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# CHARACTERISTIC DIFFERENCES OF AN SME LEADER AND A LARGE COMPANY LEADER

Case  
Study

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*Leadership;  
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Corporation;  
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## JEL Classification

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## Abstract

*In the article, we compared and examined the management style of the leaders working in large companies and in the SME sector. The main objective of our work is to define the skills and qualities of a good leader, as well as to interpret the leadership skills and leadership behaviour required in multinational and large companies and in small and medium-sized enterprises, to determine the necessary leadership style to achieve the maximum performance of employees and thereby the successful operation of the business and in order to fulfill the specified objectives. We conducted our research using the semi-structured interview method with the leader of a small and medium-sized enterprise and a middle leader of a corporate, which is an emotional approach that includes the subjective experiences of individuals and the experiences and feelings associated with them. The questions are open, can be transformed and rephrased, their order is mostly flexible, new questions may arise during the conversation, or we can leave out questions. The atmosphere of the in-depth interview is open, supportive, and free of manipulation.*

### History of corporate structure

In the divisional organization, strategic and operational tasks are separated. While strategic tasks are the responsibility of central management, operational activities and decisions are in the hands of division managers (Mullins, 2010). In addition to the enormous growth in size, in the first part of the 20th century, the companies began to become more and more international and produce for foreign markets, which was accompanied by strong product growth and product diversification.

The divisional organization is based on the division of labor principle, and the central tasks at the company level are carried out by various specialized organizational units, while the divisions have great independence and responsibility, and decisions are decentralized. In the period between the wars, management science was mainly characterized by thinking about organizational structures and the analysis of the processes that create, coordinate, and coordinate them, as well as the research of human factors.

The technologies, mathematical models, production, organizational and operational experience developed during the World War II., began to be applied in economic life as well. Probability calculation, logistics planning, linear programming, and game theory appeared in the management of companies. In this period, systemic thinking became the main direction of management.

In the 1950s and 1960s, the importance of communication within the company increased, and then it became a key management function. They realized that the most important element of the cooperation of organizational members is the formulation of a common goal, the appropriate communication, so the organizations began to develop their own communication tools, and one of the main tasks of the manager was to create and maintain it. With the development of technology, the first company computers appeared starting from the 1960s and 1970s, which significantly superseded the previous methods and processes. The automation of processes and activities has increased.

Since the 1980s, the creation and maintenance of organizational culture has become one of the new and significant tasks of managers. The system of customs and tools of the community is formed in the corporate culture (Borgulya, 2001). Even today, organizational culture is a defining element of the identity of businesses.

Based on their research, Avolio and Bass (1991) defined different leadership styles. Leaders generally combine several styles with varying frequency. It developed from combining the disciplines of positive organizational behavior, ethics and leadership (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2007). One of the main qualities of a good leader is consistency, both in his

words, actions and values. It is characterized by strong leadership self-awareness, positive leadership values, and the building of a trusting relationship with employees. The leader is aware of his abilities and believes in himself. He is characterized by kindness, justice, optimism and responsibility. His professed values match his actions and values (Yukl, 2010).

With regard to modern organizations and enterprises, as time progresses, it can be observed more and more that the product-centered approach is shifting and nowadays marketing dominates rather than the product itself. In addition, the knowledge-based approach appeared parallel to the capital-based approach. As a result of the fast-paced world, the importance of quick response and adaptation to the environment and market players, and globalization, managerial behavior and conduct are constantly evolving and renewing, new methods are born, old ones disappear, but the basic values remain.

### SME leader

After the personal introduction and the description of the first steps of his career, we moved on to the first professional topic, in which we talked about the general qualities and competencies of good leaders. I was wondering what qualities you think are important and essential for good leaders.

"I think a good leader must be a strategic thinker and I am convinced that a good leader can only be a person who has his own self-knowledge, self-evaluation and is okay with himself, because the emotional environment in a workplace is so important that this is a basic thesis."

Furthermore, the leader emphasizes that, according to his experience, a good leader has a strategic approach, sees activities, processes, and resources in a systematic way. According to Tomka and Bögel (2019) the main tasks of the manager include planning, organization, management, decision-making, and control.

The thoughts of leader of a small and medium-sized enterprise and semi leader of a large company about special work processes are very similar. he does and how well he understands his profession, that is, what quality of work he can put on the table.

"Many leaders, I think, make a mistake by hiring the person working directly under them without the right competencies, because they also think about such factors so that they don't have to be smarter or know more than me, because they are afraid of their position, although everyone can be replaced, I still I hire people who I know have the competence and can manage their own areas perfectly, because I don't want to put myself in such difficult situations that I have to participate in processes that are not my area of expertise."

The basic principle of the leader is that the employees working directly under him should be able to solve the tasks related to their job independently. Even if they can count on him for help at any time.

According to the leader, one of the most important tasks of good leaders is people management, managing and leading people, coordinating their goals with organizational goals. With several years of experience in the world of media, it can be said that forming individuals and characters into a team for the sake of a common goal is one of the most important and most difficult tasks. Through examples, he explained to me that he had a subordinate who performed brilliantly professionally but was unable to fit into the company as a human being, so he could not cooperate with him in the long term. Regardless of the company's activities, the regular and recurring task of leaders, and especially good leaders, is to coordinate individual and organizational goals. Creating a team spirit and a supportive, positive, constructive atmosphere is one of the most important tasks for any leader.

According to the leader, a good leader must quickly and efficiently adapt to changes in the environment, in many cases the driving style and routine learned years ago is not enough, in a rapidly changing environment, adaptability can be the decisive factor for success or failure.

The next topic was the criteria for the success of a good leader. I wanted to get an answer to the question whether the success of the business depends on the leader and, if so, to what extent.

"I think the measure of success is always economic efficiency. Fulfilling the expectations of the owners is a success from the owner's point of view. But if this is achieved by a leader with such competences that everyone in the organization hates and has a bad opinion of him, the employees do not like to come to work, there is a lot of turnovers, it is not profitable in the long term." Based on our conversation, I can say that success is subjective. Of course, keeping the interests of the organization in mind, striving to keep and increase the assets, valuing the employees, ensuring sustainable development, ethical leadership behavior are always the duties of the leader. "I don't expect anything from my people that I wouldn't do myself." He considers delegation to be one of the most difficult tasks at work, and according to him, this causes problems for many leaders, especially those at the beginning of their careers, because different people have different opinions, many leaders cannot accept the other person's decision, and confrontations can arise from this.

"It is difficult for the leader to accept that not only his own truth, task solving methods and ideas are fulfilled, but also that he allows the decisions and ideas of his subordinates to prevail. But employees must be allowed to realize themselves, because if

you don't let them develop, if you constantly correct their work, then they will be dissatisfied, if they are dissatisfied, then next time they will not be so motivated to do the next task with full effort."

The experienced interviewee, as a leader, obligatorily demands from himself the striving for perfect work, he thinks of himself as a maximalist type. He also expects his employees to do their work to the best of their ability, and it is important to him that if someone makes a mistake, they admit it and work on correcting it. Since he himself actively participates in the processes, he is the type of leader who earns the respect and recognition of his employees with his performance. It is important for the leader to set an example, both professionally and in his attitude to the tasks. Honesty and acceptance of consequences are also requirements for subordinates. "Without honesty, there is no collaboration, it just doesn't work."

When defining a good leader, he considers responsibility to be an outstanding quality. While employees have a much larger safety net, the leader often must assume the risk and responsibility.

"The leader must make the employees feel that they are valued, important and active members of the team."

According to the leader, standing up for the employees and representing their interests is always the leader's duty. It is important to give conscious feedback, be it positive or negative. He regularly and continuously gives feedback on the performance of employees and performs individual and team evaluations based on an internal company evaluation system.

A good leader is also responsible for awareness of the vision and mission of small and medium-sized enterprises. Based on what he said, they usually do this at 2-3 company events a year.

In the process of selecting new employees, the leader meets potential future colleagues who have already qualified and selected during the pre-screening, only in the last step. The last step of the selection, the decision, is made jointly by the leader and the person in charge of the area.

According to the leader's view, in 2022, adequate salary and wages alone are not enough to make the workplace attractive for employees with good skills. "Employees should be treated as partners and individual and organizational goals should be mixed up a bit and attention should be paid to the personal needs of the given person." You can't lead people until you love them. It is the responsibility of a good leader to build positive relationships in the workplace, and it is the duty and responsibility to supervise and smooth relationships between employees. Furthermore, results distinguish a good leader from those who only want to appear to be leaders (Maxwell, 2013).

A good leader ensures a certain level of tolerance towards employees (working from home, more days

off, flexible working hours), if it does not prevent the completion of tasks. From the employee's point of view, this can also be a promising and meaningful factor.

"We're talking about a small team, so I know everyone personally, so I know exactly what each person needs." A good leader tries to establish a trusting relationship with the members of his team, is open to various personal problems and reacts empathetically.

A good leader is also a person, according to the interviewee, the most difficult part of his job is managing turnover and distancing himself emotionally from letting employees go.

"Although it's strange to say this, I think a good leader always represents the interests of the company, even against the owner."

A good leader is not crippled by difficulties and problems, but is seen as a step, a task to be solved. According to the leader, a good leader can see his mistakes, is capable of development and is constantly learning. A confident leader who accepts his mistakes can create a good team and environment.

### **Corporate leader**

The first topic of leadership abilities and skills, in his opinion, what is a good corporate leader like, what qualities should he have, what abilities should he possess, how he behaves and what is the measure of success in these positions.

"Fundamentally, you have to believe in the company, have the ambition and courage to seize the opportunity, this is the basis". In addition, one must have qualities such as standing and charisma, on the basis of which colleagues believe and accept the leader. In day-to-day operations, it is of utmost importance for the leader to have good motivation, great work ethic, flexibility, adaptability, empathy, honesty, outstanding knowledge of people, communication, credibility, setting an example, thinking in the organization and community, compliance, rational decision-making. Furthermore, the ability to assess the situation, the recognition of opportunities and the ability to live with opportunities should be mentioned. Finding a common voice both up and down the organization, with whom and how to communicate and creating a positive atmosphere is key. It is part of the interviewee's leadership style not to be unapproachable, to keep the door of his office open for his colleagues, to earn respect not just by his position, but by his performance and actions. A good leader trusts in the work of his colleagues, believes in them, and thus can achieve that colleagues trust him as well. According to him, the task of a good leader is to have outstanding knowledge in his own field, perform his tasks at the highest level, and constantly help his colleagues. Due to the diversity of management tasks, you must perform additional

activities. Protecting the interests of colleagues and asserting their interests within the system, so that your team does not fare worse, and that they are not less esteemed compared to other, similar parts of the company. One of the most important qualities of a leader is experience, which is the result of many years, difficult situations and serious decisions.

One of the critical questions of my conversation with the interviewee was how he, who has been working continuously with the leaders of small and medium-sized enterprises for years, sees how the leader of a large corporate multinational company is different compared to the leaders of SMEs.

"For the most part, I agree that the same leadership skills are necessary regardless of the size of the company, for example, great work ethic, insight, identification with the business, setting an example, ethics, outstanding knowledge of people, I would mention two important differences. In the multi-environment and large companies, you have to perform more, give presentations, appear more, there are many events where you suddenly have to stand in front of two hundred people and speak and present, while in the case of SMEs this is not so typical. The other difference is that fluent, high-level English is essential at senior management levels at multinational companies, whereas, if an SME does not work in a foreign market, this competence is not a necessity for them." In his opinion, in the competitive sector, in the long term, the leader's skills and style significantly influence the company's success.

The next topic was the relationship between the leader and his subordinates. Empathy, verbal and written communication skills, tolerance and understanding, as well as the ability to teach and educate others are indispensable. A good leader must have excellent goal setting, coordination, scheduling, control, time management and perception skills (Roóz, 2001). According to the leader, it is not difficult to answer my questions here, as the annual engagement reviews are ongoing, which includes the leader's assessment, communication with him, how much they trust him, and the situation can be easily evaluated based on this. Based on his personal opinion, his relationship with subordinates is important to him, it is important for him to treat them as partners, to be honest, to protect them and to stand up for them. Furthermore, he pays particular attention to communicating good and bad results and news not in a personal way, but objectively, since in his opinion the same fact can be told in many ways. He mentions that of course he can't be 100% popular with everyone. But thanks to the multinational environment, almost everything is measured, so a great deal of data can be extracted from the measurements and many problems can be prevented. According to the leader, it is usually difficult for more inexperienced leaders to get used to it, but over time they have to understand and

accept that subordinates can have much more knowledge in the sub-areas than the leader himself, thus the main task of the leader is to coordinate this knowledge to solve tasks and to achieve outstanding results. A leader's excellent delegating ability can give the organization a competitive advantage, while, if this ability is ineffective, it can also cause a serious disadvantage (Gál, Popovics, Katonáné Kovács, Gergely, & Árváné Ványi, 2017; Nouar and Popovics, 2022).

Due to the characteristics of the multinational environment, the regional leader's main expectation of himself and his employees is the fulfillment of the annual plans, which, if the employees fulfill them, the leader also fulfills them, since these plans are related.

"For me, performance is primary, and form is secondary." Within certain limits, employees can freely decide how they want to work, whether they work in the home office or in the office, how many hours and when they work is a secondary consideration for the leader. Performance and business success are most important.

I also asked about the skills of the perfect, outstanding employee for him, which he described with three qualities.

"Professional knowledge is very important and so is performance, be a team player and don't destroy the community, that's enough for me."

In the next question, I investigated whether it is the task of the leader in the multi-environment to select the most suitable employees and whether he considers it his task to maintain a good relationship between the employees.

Based on the leader's answers, I concluded that the higher a position becomes vacant, the higher the decision will be made by a person or persons in a higher management position. In general, HR advertises, searches, filters, but ultimately makes a recommendation, and then the leader or/and management decides. Ultimately, the leader must put his team together, as he is responsible for the fulfillment of plans and goals, even if this is not always 100% fulfilled.

A good leader must motivate his subordinates, the main motivational factors include salary, rewards, incentives, bonuses, creating a working atmosphere and working environment, tools, the number of days off, listening to opinions, advancement, career opportunities.

The leader mentions that different motivating factors will be important for people with different personalities. He, as a leader, consciously applies the DISC model, classifies his subordinates into personality types and treats them in the most suitable way, characteristic of the given person's personality type. The leader is responsible for the relations between the employees, and the leader fully agreed with this statement. In order to improve team morale and the smooth operation of processes between

employees, the leader must deal with the resolution of conflicts that arise in his team.

I was wondering if education or experience is more important to become a good leader. In the opinion of the experienced interviewee, studies are important, it is extremely difficult to get by without a diploma in the multinational company or corporate (with few exceptions), in the vast majority of cases this is a condition for entry, but he adds that in the long term, experience helps more, in an extremely fast-changing environment, good decisions make an individual to become a really good leader.

Due to the peculiarities of the multinational environment, the feedback is continuous.

In the corporate, the mission, vision, organizational and individual goals are clearly and unequivocally accessible to the employees and they are aware of them. As a leader, he pays particular attention to communicating this and keeping it in mind.

Becoming a leader can be learned, but you also have to be born into it on some level. The leader ended the interview with the following thought: "Many things can be learned, but there are qualities and things that cannot be taught".

## CONCLUSIONS

Regardless of the size of the company, professional competence, preparedness, awareness, ability to motivate, consistency, responsibility, fairness are the qualities of a good leader. Good leaders recognize that when their team soars, so do they (Templar, 2015).

Based on the in-depth interviews with the leaders, however, several important differences emerged. According to the fact that in large companies and in multinational companies, the degree of university education and the presence of confident knowledge of a foreign language are generally less important in the SME sector. Good communication and presentation skills are important qualities of a good leader, regardless of company size, but in a large company environment, they are a basic and mandatory requirement. The leader's daily task in a large company environment is to hold and protect presentations, while it is less typical in small and medium-sized enterprises. Leaders of SME's are often also the owners of the enterprise, in which case their ability to take risks is much greater than that of the leaders of large enterprises. Since in the case of SME's, the leader usually has to work with a smaller team than his large company colleague, they must ensure a higher degree of empathy, understanding, and humanity.

Mainly based on the leaderial interviews, it can be stated that good leaders of small and medium-sized enterprises, as well as large companies, must have many common qualities, yet there are special

characteristics and characteristics that depend on the size of the company.

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