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Transformational Leadership Practices for Small and Medium Sized Companies in the Construction Industry

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Abstract

The objective of this study is to investigate transformational leadership practices in Small and Medium Sized Enterprises (SMEs) that operate in construction sector of Turkey and to determine how these practices are perceived by the observers. In this direction 49 people were subjected to Kouzes and Posner's 360⁰ assesment on "Leadership Practices Inventory" (LPI) analysis which examines transformational leadership qualities under five practice category. A Mann-Whitney hypothesis test is applied in order to determine the similarities and differences in the leaders' opinion on their leadership practices and the observers perception of these practices. The study reveals that perceptions of leaders and observers match under 4 practices where they differ in the 5th practice, "encouraging the heart", which addresses the motivation of employees. Accordingly it is that the effort leaders make to motivate their employees do not meet its purpose. When the employees do not recognize this motivation, the satisfaction for the work being carried out at the enterprise, work performance and satisfaction of customers decrease and this leads to decline in revenue (Deeb, n.d.). This is one of the factors that cause problems in SMEs regarding management and guiding in respect to efficient operation styles.

Keywords: SME, Construction Company, Transformational Leadership, LPI, Motivation

Introduction

Construction sector is one of the main sectors that create the highest impact on the account of the contributions it makes to the economy and employment in a developing country like Turkey. One of the major factors why construction sector is considered as the leading sector of the economy is its position of generating demand for more than 200 sub-sectors. In construction

sector, just like in all other sectors, ensuring efficiency for organizations, accurately using pecuniary and human resources and leadership behaviors of managers during the processes of adaptation to changes are the criteria that stand out.

Enterprises that use changing market conditions and their capabilities throughout the globalization process to great effect can overcome problems and achieve competitive advantage. Leadership qualities possessed by managers plays a key role in ensuring this. According to researches carried out, leadership behaviors possessed by person(s) who manage the organization will shape the management approach and vision of the enterprise, thus contribute to realization of objectives of the enterprise (Akgemci, 2001). There are so many examples to companies that were once a SME, which turned into large enterprises thanks to their highly qualified leaders and good management approaches (Catal, n.d.). However when it is considered that 50% of the newly established SMEs are dissolved within 5 years and have an approximate life of 13 years and most remain in the small companies category without growing, (Boz, 2013.) the importance of leadership will be perceived. A research on transformational leadership was decided to be carried out in this study as it was anticipated that transformational leadership will lead to increase in growth and profitability of SMEs (Matzler et al. 2008) and will help in overcoming management related problems.

The objective of this study is to assess the transformational leadership approaches followed by managers and to determine how these approaches are perceived by the observers working at small and medium sized enterprises (SME) that operate in construction sector of Turkey, . When observers do not understand the attitudes that leaders believe they exhibit, the efforts of leaders will not fulfill their purpose and make no contribution to the organization. In this respect it is important that this issue is examined from both perspectives. In this study Kouzes and Posner's "Leadership Practices Inventory (LPI) 360 degree Leader and Observer" inventory was decided to use to measure transformational leadership behaviors of managers in small and medium sized enterprises. LPI is an inventory that is well-known and implemented in many other industries aside from construction, allows 360 degree assessment of both the employee (observer) and the manager himself (self-assessment) LPI assess the leadership behavior pattern under five practices, which are *model the way, inspire a shared vision, challenge the process, enable others to act and encourage the heart*.

Leadership Theories

Up until 1930s most of the academic study focus on the management of the organization rather than leadership. After the industrial revolution, due to the advancement in technology and the increase in the need of capital "organization" as a phenomenon was inevitable. After that, the academic discussion was focused on the question of "should company owners and managers be different" became a current issue and that was when the importance of "manager" was first realized. As a result of this there was an increasing need for managers and in line with various leadership approaches developed. Leadership theories were focused on traits leaders until the end of 1940s, shifted to behavioral theories from 1940 to 1960, contingency theories from the end of 1960s to the beginning of 1980s and modern theories from 1980 to present (Sokmen & Boylu, 2009). Modern leadership theories categorized under sub groups of transactional, transformational and laissez faire (Bakan et al. 2015).

Transformational and Transactional Leadership

When conventional leadership theories failed to overcome the problems companies experience today, researches started to focus on the factors that make a person an effective leader. So the modern leadership theories “Transformational” and “Transactional” concepts came into use in 1980s (Ibicioglu et al. 2009).

During the years these concepts emerged, it can be seen that many writers perceived transformational leadership concept as the role of the leadership and transactional leadership concept as the role of the management (Conger, 1999). Based on Burns’s differentiation of transformational and transactional leadership in 1978, Bass (1985) and Avolio (1988) were re-examined transactional and transformational leadership models. It is seen that researches categorize leadership in three styles as, transformational, transactional and laissez faire (Bakan et al. 2015).

According to Bass the leader who inform subordinates about his/her expectations and explain what they will achieve as the result of showing the performance expected from them can be defined as transactional leader (Eren & Titizoglu, 2014). The leader defines the tasks of the subordinates and guide and motivate them in fulfilling organization's targets. A leader who adopts the transactional leadership style focuses on supervision and group performance. Leader aims to ensure coherence in the group by rewarding the subordinates who are successful and punishing the ones who make mistake. In transactional leadership style, the leader does not make an effort to change the future and tries to preserve the current condition (Odumeru & Ogbonna, 2013), reacts to issues reactively not proactively (Cetin et al. 2012).

According to Bass transactional leadership has three dimensions. These are *contingent rewards*, *active management by exceptions* and *passive management by exceptions*. In *contingent rewards*, the leader motivates the employees through conditioned rewards in order to have the employees act the way the leader wants. Accordingly the employees know that if they succeed they will be rewarded. The relationship between the leader and the employee is based on reward-goals. In the active management by exceptions, the leader actively monitors the performance of its subordinates. Takes immediate corrective actions when something goes wrong or there is a deviation from standards determined. In the passive management by exceptions the leader does not require finding out whether there is any problem or not. Instead of preventing the problem in advance, he prefers to find solutions in case a problem arises (Eren & Titizoglu, 2014).

According to Bass transformational leadership has four dimensions. These are *idealized influence*, *inspirational motivation*, *individualized consideration* and *intellectual stimulation*. Based on this, even though one of the dimensions of transformational leadership called by Bass as *idealized influence* is referred to as “Charismatic leadership”, in fact it should be considered as different than charisma. In this context, in contrast to charisma, *idealized influence* involves leader's attitude of creating a vision and determining a mission by interacting with its observers (Karip, n.d.). The observer idealizes the leaders influence, qualities and behaviors. *Inspirational motivation* is where the leader motivates its subordinates by creating a strong goal congruence by using symbols, slogans and emotional elements. Motivates its subordinates based on the goals and continues activities in a determined way. Leader's determination and effort in this respect is an inspiration for its subordinates (Karip, n.d.). In case of *individualized consideration* the leader

pays attention to individuals. The manager advises and guides each employee individually (Eraslan, 2006). Leader deals with each individual in the observer group, examines and follows-up needs of each individual, which leads to leader's showing interest and respect to its observers on individual basis (Berber, 2000). *Intellectual stimulation* is the fourth dimension where the leader puts forward new ideas that will motivate the subordinates to reconsider the way work is being carried out (Berber, 2000). The leader places emphasis on intelligence and rationalism and solves the problems in a very careful way (Eraslan, 2006). Intellectual stimulation is a dynamic process that can be handled in three steps: "case appraisal", "setting a vision" and "adaptation". With the help of this process, it becomes easier for the observer to question future assumptions and find more creative solutions of problems (Berber, 2000).

SME in The Construction Sector

According to definition by European Commission, SMEs are examined under 3 groups based on their size: micro, small and medium ("What is an SME", n.d.). Therefore;

- Micro enterprises: Enterprises with less than ten employees per year, with no annual turnover and balance sheet total over two million Euros.
- Small enterprises: Enterprises with less than fifty employees per year, with no annual turnover and balance sheet total over ten million Euros.
- Medium sized enterprises; Enterprises with less than two hundred fifty employees per year, with no annual turnover over fifty million Euro or balance sheet total over three million Euros.

According to the data of Bureau of Census in Turkey SMEs constitute 99.8% of the total number of ventures and 74.2% of the employment ("Small and Medium Enterprise", 2015). In this respect, SMEs hold an important position in the economy as they can rapidly adapt to changing market conditions; have a flexible production structure; create new line of business; provide employment opportunity and expedite the development process by contributing to regional development (Bursuk, 2018). When construction sector is examined in particular, SMEs constitute 70% of the enterprises and make an immense contribution to employment similar to other sectors. When data between year 2010 and 2015 are analyzed, 819% increase in number of SMEs is seen in all sectors, construction sector being in the top of the list with a share of 8.17% ("Small And Medium Enterprises", n.d.). As can be seen from this fact, it is much more clear that number of SMEs in construction sector are increasing every day and they should be supported. Accordingly with all the qualities they possess SMEs are considered as the foundation of economic and social development.

It is regarded that SMEs have advantages in some areas as compared to large scale companies. So if, by way of efficient management, SMEs can manage to sustain their various qualities like having a flexible production style based on demand, being more open to innovations and development than large scale companies (Turkoglu, 2002), maintaining the close relationship between the employee-manager-customer ("Small And Medium Enterprises", n.d.) requiring lower capital at the establishment stage compared to large scale companies and having lower organization costs ("Principles of Management Science", 2018), they may progress to become a large scale company in the future. Despite these advantages, SMEs also have drawbacks. Especially, when the leadership context is addressed (Akgemci, 2001).

Considering the newly established SMEs, it is seen that 50% of these are being dissolved in the first 5 years and studies showed that in average SMEs last for 13 years. And it is concluded that the enterprises which survive can not grow and remain to be small sized enterprises (Boz, 2013). Pursuant there to, accurate and efficient use of pecuniary and human resources and accomplishing targets will be possible with the management of the enterprise under the leadership of efficient leaders. In this sense, it is determined that transformational leadership concept makes a significant contribution to the enterprises in many fields like organizational structure, development of the company, corporate image, delegation of duties and recruitment. These values have great impact on SMEs as well as their impact on large scale companies (Berber, 2000).

Leadership Practices Inventory

Leadership Practices Inventory (LPI) is internationally recognized and has been used in studies targeting various sectors from health sector to tourism sector. LPI is a 360 degree inventory that gives employees the opportunity to assess their managers (observer) and managers the opportunity to assess themselves (self-assessment). Initial studies about LPI were done by Jim Kouzes and Barry Posner in 1982 and hundreds of researches, case studies and interviews had been made during the questionnaire creation phase (“Leadership Challenge Story”, n.d.). It is known that within the scope of studies carried out LPI was taken by 350,000 persons globally, who are managers or who are not. For 15 years, many people working in different sectors and various companies had taken this questionnaire and reliability and validity studies have proven that LPI is an applicable and reliable measuring tool (Duygulu et al. 2011). In this study, the researchers contacted to publishing company Wiley to access the questionnaire and “LPI-Self-assessment” and “LPI-Observer” were purchased and the license to use had been obtained. Two-part questionnaire is prepared in this study to measure the transformational leadership style of managers working in SMEs that operate in the construction sector. First part consists of demographic questions in order to analyse the demographic tendency of the participants. Second part consists of LPI-Self-assessment and LPI-Observer forms including 30 questions prepared by Kouzes and Posner for LPI.

The inventory examines the practices of transformational leadership under five categories. These are **model the way**, **inspire a shared vision**, **challenge the process** (taking risks to advance the organization and to look into opportunities and try to find new paths), **enable others to act** and **encourage the heart** by rewarding their success (taking action) (Duygulu et al. 2011).

- **Model the way** is the practice where the leader makes his/her case by stating his/her personal values and using the influence he/she makes, his/her values and principles, sets an example for his/her followers about actions to be taken and how such action should be taken. The leader sets interim goals so that people are motivated with small wins they achieve and are resolute as they work toward larger objectives. If there is any obstacle in respect of taking action for any work, they guide the employee, unraveling bureaucracy when it impedes the action and create opportunities for organizational wins (“The Five Practices”, n.d.).
- **Enable others to act** is the practice fosters leader's collaboration and positively supports the team spirit, enabling active participation of employees. The leader strives to create an atmosphere of trust and value people. By strengthening others, makes each individual

feel capable and powerful. In addition to these, the leader aims to achieve progress with collaboration by ensuring mutual thrust, by simplifying solidarity and supporting face-to-face interaction (Duygulu, 2007).

- **Inspiring a shared vision** is the practice where the leader passionately believes that employees can make a difference. They inspire people with their vision. They plan the future and create an ideal image of the position of the organization and brings common goals into view. It is easier to get people see and envision common goals by communicating these in a clear way (“The Five Practices”, n.d.).
- **Challenging the Process** is the practice where the leader creates opportunities to change the status quo and looks for innovative ways to improve the organization. By doing this, they take chances and run the risk of making mistakes and failing. They perceive mistakes as learning opportunities and take lessons and continue to create new opportunities (“The Five Practices”, n.d.).
- **Encourage the heart** is the practice where the leader knows that success of an organization requires hard work. And is well aware of the importance of contribution the employees make in moving towards goals with determination. So the leaders celebrate accomplishments achieved as the result of efforts and make everyone feel like heroes at the end (“The Five Practices”, n.d.).

As LPI is a 360 degree inventory that gives the opportunity both for the employee to assess manager and manager to assess himself, in this study the employees were asked to fill the "observer" form to assess the managers they report to and managers were asked to fill "self-assessment" form.

Even though, 10 range Likert scale was used in the original questionnaire by the publishing company uses 5 range likert scale. According to opinion of the experts and permission taken from the writers, 5 range Likert scale was used in this study as well. Range is defined as follows: "1: Never, 2: Rarely, 3: Sometimes, 4: Frequently, 5: Always".

Methodology

The objective of this study is to assess the transformational leadership approaches of leaders working at small and mid-sized enterprises (SME) in the construction sector in Turkey. In this respect after defining demographics of participants, Mann Whitney-U test was used to examine the similarities and the differences between the behaviors of leaders and the observers' perception of the leaders' behaviors. Therefore in this study our main hypothesis is set as follows;

H1 is; "There is significant difference between leadership behaviors exhibited by leaders and the leadership behaviors perceived by observers." H0 is set as the rejection of the H1.

Sub-hypothesis of the main hypothesis are;

- H1_{aa}: Observers do not comprehend the leader's behaviors in regard to *model the way* category.
- H1_{bb}: Observers do not comprehend leader's behaviors in regard to *enable others to act* category.
- H1_c: Observers do not comprehend the leader's behaviors in regard to *inspire a shared vision* category.

- H1_d: Observers do not comprehend the leader's behaviors in regard to *challenge the process* category.
- H1_{ee}: Observers do not comprehend leader's behaviors in regard to *encourage the heart* category.

Findings

The population in this study is achieved by snowball method. As of the characteristics of the respondents 37% were the leaders and 63% were the observers. Detailed demographics of respondents of the LPI questionnaire are demonstrated in Table 1.1.

Table 1.1 Distributions of Participants According to the Demographics

		LEADER	OBSERVER
DEMOGRAPHICAL INFO		(%)	(%)
AVERAGE AGE INTERVAL	30 and below	27	74
	31-40	22	13
	41-50	22	13
	51 and above	29	-
PROFESSION	Architect	61	74
	Engineer	34	26
	Business administration	5	-
GENDER	Woman	28	71
	Man	72	29
EDUCATIONAL STATUS	Graduate	50	48
	Postgraduate	50	52
WORK EXPERIENCE IN CURRENT WORK	0-5 years	44	80
	6-10 years	39	10
	11 years and above	17	10
TOTAL WORK EXPERIENCE IN CONSTRUCTION	0-10 years	33	81
	11 years and above	67	19
COMPANY BUSINESS	Construction project	28	32
	Architectural	39	29
	Contractor	33	39

Mann Whitney-U test was used as the hypothesis test in this study. Mann Whitney-U test is a hypothesis test that helps determining whether dispersion of two independent groups is statistically significant or not (Yildiz, 2018). At this point, unlike t-test, there is no condition of normality in the distribution of the data and the method enables measurement for sampling group less than 30 ($n < 30$) contrary to typical t-test (Kul, 2014). Since in this study the number of sample groups are not equal and the leader group is less than 30 therefore Mann Whitney-U test is more appropriate for the hypothesis test.

LPI is composed of 30 questions where each practice is measured by six question. When we examined the questions in detail where difference is observed, leaders stated that they exhibit

all the behaviors indicated under all questions whereas observers stated that they did not observe such behaviors, which can be seen in Table 1.2. Accordingly leaders fell short of behaviors that they thought were observed by the observers and could not achieved their goal as they could not make the influence they desired. In all 6 question of *encourage the heart practice*, the difference were detected between the answers of observers and leaders.

Table 1.2 Question Based Similarities and Differences

LPI QUESTION NUMBER	PARTICIPANT	NUMBER OF PARTICIPANT	MEAN RANK	U SUM	P	PRACTICE NAME	
1	Leader	18	29,28	527,00	202,00	,083	Model the Way
	Observer	31	22,52	698,00			
2	Leader	18	32,03	576,50	152,50	,004	Inspire a Shared Vision
	Observer	31	20,92	648,50			
3	Leader	18	29,47	530,50	198,50	,082	Challenge the Process
	Observer	31	22,40	694,50			
4	Leader	18	30,22	544,00	185,00	,038	Enable to act
	Observer	31	21,97	681,00			
5	Leader	18	32,25	580,50	148,50	,005	Encourage the Heart
	Observer	31	20,79	644,50			
6	Leader	18	26,85	456,50	223,50	,358	Model the Way
	Observer	31	23,21	719,50			
7	Leader	18	32,72	589,00	140,00	,002	Inspire a Shared Vision
	Observer	31	20,52	636,00			
8	Leader	18	34,56	622,00	107,00	,000	Challenge the Process
	Observer	31	19,45	603,00			
9	Leader	18	27,92	502,50	226,50	,255	Enable to act
	Observer	31	23,31	722,50			
10	Leader	18	30,33	546,00	183,00	,040	Encourage the Heart
	Observer	30	21,90	679,00			
11	Leader	18	28,36	510,50	218,50	,180	Model the Way
	Observer	31	23,05	714,50			
12	Leader	18	32,17	579,00	150,00	,006	Inspire a Shared Vision
	Observer	31	20,84	646,00			
13	Leader	18	33,83	609,00	120,00	,001	Challenge the Process
	Observer	31	19,87	616,00			
14	Leader	18	31,33	564,00	165,00	,011	Enable to act
	Observer	31	21,32	661,00			
15	Leader	18	34,42	619,50	109,50	,000	Encourage the Heart
	Observer	31	19,53	605,50			
16	Leader	18	30,56	550,00	179,00	,033	Model the Way
	Observer	31	21,77	675,00			
17	Leader	18	32,67	588,00	141,00	,003	Inspire a Shared Vision
	Observer	31	20,55	637,00			

18	Leader	18	29,81	536,50	192,50	,063	Challenge the Process
	Observer	31	22,21	688,50			
19	Leader	18	29,25	526,50	202,50	,098	Enable to act
	Observer	31	22,53	698,50			
20	Leader	18	33,39	601,00	128,00	,001	Encourage the Heart
	Observer	31	20,13	624,00			
21	Leader	18	30,44	548,00	181,00	,027	Model the Way
	Observer	31	21,84	677,00			
22	Leader	18	28,39	511,00	218,00	,186	Inspire a Shared Vision
	Observer	31	23,03	714,00			
23	Leader	18	27,44	494,00	235,00	,341	Challenge the Process
	Observer	31	23,58	731,00			
24	Leader	18	27,89	502,00	227,00	,267	Enable to Act
	Observer	31	23,32	723,00			
25	Leader	18	31,72	571,00	140,00	,004	Encourage the Heart
	Observer	31	20,17	605,00			
26	Leader	18	32,08	577,50	151,50	,005	Model the Way
	Observer	31	20,89	647,50			
27	Leader	18	28,61	515,00	214,00	,162	Inspire a Shared Vision
	Observer	31	22,90	710,00			
28	Leader	18	31,00	558,00	171,00	,022	Challenge the Process
	Observer	31	21,52	667,00			
29	Leader	18	28,86	519,50	209,50	,131	Enable to Act
	Observer	31	22,76	705,50			
30	Leader	18	32,31	581,50	147,50	,004	Encourage the Heart
	Observer	31	20,76	643,50			

In the rest of the questionnaire, except encourage the heart practice, a general consensus is observed in practices of *modeling the way*, *enable others to act*, *inspiring a shared vision*, *challenging the process* and *encourage the heart*. This show that behaviors exhibited by leaders in terms of creating an organizational culture, setting forth work styles and developing communication between leader-observer and employees are comprehended by the observers, thus fulfilled its purpose.

As can be seen from Table 1.2, according to result of Mann Whitney-U test, only the H1e hypothesis is accepted. Based on the results it can be argued that observers did not comprehend the behaviors exhibited by leaders in the practice of motivating employees by celebrating their accomplishments. In the *encourage the heart* practice, significant difference is detected between the responses of leaders and the observers about following issues: being aware of the contributions of employees, setting high expectations and rewarding the employee when expectations are met, appreciating people around for the success achieved and encouraging employees. It is understood that behaviors, which leaders believe they exhibit for motivating their employees and ensuring collaboration are not comprehended by the observers.

Lack of motivation makes it difficult to have works finalized in timely and completely manner. Lack of motivation in organization's environment has direct impact on the success of the

enterprise. Conditions that lead to failure can be listed as low performance, dissatisfaction, drop in customer services, decline in revenue (Deeb, n.d.). In such a case leaders need to set clear standards to unveil their behaviors that encourage motivation, to expect the best from their employees, to pay attention to their employees, to personalize recognition, to tell stories, to celebrate together and to set an example (Al-Baradie, 2014). Leaders may set standards only by clearly stating their targets and enabling employees to make contributions to meet these targets and by regularly sending feedback (Al-Baradie 2014). Encouraging employees will make a significant contribution to their motivation.

If leaders have high expectations from observers in respect to *expect the best from employees and have faith in their employees' ability to realize the tasks assigned to them*, employees will be more self-confident and show higher performance.

When leaders accept that their employees have advanced skills, this will generally reflect positively on the company and boost motivation (Al-Baradie, 2014). Paying attention to employees is the other important step that will support motivation. Leader should pay attention to their employees by showing that they care for them and ensuring that all their requirements are met so that they can fulfill their responsibilities. When leaders genuinely listen to employees and show that they understand them, this will inspire motivation of employees (Al-Baradie, 2014). When it comes to recognition, each employee feels appreciated when recognition is personalized. Non-personalized, general recognition create a counter impact and demotivate the employee. In this regard recognition of employees should be done by combining personal values and organizational values. Another important aspect in this respect is to ask the employee the way he wishes to be recognized. Leader should place emphasis on issues like whether the individual wishes to be appreciated when alone or together with his team mates or whether he desires written expression of recognition instead of verbal one (Al-Baradie, 2014).

Telling stories is another practice that may help motivate the employees. Accordingly informative and inspiring speeches made, stories told by leaders motivate the employees and makes great contribution to the organization as these help clarify the expectations. Regarding celebrating together, celebrations are one of the elements that strengthen the values and goals of the organization. It also helps in creating the sense of community and laying the foundations of communication. As communication progresses, motivation will improve leading to increase in productivity. Celebrating accomplishments will ensure loyalty and creates an environment where employees shall feel motivated (Al-Baradie, 2014).

Finally in order for leaders to motivate the employees, first they have to set an example on this issue. Leaders who care for their employees should improve communication with them. This will boost reliability of the leader and at the same time build the foundation for a strong leadership (Al-Baradie, 2014).

Conclusion

Majority of the participants (89%) in this research work in micro and small scale enterprises in the construction sector. Besides financial and managerial difficulties the quality of the leadership is essential in order to survive in a highly competitive environment in this case construction sector. When leaders unite with their employees on a common vision and motivate them, their loyalty will deepen, managerial problems will moderate, and consequently the enterprise will improve in financial terms as well.

It is observed that in terms of practices of *modeling the way*, *enable others to act*, *inspiring a shared vision*, and *challenging the process* a consensus is reached among observers and leaders. In other words, ensuring communication and transparency among employees, setting values to create an organizational culture, to take feedback from employees, steps taken to improve the existing conditions meet the expectations of observers.

The analysis indicate that only H1_e hypothesis is accepted. In this case observers do not comprehend leader's behavior in regard to encourage the heart. Employees responses reveals that expectations of observers regarding motivation are not met so leaders did not achieve their purpose. In case of SMEs even if only one employee lack in motivation, this will influence all the remaining staff and lead to dissatisfaction, low performance, decline in customer satisfaction and revenue, which will eventually lead to decline of the corporate success (Deeb, n.d.). It can be concluded that leaders need to improve themselves on behaviors under this practices. So to ensure motivation, leaders need to set standards, expect the best from their employees, pay attention to their work, appreciate their success, tell stories, celebrate together and set an example. As a consequence, when leaders pay attention to these practices, their followers will be realized the motivation which will lead to increase in job performance and efficiency and also provide decline in the SME problems related with management and guiding.

There is a limited study on the leadership practices of SMEs in the construction industry. Even though the SMEs in the construction industry represents the majority of the companies collecting data is a general difficulty in the industry. Even though the researchers are aware that the number of the data will improve the output, the emphasis on SMEs in the construction industry is the importance of this study. While contributing to the academic world by providing a resource for future works, the study also contributes to the practical world by means of the suggestions found in the context of outcomes. A broader and indepth analysis will be useful in the future studies in this area. If this topic is analyzed again in the future on a broader mass, It will be possible to include relations that couldn't be analyzed herein due to limitation in respect of samples.

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