finance, customer, team and product. It is absolutely necessary.”

Findings show that all participants linked leadership with human capital. This finding shows that leadership has an effect through human capital. As participants indicated that human capital is one of the major factors for achieving success in entrepreneurship, comments of participants also pointed out that leadership is the most effective tool to manage human capital. In addition to this, participants provided comments about positive effects of leadership on influencing people. Participants stated influencing as an important factor not only to lead human capital but also to influence the customer and the market. Besides that, data revealed that leadership is used as an effective competence in leading the uncertain moments of the fluctuating process of entrepreneurship and the solution of the problems that arise. One participant explained this as following;

“Leadership generally takes place at the beginning, while persuading people to do so, then in case of a problem, it is actually necessary to get in the moment of crisis and get that vehicle on the road again.”

These expressions steered interviews to further investigation of transformational leadership.

3.3.1 How Effective Is Transformational Leadership in Entrepreneurship Process?

As stated in the first section, transformational leadership can be applied to enable followers to realize their full potential in order to go to visions, missions and goals especially in social change issues. Findings showed that all participants made statements about having multiple transformational leadership features. Moreover, they show these leadership characteristics not only for the management of human capital, but also for the change of the status quo in the market. A participant's remarkable statement about leading the change in the entrepreneurship context is as following;

"There is a second-level change in the entrepreneurship world. In a word, in which there are no rules, you must redefine those rules and you have to break the rules. Sometimes you rewrite the rules, you set them up."

In this study, findings supported the assumption that entrepreneurship has appropriate contextual conditions for displaying transformational leadership behaviors. Therefore, the assumption that one or more of the transformational leadership features will be found in successful entrepreneurs has been examined. Four leadership features that transformational leaders use to create a permanent change or transformation in their environment have been investigated with in-depth interviews. Findings show that all participants exhibited several times four components of transformational leadership as detailed on the Table 3.3.

Table 3.3: Code Numbers of Transformational Leadership Components

Transformational Leadership Component	Code Frequency	Number of samples coded
Individualized Consideration	30	8
Idealized Influence	26	7
Inspirational Motivation	20	7
Intellectual Stimulation	15	8

3.3.2 How effective is Individualized Consideration in Entrepreneurship?

As stated in theory, successful entrepreneurs have been investigated to what extent they consider the individual needs, values, desires and beliefs of the people they work with. In addition, it has been examined whether they use methods such as coaching mentoring to contribute to the development of the people they work with. Findings revealed that

individualized consideration is the most common transformational leadership feature among the participants. As shown in Table 7, a total of 30 individualized consideration codes were made, without exception, in all participants. All participants expressed that they intensely take into account the abilities, needs, beliefs and values of the people they work with. It has been observed that entrepreneurs used individualized consideration in order to attract, retain and develop talents. Finding revealed that participants strive for developing the talents they work with, in line with their business goals, by methods such as mentoring and coaching. Additionally, one of the participants expressed his thoughts with gendered discourse.

Table 3.4: Codes of Individualized Consideration

Theme	Category	Statements
Transformational Leadership	Individualized consideration	“It is very important for entrepreneurs to be a leader to deal with each employee individually. Individuals enjoy progressing under your leadership when you take care of them. They work for you.”
		“We try to understand the man's talent by looking at the way he does business, his comprehension and the different interpretations he brings. To develop that talent, we coach them, such as, ‘follow this, read here, try it, or we are going to give you these tasks next time’.”
		“We all have different problems, different backgrounds, different cultures. Therefore, I prefer to know people more and to position myself according to them. After that I explain the steps we will take together.”
		“Every year there is something everyone chooses, what he wants to make personally. For example, someone said that I will organize panels this year, he organizes a panel each month. He brings together various people. For example, we meet his budget, because he wants to do it. In this sense, we have things like being able to get one training for everyone and defining a benefit package that

the team decides collectively every year. We have such a thing in that sense. We let people be themselves a little bit. So, I pay more attention to it. So, whatever your beliefs are, you have to live here.”

“We need to develop the man, ensuring that he is making a direct contribution to our product.”

“For example, if someone is going to go military service, I take an immediate action about him, it can be financial or moral support. If it is before a feast, I take an action about it, if there is corona virus, I took an action for them. If he got married or he suffered a loss, I take an action for that. It is similar for skills.”

“One or two days a week, I definitely have a meeting with those people for an hour or two, as I said, let's understand the world of the company, understand the world of the person, understand it, and look at us from his point of view, let's look at the business, look at the customer outside. As he feels more involved, he feels more insiderish. He feels like to be one of us. Otherwise, nothing happens when he feels he is out.”

“Some people say, "Don't let anyone touch me for two hours", some say, "I love chocolate, dessert", some say, "I am not motivated unless I learn anything. If you make me do routine work, I will get bored one day." Some people do the opposite. So first you will get to know that person, you will ask and be personal.”

3.3.3 How effective is Idealized Influence (Charisma) in Entrepreneurship?

The idealized influence or charisma has been defined as a set of traits that strongly influence the followers, reveal the desire of followers to be as leader, bring the reputation and acceptance of the leader, and create a sense of common mission and belongingness (Bass, 1990; McCleskey , 2014; Bass and Avolio, 1994; Paulsen et al., 2009). It was investigated that such

indicators attributed to this component; showing determination, creating a sense of empowerment in subordinates, creating a sense of loyalty in followers, creating a sense of common mission, dealing with crises using radical solutions (Bass and Riggio, 2005). The present thesis attempts to explore perceived charismatic leadership from leaders' own account. Accordingly, the participants were asked whether they are a leader who was accepted, trusted and respected by followers. It is also asked to tell the cases in which they felt this. The data obtained from these investigations are analyzed. Idealized influence or charisma were coded 24 times in 7 of 8 participants. The salient discourses of the participants are shown in Table 9. Findings indicate that participants presented leadership characteristics of idealized influence. The participants stated several situations that they used to create dignity, be trusted by their followers, create a sense of common goal and meaning. Participants stated strong commitment to their followers and make them feel extremely valued. These findings showed that participants endeavor to elicit highly motivating emotions from followers (Sy et Al., 2018). One of the participants described his/her communication to the followers as authentic. This links participant's leadership style with authentic leadership as well as charismatic leadership style.

Table 3.5: Codes of Idealized Influence

Theme	Category	Statements
Transformational Leadership	Idealized Influence	"If we cannot earn this respect, people will not follow you. I take care to protect the staff at the expense of the company. I give more than they deserve. So I make them trust me. When you show these leadership features in the entrepreneurship process, it will return to you as a forward-looking success." "How long can he work with you if he doesn't already respect you? Good people don't work. Because most of these disruptive characters can find a job anywhere. Why would he want to work here in a small place with more limited opportunities, perhaps with lower salaries? Firstly, he needs to establish something personal with you, or he needs

to find a meaning that he can rate himself with what you do.”

“Their problem is our problem. You should make your employees feel this in every sense. The way to do this is to be yourself again. If you are not like that, you cannot act like this.”

“If a person has been working with you for years and years, if he/she does not complain when he/she came to work, it makes me think that I earned respect in that environment. Plus, if he/she applies the things you teach, not just because of you are her/his boss. When you teach his/her something, if he/she really uses what you teach, and comes to show it to you -, I feel that he takes me seriously.”

“My number one priority is my employees. Even before the customers, I decided this. Employee happiness is greater than customer happiness.”

“I pay attention to the fact that the employees are directed towards their goals as much as my own goals. Thus, I make them feel that we are going in the same direction by partnering on the target.”

“You have to show the benefit them with what you do, your discipline, your hard work, your stubbornness, your potential, your intellect and you have to do things together. As a result, it brings you such a point in the eyes of people. I try to be like that. I train myself, try to contribute to my company and to them. That's why I think I am respected at the end of the day.”

“Authenticity is the best communication technique. So you create sincerity and trust.”

3.3.4 How effective is Inspirational Motivation in Entrepreneurship?

Scholars define inspirational motivation as the degree of vision in terms of being inspiring to followers, including having optimism, creating excitement, providing challenge and shared vision (Avolio et al., 1991; Bass and Avolio, 2004; Bass and Riggio, 2005). A sample of Multifactor Leadership Questionnaire (MLQ) item tapping into inspirational motivation is that; “My leader articulates a compelling vision of the future.” In the interviews, participants are asked whether they have a vision to follow and how they transfer this vision to people. It was also investigated that such indicators attributed to inspirational leadership; envisioning optimistic future, providing challenge and shared vision. Data analysis showed that inspirational motivation was coded 20 times for 7 of 8 participants. Participants leading statements are shown in the Table 3.6.

Results showed that successful entrepreneurs in Turkey draw upon their optimistic vision to inspire followers. An example of follower-rated inspirational motivation item in MLQ is “The leader articulates a compelling vision of the future”. Another example of self-rated inspirational motivation item from MLQ is “I talked optimistically about the future”. These MLQ items permit to link interview content with inspirational motivation construct. Participants delivered various communication methods such as storytelling, visualizing and writing in order to adapt shared vision. Furthermore, participants expressed such features which are partnering on target, ensuring team spirit and challenging the followers.

Table 3.6: Codes of Inspirational Motivation

Theme	Category	Statements
Transformational Leadership	Inspirational Motivation	“You have to tell a story, you have to give examples from real life, you have to show the positive and negative sides of the story.”
		“For a man who does not believe the job he will do is generally poor quality or useless. So, the man needs to fully understand and target it. That's why you need to know how to tell stories, you should definitely know how to write, you need to write well.”
		“Our assumption is that the logistics industry is going somewhere and will undergo a major change. The reasons for this change are different technologies, different ways

of doing business, and with this change, many companies will be affected either positively or negatively. In this case, we try to support those companies and to ensure that these companies keep up with the changing conditions.

This is our vision. After taking this vision into your hands, see it as part of your team or customers you work with. You have to believe and explain it.”

“I pay attention to the fact that the employees are directed towards their goals as much as my own goals. Thus, I make them feel that we are going in the same direction by partnering on the target.”

“We imagine the future most. We draw it together, constantly revise it. What will happen this year, what will happen next year, what will happen next, what will happen next? Our team always knows this.”

“So, we occasionally turn a little to the right, a little to the left, but of course, the place to go is obvious. We always talk about it. It will be like this, we paint it, we even draw it, so together. Because it will be like this. Sometimes the road takes a little longer. We know that too. We are deliberately deviating from it right now”

“I think about what everyone needs to develop and give projects accordingly. It's always a little bit higher. So, let's be a little forced.”

“It is absolutely essential that the man in the work tells a story and the behavior he makes is believed by this story, and that the behaviors he makes are in the same direction with this story.”

3.3.5 How effective is Intellectual Stimulation in Entrepreneurship?

Intellectual stimulation represents that transformational leaders stimulate their followers to be innovative and creative by new approaches to solve problems, transforming the

way of thinking about problems, questioning long held beliefs and assumptions, fostering innovative and creative environment (Avolio and Bass, 2002; Bass and Avolio, 2004; Bass, 2006). Interviews question probing intellectual stimulation is produced through MLQ items. An example of MLQ item tapping into intellectual stimulation is “The CEO encourages creativity and innovation in solving work related problems.”

Finding show that intellectual stimulation is the least coded theme whereas it has been coded in all participants. Result indicated that all participants holds intellectual stimulation as a leadership characteristic to some extent. Notwithstanding participants expressed that encouraging followers to be innovative and creative, there are no common methods to make it. While some participants push brainstorming and interactive ecosystems such as SLACK (Searchable Log of All Conversation and Knowledge) groups for followers, other participants provide spare time and promote new methods. The outstanding expressions of the participants are shown in Table 3.6.

Table 3.7: Codes of Intellectual Stimulation

Theme	Category	Statements
Transformational Leadership	Intellectual stimulation	“I usually give incoming projects to someone. No matter how complicated it is. He looks up it for a while. After that, he comes to say that I brought it here. Then we look at it together to find deficiencies. Then we complete it together. Someone always does that first research process. In that sense, I encourage that first learning.”
		“We develop the product together with the brainstorms and meetings with the team, so we do not have an employee responsible for product development. Because everyone is responsible for developing the product. In this way, I try to encourage their creativity more.”
		“Our employees can offer something they call us good in terms of creativity, optimizing our business, new business areas, new customers. It can be something we add to our brand. We are completely open to everything. We have sneak groups, they can talk what they want in those sneak groups. We never prevent this, but we encourage it.”

“We release employees to be innovative, we provide open space for them and appreciate their production. We create an ecosystem that interacts with each other to be innovative. Then this ecosystem turns to the triggering synergy that supports each other. This synergy also leads to the emergence of innovative ideas.”

“I actually like to give them playground. I try to implement a model with a large playground as they can improve themselves, take their own actions, determine their own motivations, their working hours. And frankly, I've seen it works so far. Since we do not have a corporate life such as 8:00 am and 5:00 pm, they need a playground.”

“When I learn something new, I go and share it. I say that I tried this, I read something like this about healthy eating, let's test this method together. So, it somehow excites them about the issues that they are related to.”

CHAPTER 4: DISCUSSION AND CONCLUSIONS

The present pragmatic research aimed to provide practical knowledge about entrepreneurship on behalf of poverty reduction, acceleration of class permeability. The goal of the present thesis was to explore effects of transformational leadership style in entrepreneurial success, as well as to test theoretical model of entrepreneurial success. The current research contributed to existing theoretical model of entrepreneurial success in developing countries by adding leadership that it was missing point in theoretical model.

Participants' remarks supported existing theoretical model of entrepreneurial success. All participants expressed that entrepreneurial actions have direct effect on entrepreneurial success. Additionally, all participants commented on that institutions and resources have indirect effect on entrepreneurial success.

Furthermore, all participants except one declared that leadership have an effect on entrepreneurial success. All participants represented their leadership behaviors and attitude from their own perceptions. These leadership behaviors and attitudes are linked with transformational leadership components. Findings revealed that successful entrepreneurs from different industries somewhat held transformational leadership style. Participants also expressed that their followers were important for entrepreneurial success, and participants' transformational leadership behaviors and attitudes facilitated team performance. Thus, it is concluded that transformational leadership style has an impact on entrepreneurial success through human capital.

4.1 Entrepreneurship

In today's economic world, small and medium-sized enterprises cover a significant part of employment. Reports show that majority of employment is provided by SMEs in UK, Europe, Japan, Korea (Small Business Service, 2006; World Bank, 2007; METI, 2007; Euromonitor, 2006). SMEs have similar importance in Turkey. The OECD report published in 2004 shows that SMEs constituted 99.8% of all enterprises in Turkey in 2000. Besides, it is reported that SMEs hold the equivalent of 76.7% of employment in the same year. On the one hand, 99.3% of Turkish manufacturing firms are SMEs with less than 150 employees, on the other hand, these SMEs provide 56% of manufacturing worker employment. (Republic of Turkey Ministry of Industry and Trade 2006).

Turkey's unemployment rate was 13.7% in 2019 (Turkey Statistical Institute). Considering both unemployment rates and SMEs occupying an important place in the economy, surviving entrepreneurship may play an important role in creating new jobs.

Therefore, it is worth studying entrepreneurship in order to reduce unemployment rate and struggle against poverty in developing countries such as Turkey. Studies in the field of entrepreneurship may enhance social wealth and contribute to social changes.

Entrepreneurship is a subject studied especially in the economics and psychology sciences. While economics focus on external factors of entrepreneurship, psychology examines entrepreneurs themselves. Entrepreneurship is also an important field of study for I/O Psychology. In this study, entrepreneurship is approached from the perspective of I/O psychology. This study ground on Gielnek and Frese's theoretical model of entrepreneurial success integrating individual and contextual factors in developing countries. In addition, the effect of the leadership phenomenon, which is not included in the theory, was examined.

4.2 Entrepreneurial Activity

Literature and definitions of entrepreneurship activities used by GEM in research have been used to define entrepreneurship success. GEM research has identified 3 basic phases for entrepreneurial activities. Potential entrepreneurs or entrepreneurship intent constitute the first phase. The second phase, which is the most well-known index of GEM, is called Total Early-Stage Entrepreneurial Activity (TEA). This phase has been defined as nascent entrepreneurs, and owner-manager of a new business for less than 42 months. In third phase, Established Business Ownership has been defined as business that makes salary, wage or other payments to the owner for more than 42 months. GEM has reported that while TEA rate in Turkey was 14.2%, Established Business Ownership rate was 8.7% in 2018-2019. This shows that many enterprises cannot get through the TEA phase and cannot pass over the Established Business Ownership phase.

In present thesis, established business owners providing employment and running companies with positive rate of growth were examined. The aim of this study is to contribute to the entrepreneurs in the TEA phase through the findings from Established Business Ownership phase. Individual features that will benefit the entrepreneurs in the TEA phase have been found out to switch from discontinuation of enterprise to Established Business Ownership phase. In addition, how and to what extent the contextual factors affect entrepreneurship success was examined.

4.3 Entrepreneurial Success in Developing Countries Integrating Individual and Contextual Factors

4.3.1 Entrepreneurial Actions

Gielnek and Frese's theoretical model of Entrepreneurial Success in Developing Countries Integrating Individual and Contextual factor was employed for the first time in Turkish sample. The results confirm the theory for Turkish sample. In line with the theoretical model, individual entrepreneurs' actions are the key factor for entrepreneurial success. The participants stated that the most important entrepreneurial actions are Personal initiatives, Deliberative Practice and Action Planning for entrepreneurial success. Proactive, Self-starting and Persistent individual actions are specified under the Personal Initiative category. Self-evaluation, Self-regulated Learning and Knowledge Enhancement are presented under the Deliberative Practice category. Action Planning category has emerged as the category which all planning movements are gathered under it.

The participants have been in the entrepreneurship process for a long time, considering their entrepreneurial intentions before enterprise and operating business for more than 42 months. It is crucial to be stated individual entrepreneurial actions are the most influential factor in their success in this long process. Because this finding shows up that, although there are many factors for success, the effect of negative factors can be eliminated through individual entrepreneurial actions. In other words, external factors such as institutions and resources are indirect for entrepreneurial success. Entrepreneurs who could act personal initiative, deliberative practice, action planning in entrepreneurial context may overcome external factors. This shows that people tend to enter the entrepreneurship ecosystem or entrepreneurs in startup phase may focus on their entrepreneurial actions rather than external factors. If they could exhibit the following entrepreneurial actions, their ability to cope with external factors may improve and thus, it may increase the chance of entrepreneurial success. Moreover, entrepreneurs who succeed in their second or third ventures may have learned and developed these entrepreneurial actions in previous experiences.

4.3.2 Institutions

This study examined institutions as one of the external factors. As stated in theory, institutions are analyzed in three following categories; formal institutions, informal institutions and social institutions. This study shows that institutions is an external factor affecting the success of entrepreneurship in Turkey, but it is indirect.

The participants stated that formal institutions such as laws, regulations and taxes make entrepreneurship difficult rather than facilitating. This finding signifies that even successful entrepreneurs have difficulties with formal institutions. The participants pointed out that regulations and procedures are complicated, and it requires to exert effort and time to take advantage of government promotion. In addition, the participants said that they preferred to focus on their core business rather than benefiting from government support and incentives. These findings suggest that there is room for improvement of less complex and time-efficient formal institutions related to entrepreneurship in Turkey. Despite the negative effects of formal institutions in Turkey, it is possible to eliminate the difficulties of formal institutions when relevant individual entrepreneurial actions are taken. On the other hand, intermediary firms may be established to facilitate coordination and communication between entrepreneurs and bureaucratic authorities.

Informal institutions, which are defined as the culture and norms of the society and the market, have been studied as another category of institutions. The participants declared that informal institutions such as culture and norms have an indirect effect on entrepreneurial success. It turned out that these informal institutions affect the sales processes and risk-taking tendencies of entrepreneurs. Changing perspective of innovation from one industry to another has emerged as an informal institution that affects entrepreneurship positively or negatively. The participants asserted that the innovative perspective in the market they work with positively affects them. On the one hand, the mindset difference of corporate employees and entrepreneurs was revealed as a negative factor, on the other hand, the collectivist Turkish society was noticed as a positive effect. In the light of above findings, it may be suggested that the entrepreneurial success may increase if the innovation perspective of the society broadens. Moreover, increasing interaction between corporate employees and entrepreneurs may adapt different business manner.

Social institutions are also questioned one that affecting entrepreneurial success. Family, social networks and friendship are the main social institutions mentioned. All the participants put emphasis on that family support is a must for success. They pointed out that it is so difficult to be successful for entrepreneurs who cannot get family support. They also stated that social networks may make a significant contribution to the success of the enterprise, but it may be an indirect. Some participants expressed that they could benefit from social networks, others stated they could not.

4.3.3 Resources

Another external factor investigated in this study is the resources. As stated in theory, the resources were examined in four different categories; financial capital, social capital, labor and human capital, and infrastructure. Participants argued that human capital are one of the most crucial factors in the entrepreneurship process. Main point was challenges of talent shortage in Turkey and attracting existing talents as a startup. This finding has been an important starting point for the effect of leadership phenomenon.

Participants noted that they have difficulty mostly in accessing the labor and human capital in Turkey. Some participants stated that even if they had difficulties in accessing financial capital, they could overcome these difficulties with individual entrepreneurial actions. Some entrepreneurs told that because their financial resources are sufficient, they can move more comfortably. This shows that the existence of financial capital is a significant plus, whereas its absence is a situation that could be overcome.

Some entrepreneurs stated that they could take advantage of social capital quite a lot, while others did not have any positive or negative effects. This shows that access to social capital may have a positive effect on entrepreneurship success, but it does not have a negative effect.

As regards infrastructure, it is found that especially technology entrepreneurs had difficulties at the least, but it was emphasized that these difficulties did not have a significant effect in entrepreneurship process. Other participants asserted that they had no infrastructural problems and this is not an important factor for entrepreneurial success in Turkey.

4.4 Leadership

In addition to the individual and external factors in the theory, leadership occurred as an important factor in entrepreneurial success. Some participants argued that the entrepreneurship process is also literally a leadership process. In line with these statements, transformational leadership principles were investigated. Transformational leadership components, which are Individualized Consideration, Idealized Influence, Inspirational Motivation and Intellectual Stimulation were questioned separately. All the participants exhibited at least 3 of these components. While the most exhibited component is individualized consideration, the least exhibited one is intellectual stimulation.

4.4.1 Individualized Consideration

Individualized consideration is defined as leaders' concerns about subordinates' well-being, abilities, values, needs, want and desires. Semi-structured interview questions addressed accordingly. Findings reveal that all the participants take consideration of followers' personal needs, values, desires and abilities to deal with the talent shortage and to take advantage of full potential in managing human capital. The participants might hold individualized consideration, since human capital and first team is an important factor in entrepreneurial success. They often exhibited the individualized consideration component to retain and develop talents. It was observed that almost all participants also showed the behavioral indicators of individualized consideration such as mentoring and coaching. This transformational leadership component may have to be intensely demonstrated to work more efficiently and constantly with small teams in the early stages of entrepreneurship. It is more difficult to replace the duties and responsibilities in small organizations by other employees. This challenge may have pushed entrepreneurs to execute individualized consideration. In addition, by mentoring and coaching, entrepreneurs may have engaged with employees who are key for strategic workforce planning.

4.4.2 Idealized Influence

The second most detected component of transformational leadership in this study is idealized influence. Idealized influence, defined as charisma in the early years of transformational leadership theory, is the leader's influence that creates a sense of common mission, belongingness, loyalty, meaning and empowerment in followers (Bass, 1990; McCleskey, 2014; Bass and Avolio, 1994; Paulsen et al., 2009). Leadership behaviors such as determination, dedication, risk taking, making radical decisions in times of crisis are attributed to idealized influence. All participants except one stated that they display behaviors to create dignity, be trusted by their followers, create a sense of common goal and meaning, thus, they perceived that they are respected and accepted as a leader by their followers. Idealized influence may not also have contributed to retain talents as individualized consideration, but also to attract talent differently. Building trust, creating common mission, belongingness, loyalty, meaning and empowerment may cause the followers to show their full potential by deepening their commitment.

4.4.3 Inspirational Motivation

The third frequent transformational leadership component in this research is inspirational motivation. This component of transformational leadership is defined as the

leader's degree of vision in terms of being inspiring to followers, including having optimism, creating excitement, providing challenge and shared vision. To what extent the participants hold this leadership component was examined in line with literature and by combining the questions from MLQ. All participants except one stated that they transferred their visions to followers through methods such as storytelling, visualizing, writing, drawing. In addition, participants displayed behaviors that enabled followers to focus on optimistic future and to integrate their goals into organization's goals. Some participants occasionally set challenging goals to take advantage of followers' full potential. The participants stated that entrepreneurship is fluctuating and uncertain process in terms of success. It is difficult to keep the motivation of the followers constant and high such an environment. In this context, inspirational motivation component may have eliminated the concerns and anxieties of followers. In other words, ensured that the motivation is constantly and high by providing the followers' faith in the business and their focus on their business goals. In other words, high performance may be achieved by allowing followers to focus on instant business goals instead of blurred vision of future. Envisioning optimistic future, providing challenge, creating shared vision may have contributed to coping with the contextual features of entrepreneurship such as uncertainty and risk. Thus, by creating a common goal and optimistic future perception, followers may have worked to achieve the goals of the enterprise in a more concentrated and focused manner.

4.4.4 Intellectual Stimulation

Finally, although intellectual stimulation component is minimally encoded, it has been detected to some extent in all participants. Intellectual stimulation is providing innovative and creative environment for followers, having an open-minded in new ways of thinking, fostering radical solutions by breaking the commonly held beliefs and transforming the mentality. The participants employ quite different methods such as autonomy, brainstorming meetings, sharing new methods and information, providing playground, and encouraging learning to create an innovative environment. New ventures form working principles over time. Thus, the first team of enterprises may have the opportunity to develop their operation procedures best fit. This may cause increasing effectiveness of intellectual stimulation. The opportunity to offer creative and innovative solutions may have provided extra advantage for a new established organization.

4.5 Conclusion

In conclusion, these findings show that if people with entrepreneurial intentions and new entrepreneurs acquire transformational leadership features, it may make a significant contribution to their success. Because, human capital, one of the most important factors for entrepreneurial success in Turkey, may be used more efficiently through transformational leadership style. It may be a great advantage to have motivated, goal oriented and innovative team that does not change in the early years of entrepreneurship process. Transformational leadership characteristics may also contribute to benefiting from social resources and social institutions. Furthermore, transformational leadership characteristics may have implications for innovative entrepreneurs in terms of leading the customer.

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Appendix A

Interview Questions:

1. How long is your current company and in which sector does it operate?
2. Does your company provide employment?
3. Does your company have a positive growth rate in terms of turnover?
4. Could you briefly talk about your entrepreneurship process? Have you ever had an entrepreneurial experience before?
5. What do you think are the most effective factors for the growth and survival of the company? Why is that?
6. How and to what extent was the impact of formal (laws, regulations, etc.) institutions in this process? Can you tell with examples?
7. How and to what extent was the impact of informal (culture, norms) institutions in this process? Can you tell with examples?
8. How and to what extent was the impact of social (family, social networking, etc.) institutions in this process? Can you tell with examples?
9. How and to what extent was the impact of financial resources in this process? Can you tell with examples?
10. How and to what extent was the impact of social resources in this process? Can you tell with examples?
11. How and to what extent was the impact of labor and human resources in this process? Can you tell with examples?
12. How and to what extent was the impact of infrastructure resources in this process? Can you tell with examples?
13. How and to what extent was the impact of your individual entrepreneurial actions and entrepreneurial strategies in this process? Can you tell with examples?
14. In which points do you think leadership comes into play in the entrepreneurial adventure?
15. What is the importance of leadership as against other factors?
16. Can you tell us about your leadership style and behavior in the entrepreneurship process?
17. Are you a role model that is appreciated, trusted and respected by the people you work with? Can you tell with examples?

18. What leadership behaviors and attitudes do you exhibit to impress the people you work with and follow them towards your goal? Can you tell with examples?
19. What vision do you reveal for motivating the people you work with? Via which behavior, attitude and communication style do you transfer this vision to people and organization? Can you tell with examples?
20. To what extent are you interested in the desires, needs, values and abilities of the people you work with? Can you tell with examples?
21. How and to what extent do you encourage the people you work with to be innovative and creative? Can you tell with examples?
22. How and to what extent do you set challenging goals for your followers?

Appendix B

1. Şu anki şirketiniz ne kadar süredir ve hangi sektörde faaliyet göstermektedir?
2. Şirketiniz istihdam sağlıyor mu?
3. Şirketinizin ciro olarak olumlu bir büyüme oranına sahip mi?
4. Girişimcilik sürecinizden kısaca bahseder misiniz? Daha önce hiç girişimcilik tecrübesi yaşadınız mı?
5. Şirketin büyümesi ve hayatta kalması için en etkili faktörlerin neler olduğunu düşünüyorsunuz? Neden?
6. Resmi kurumların (yasalar, yönetmelikler vb.) bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
7. Gayri resmî kurumların (kültür, normlar) bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
8. Sosyal (aile, sosyal ağ, vb.) kurumların bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
9. Finansal kaynakların bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
10. Bu süreçte sosyal kaynakların etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
11. İşgücü ve insan kaynaklarının bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
12. Altyapı kaynaklarının bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
13. Bireysel girişimcilik eylemlerinizin ve girişimcilik stratejilerinizin bu süreçteki etkisi nasıl ve ne ölçüde oldu? Örneklerle anlatabilir misin?
14. Girişimcilik macerasında hangi noktalarda liderliğin devreye girdiğini düşünüyorsunuz?
15. Liderliğin diğer faktörlere nazaran önemi nedir?
16. Girişimcilik sürecinde liderlik tarzınız ve davranışlarınızdan bahseder misiniz?
17. Birlikte çalıştığınız insanlar tarafından takdir edilen, güvenilen ve saygı duyulan bir rol modeli misiniz? Örneklerle anlatabilir misin?
18. Birlikte çalıştığınız insanları etkilemek ve hedefinize yöneltmek için hangi liderlik davranış ve tutumlarını sergiliyorsunuz? Örneklerle anlatabilir misin?

19. Birlikte çalıştığınız insanları motive etmek için hangi vizyonu ortaya koyuyorsunuz?
Bu vizyonu hangi davranış, tutum ve iletişim tarzı ile insanlara ve organizasyona aktarıyorsunuz? Örneklerle anlatabilir misin?
20. Çalıştığınız kişilerin arzuları, ihtiyaçları, değerleri ve yetenekleriyle ne ölçüde ilgileniyorsunuz? Örneklerle anlatabilir misin?
21. Birlikte çalıştığınız insanları yenilikçi ve yaratıcı olmaya nasıl ve ne ölçüde teşvik ediyorsunuz? Örneklerle anlatabilir misin?
22. Takipçileriniz için zorlayıcı hedefleri nasıl ve ne ölçüde belirliyorsunuz?