Action leadership: a new model for contemporary Micro, Small and Medium-sized enterprises

Liderazgo en acción: un nuevo modelo para las micro, pequeñas y medianas empresas contemporáneas

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Abstract

Given the economic and social reality that MSMEs are experiencing in the post-pandemic world, it is necessary to have a new style of leaders who can solve new organizational problems, for which a new leadership model was generated that integrates previous theories. Three independent leadership theories were mixed to develop a multidimensional model that could facilitate a better leadership assessment aiming to analyze the most important characteristics that employees seek in a leader. Data from 384 MSMEs employees was collected to analyze 31 combined items from three instruments to assess
transformational, authentic, and learning leadership. This data was analyzed for validity using exploratory and confirmatory factor analyzes, resulting in a new model that could help researchers to collect reliable data that could be analyzed using the lens of this new model that receives the name of “action leadership”. This new multidimensional model will facilitate the development of better working environments in MSMEs, guiding the efforts of their leaders to be able to fulfil the needs of their employees and their expectations about how their leaders solve the challenges.

**Keywords:** Action Leadership; Transformational leadership; MSME´s

**JEL codes:** M10, M12, M14

**1. Introduction**

The environment in which organizations currently operate is characterized by being very competitive and highly volatile, making it uncertain and unpredictable. If we add to the above the not-so-encouraging effects from an economic and consumer point of view, which put countless companies on the verge of closure as a result of the sanitary confinement imposed by health authorities around the world, due to the pandemic of
COVID-19, where the suspension of economic activities of all businesses and companies was decreed for more than 20 months, preventing them from having direct contact with their customers and therefore directly marketing their products and/or services; The above brought together enough elements to create the perfect storm, becoming an environment where only companies that are capable of responding quickly and assertively to the requirements of their clients and their contexts will be able to survive.

In these circumstances, all types of companies without distinction of size, line of business and nationality had to face the adversity described. Not only were they dealing with their own internal problems, but they were also hit by a crisis that left them commercially vulnerable, due to the lack of sales and the health restrictions imposed, which led the companies to suffer from a lack of income, and many of them in this process ended up closing their operations because they were not financially affordable.

Without a doubt, as the size of the company decreases, the difficulty in overcoming adversities is greater; In this way, the companies that suffered the most were micro, small and medium-sized enterprises (MSMEs), that in Latin America and the Caribbean, according to information from the Organization for Economic Cooperation and Development (2020) and González, Arroyo and Alvídez (2023), state that MSMEs constitute 99% of existing companies and generate 60% of employment, and particularly in Mexico they represent 99.8% of the total existing economic units, employing 72.3% of the available workforce. For Saavedra and Hernández (2008), MSMEs in Mexico and Latin America are essential for the development and dynamism of the economy, due to the contribution they make to the GDP, due to the significant number of jobs they generate, and due to the number of products they manufacture and market. in all the nations where they are. Hence the importance of studying this type of companies.

Furthermore, Célis-Salazar and Silva-Giraldo (2018) maintain that MSMEs have an impact on the macroeconomic indicators of the country where they operate, because in addition to providing employment by employing labor, they generate wealth, helping to strengthen and energize the economy. Based on the above, the importance of studying this type of company is clear, but it must be considered that a crucial part of the survival of these companies due to their size lies in the leader of the organization; in the decisions they make and in how they direct their
subordinates and set the direction of the organization. However, not all leaders, nor all styles, respond to the needs of current organizations; especially after what was said above and after the operational crisis, where the surviving companies had to rebuild themselves so as not to disappear.

Currently, the topic of leadership is undoubtedly one of the most written about, however, the volatility in which organizations are immersed indicates that we are not in an era of constant changes, but rather we are in a change of era, and as such, new opportunities and challenges for contemporary companies. For this reason, new approaches must be created in the study of leadership, which provide an effective and holistic response to the problems that organizations face. Derived from the above, the proposal develops a new theory of leadership that, in an emergent way, addresses and realizes a new conceptual vision to understand the role of the leader in this era. This is how an innovative theory is presented that assertively helps leaders and their organizations find answers in Action Leadership. This type of proactive, visionary leaders, interested in the development of human talent, is what is required in times like this.

Based on what has been stated so far, the objective of this research suggests making a new theoretical proposal for the leadership style required in the management of MSMEs.

1.1. Literature Review

In a highly globalized society like the current one, companies constantly generate new products and services to meet the consumption needs of their customers. This has caused significant changes in the markets for the consumption of goods and services, forcing business leaders to seek new ways of conducting business, and to encourage new leaders who have the social and personal skills necessary to face these challenges Arceo (2020). Even in countries like the U. S., where the study of leadership is a common practice in universities and research centers, 60% of its inhabitants consider that companies are run by people who are not suitable for the exercise of organizational leadership (Román-Rojas, 2020).

Currently, the academic environment affirms that leadership is a dyadic relationship between the leader and their followers and resides in the ability that the former possesses to articulate and manage the coordinated efforts of subordinates to reach specific goals. Therefore,
Leaders need to find ways to overcome the changes in the organizational environment and develop competitive and sustainable companies where information is excessive and disorganized (Gonos & Gallo, 2013; Iqbal, Anwar, & Haider, 2015; Gómez Romero, 2016; Benavides, 2017; Qian, Song, Jin, Wang, & Chen, 2018; Zhang, Song, Wang, & Guangjian, 2018; Sousa, 2019; Palazzeschi, Bucci, & Di Fabio, 2018; Cheung, Yeung, & Wu, 2018; Báez, 2019; López, De la Garza, & Zavala, 2020; Rojero-Jiménez, Gómez-Romero, & Arrieta-Cabrales, 2022; Cahyani, Diana, & Jamiah., 2023).

Leadership has been widely studied by the administration, as well as by related disciplines, since the mid-seventeenth century when authors such as Carlyle (1840) and Galton (1869) laid the foundations of the theory of the Great Man, and therefore, of the studies of greatness, leadership, and the exercise of power in business organizations. Since then, numerous studies and investigations have been published delimiting the historical study of this variable over time. However, one way to categorize its evolution chronologically is the one presented by García-Solarte (2015), who divides the study of this variable in four main approaches:

1. Feature Approach: Based on the theories about the Great Man, and the contributions of classical management theory. This approach defines the determining features of people who were supposedly born with the gift of leadership.

2. Behavioral approach: It emphasizes behavioral theories of psychology, and its main authors are Lewin, Lippitt and White (1939), Likert (1961), Blake and Mouton (1964), who state that leadership styles can be classified in two main aspects: An autocratic or task aspect whose main goal is the achievement of institutional objectives, and its counterpart, a democratic aspect that fosters interpersonal relationships.

3. Contingent Approach: This approach arises from the difficulty of the behavioral approach defining a single leadership style that will solve the problems of organizations in highly dynamic and competitive environments. This involved determining under which operational conditions each of the styles worked best, whether focused on tasks or people. There are two main models, the one developed by Fiedler (1971), who stated that the leadership style depended on the amount of power of the leader and the nature of the tasks.
The other model was developed by Hersey and Blanchard (1969) who established that, depending on the level of maturity of the worker, a certain style of leadership must be applied. Thus, autocratic leadership must be applied to less mature workers, while democratic models can be applied to mature workers.

4. Emerging approach: This approach is the most utilized during the last decade and its main theories are transformational leadership, authentic leadership and learning leadership. The first of these inherits the task and people approaches that were developed in the previously mentioned theories, in their transactional and transformational versions. Authentic leadership is the next evolutionary step of transformational leadership and tries to give a more ethical dimension to the exercise of power over subordinates by putting it not only at the service of organizational objectives, but also of the group interests of the workers. Finally, learning leadership promotes the need for companies willing to generate and transmit knowledge, both within the company and abroad.

It is precisely in this last approach where the present investigation focuses on, with the purpose of deepening into these theories and the possibility of generating a new leadership model that combines the main and predominant elements of transformational leadership, authentic leadership, and learning leadership.

1.2 Transformational Leadership

This theory was developed by Burns (1978) to delve into the task and people approach, which were called transactional and transformational leadership, respectively. This theory was studied in greater detail by Bass and Avolio (1990) who determined seven main factors of transformational leadership and unified the approaches of tasks and people. These factors are detailed below:

a. Idealized influence: Based on the characteristics of the charisma that a leader possesses according to authors such as Carlyle (1940), Weber (1993). It represents the quality of the leaders to inspire the subordination and obedience of the workers, product of their personal qualities. It is a characteristic of leadership widely studied even in recent times (Silva & Carvalho-Neto, 2012; Ganga-Contreras & Navarrete, 2014; Londoño-Proaño, 2022; Aden & Koshal, 2023).
b. Intellectual stimulation: Represents the degree to which employees are encouraged to solve organizational problems in different ways, as well as to promote the development of creativity and innovation within the organization. It is also known under the name of creative leadership and finds its foundation in the labor of Hersey and Blanchard (1969) and has been extensively developed by different authors (Drucker, 1985; Vizcaya, 2015; Labelle & Réyes-López, 2018; Jiménez & Torrens, 2018; Dilts & Sempau, 2022; Otong & Tagadiad, 2023).

c. Contingent rewards: This factor is typical of transactional leadership and implies the use of rewards for behaviors or levels of performance above the standard. Its origin is found in the performance incentive systems of Taylor (1994) published in 1911, in the coercive authoritarian style of Lewin, Lippitt, and White (1939), as well as the instrumentality motivation theories of Locke (1968) and Bandura (1986).

d. Individualized consideration: Represents the leader’s degree of awareness of the needs of his/her collaborators, the assignment of individual tasks, and the attention given to elements less integrated into group dynamics. It is based on the satisfaction of the physical and psychological needs of the workers (Maslow, 1943; Herzberg, Mausner, & Snyderman, 1959; Vroom, 1964), and also on the importance of the workers perceiving the leader’s concern for their needs (Likert, 1961; Blake & Mouton, 1964).

e. Management by exception: It is also based on the contributions of Taylor (1994) and represents the degree of information that the worker receives about the requirements of the assigned tasks, the expected performance, and the correction when goals are not reached (Kim & Lee, 2011; Madani, 2018).

f. Inspirational motivation: Represents the level at which the leader shares the business vision (Senge, 1990) with their collaborators, and the use of the cultural elements of the organization so that they understand their role within the company, giving meaning to their work. Its root is found in the most important motivation theories (Maslow, 1943; Herzberg, Mausner, & Snyderman, 1959; Vroom, 1964). Recently, studies have been carried out on this topic by (Saqib Khan, Amin, & Naveed, 2022; Alvi, 2023).
g. Laissez faire: It is the degree of freedom granted to subordinates to carry out their work as they see fit (Lewin, Lippitt, & White, 1939). However, for this to happen the worker’s labor and psychological maturity is a must (Hersey & Blanchard, 1969). Its main origin is the theories of motivational self-efficacy and implies that the leader’s participation is only carried out when the tasks cannot be resolved by the collaborators (Wellman & LePine, 2017; Khan & Tidman, 2021; Lundmark, Richter, & Tafvelin, 2021; Achhnani, 2021; Ahsan & Khalid, 2023).

Due to the magnitude of this model in the academic literature of administration, it is one of the theories chosen in this research. As expressed by Dimitrov and Darova (2016) it is the leadership theory that has marked the end of the 20th century and the beginning of the 21st century.

1.3 Authentic Leadership

Due to the brevity of its postulation in the academic field, authentic leadership is little known by leadership scholars and practitioners (Mubashar & Fida, 2023). Although the objective of leadership is to take advantage of the efforts of collaborators, in some cases, the improper use of power by supervisors or leaders often causes organizational dehumanization (Caesens, Nguyen, & Stinglhamber, 2019). That is why some authors have chosen to assess the impact of authentic leadership on organizational dehumanization, finding an inversely proportional relationship between these variables (Sainz, Delgado, & Moriano, 2021), that is, authentic leadership promotes behaviors or conducts focused on respect for the human and labor dignity of workers.

Authentic leadership arises because of the reflection on the conduct of organizational leaders in the Enron, Tyco and some other cases, which caused considerable economic losses not only for the companies, but also severely affected the economies of the countries generating laws like Sarbanes-Oxley. Derived from these behaviors in organizational leaders is that Bill George (2003, 2007) creates the concept of authentic leadership. Authentic leadership has been defined as the product of real psychological abilities and capacities by leaders through self-aware states and self-regulated positive behaviors to promote reciprocal self-development at the axiological level, individually, and in groups in an advanced business environment (Luthans & Avolio, 2003; Avolio & Gardner, 2005). Thus, we can define that authentic leadership is the next
evolutionary step of transformational leadership by providing a more human and ethical perspective to leadership; by giving a sense and identity of service to the workers of the organization, which is possible thanks to the fact that “Based on the theoretical study of leadership styles and social learning theory, it is explained that employees acquire values, emotions, attitudes and behaviors from leaders” (Mehrad, Fernández-Castro, & Olmedo, 2020, p. 67).

Additionally, Walumbwa states that “it is a pattern of behavior that promotes and is inspired by both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, internalized morality, balanced information processing, and transparency in the relationships between the leader and the followers” (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008, p. 94).

This allows us to clarify what the dimensions of authentic leadership are, which were defined through a study carried out by Walumbwa et al. (2008):

a. Self-awareness: This dimension represents the self-knowledge of strengths and weaknesses of the leader or manager. It is based on one of the five disciplines of Senge (1990), which establishes the full knowledge of the mental models of the leader (Sebastian & Hühn, 2023).

b. Transparency in relationships: This dimension implies that the leaders show themselves to others as they are, without fake personalities or behaviors, but rather expressing their true intentions towards the workers, showing coherence between their way of thinking, feeling, and acting with their subordinates (Martin, et al., 2013; Xu, Loi, & Ngo, 2014).

c. Balanced processing: This dimension refers to the leader’s abilities to make appropriate decisions based on a detailed analysis of the information and the goals to be achieved. Likewise, it implies the ability to request other points of view, even when they may be opposed to their beliefs, exercising a democratic and participatory leadership proposed by Lewin, Lippitt and White (1939) and Likert (1961). Moreover, this dimension is also based on the personal domain discipline of Senge (1990) by not allowing emotions or feelings to influence the rational decisions that the leader must make.
d. Internalized morale: This dimension is the leaders’ ability to self-regulate their behavior according to their values and principles, without being influenced by group or social pressures. In the academic literature on authentic leadership, this dimension is extremely valuable, giving meaning to the remaining three dimensions, as it is the axiological basis of authentic leadership and ethical leadership (Ferrell & Ferrell, 2011; Langvardt, 2012; McCann & Holt, 2013; Skubinn & Herzog, 2014; Eisenbeiss, van Knippenberg, & Fahrbach, 2014).

The leadership through the transactional approach provides organizations with a way to perform tasks more efficiently and is also a way to prolong the effort and strengthen the organizational identity. Furthermore, leadership provides a sense of how to perform its tasks while respecting the dignity of the worker, and at the same time strengthening socially responsible behavior in the leader. However, how can this form of work be maintained over time? This becomes considerably more difficult if we consider that leaders can also be removed or promoted in their responsibilities. For this reason, it is necessary for leadership to be reflected in the organizational culture, in such a way that, despite the changes that may arise in those who occupy positions of power in the organization, the nature of the company continues to work under the fundamentals of transformational leadership and authentic leadership.

1.4 Learning Leadership

The concept of “learning” organizations became popular towards the end of the 20th century with the publication “The Fifth Discipline” by Senge (1990), who presented a series of organizational practices that allowed the company to adapt and transmit knowledge for solving problems and everyday challenges (Elkjaer, 2020).

According to Buch (2020), organizational learning occurs when people learn as a community and acquire new ways of working. This results in innovation and high effectiveness since it provides organizations with the tools for knowledge acquisition, information distribution and understanding of the company’s operation (Iqbal, Shah, Shabbir Ali, & Shahzadi, 2021). Gorzelany-Dziadkowiec (2015) states that the company must manage knowledge as the most valuable and strategic resource to modify procedures and adapt organizations to the environmental conditions in order to make them highly competitive. However, for this to happen, not only the workers’ participation is necessary, “but also, and above all, the managers’ “ (p.336). For these reasons, Yeung, Ulrich,
Nason and Von Glinow (1999) made a publication where they defined 12 characteristics of the leaders of learning organizations, which are categorized into Gómez Romero (2016) three main groups:

a) Trainer: Interested in training and developing their staff.
   • Is a leader who coaches or trains their collaborators.
   • Promotes dialogue with their followers.
   • Educates their workers.

b) Experimenter: Concerned with finding new ways to carry out activities seeking how to improve them.
   • Generates ideas with their followers.
   • Listens to their workers.
   • Explores new procedures and solutions to problems.

c) Visionary: Motivates their followers in search of challenges and goals.
   • Generates innovative ideas.
   • Promotes proposals that benefit everyone.
   • Shares information with their staff.

Now that these three important models of leadership have been presented, this work aims to develop a model that involves these theories. The resulting unifying model of leadership will have the purpose of helping MSMEs to exercise better leadership practices within their organizations.

2. Methods

All statistics tests were conducted using the software R (R Development Core Team, 2012).

2.1. Instruments

Three different instruments for assessing leadership were used aiming to establish a new multidimensional model to better describe the main characteristics of a leader in the MSMEs context. The three instruments: 1) transformational leadership (Bass & Avolio, 1990), 2) authentic leadership (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008), and 3) learning leadership (Yeung, Ulrich, Nason, & Von Glinow, 1999) were selected for this study due to their reliability to assess leadership aspects in business research from companies of different contexts and
cultures (Tejeda, Terri, & Rajnandini, 2001; Calderón Mafud, Beltrán, & Pando-Moreno, 2020).

The MLQ-6S instrument (Bass & Avolio, 1990) was selected for the transformational leadership to assess this variable using 14 items divided in seven subconstructs. For the authentic leadership instrument (George, 2003) eight items were considered to assess four subconstructs of this variable. And for the learning leadership instrument (Gómez Romero, 2016) nine items were used to assess three subconstructs. All these instruments use a 5-point Likert scale ranging from 1 to 5 to assess leadership.

The 31 items from the three instruments were combined aiming to develop a new model for assessing MSMEs leadership in a multidimensional way for Latin American populations.

2.2 Participants

Data was collected from 384 employees of MSMEs in a Northern city of Mexico. From this population, 204 participants were males and 174 females. The whole sample \( n=384 \) was divided in two halves \( n=192 \) for conducting different factorial analyses. The sample size of both halves was considered big enough for the factorial analyses since Cattell (1978) suggests a ratio sample size between three and six subjects per item, while Gorsuch (1983) suggests a minimum of five subjects per item for each factorial analysis. Both samples used for the factorial analyses were above these suggestions, with 192 participants to analyze 31 items for a ratio of 6.19 subjects per item. Additionally, the Kaiser-Meyer-Olkin (KMO) test was conducted to analyze the items correlation of the sample (Kaiser, 1970). The KMO of the first and second halves of the sample was 0.91 and 0.95 respectively, suggesting that these samples were adequate for conducting factorial analyses (Hutcheson & Sofroniou, 1999).

The normality of the samples was tested using the skewness, Kurtosis and Mardian tests expecting a normal distribution of the data that could facilitate the factorial analyses process (Curran et al., 1996; Muthent & Kaplan, 1992).

2.3 Exploratory Factor Analysis

The exploratory factor analysis (EFA) is a data driven test that generates a factorial model that determines if there is an underlying latent structure between the items of an instrument [75]. The EFA is usually conducted in social sciences research when researchers are designing or adapting new instruments (Lee et al., 2018).
The whole sample (n = 384) showed a non-normal distribution with skewness values ranging from -0.6542 to 0.4944, Kurtosis values from 1.9221 to 2.7037; and a Mardia’s coefficient $p$-value < 0.001 indicating a violation of the multivariate normality. Following these results an EFA was conducted using an ordinary least squares estimator to find the minimum residual solution. This is a maximum likelihood with robust standard errors EFA that fits non-normal data distributions (Revelle, 2014). A promax rotation was selected to conduct the EFA to allow correlations between factors during the process, aiming to obtain a more realistic interpretation of the multidimensional model (Fabrigar et al., 1999) For this EFA results interpretation, a cutoff value of 0.32 or higher was established for the correlation factors to consider an item as a part of one factor (Tabachnick & Fidell, 2001).

Before conducting the EFA, both a scree plot test, and a parallel analysis were conducted aiming to determine the most appropriate number of factors for conducting the EFA (Kaiser, 1970; Fabrigar et al., 1999). The results of these two tests were compared side by side resulting in an EFA with three factors, which were in line with the theories of business leadership that were used to develop this new multidimensional model: 1) transformational leadership, 2) authentic leadership, and 3) learning leadership.

2.4 Confirmatory Factor Analysis

A confirmatory factor analysis (CFA) was conducted with the second half of the sample (n=192) following the EFA results. The CFA was conducted with the items that grouped in one of the three subconstructs established by the EFA results with a factor loading of 0.32 or higher. The CFA explicitly test the model suggested by the researcher, testing if each item is loading in the latent factor suggested by the EFA results (Brown, 2015; Fernández et al., 2010). The items covariation was allowed during the CFA to continue with the promax rotation structure that was used for the EFA (Fabrigar et al., 1999).

Several fit indices were used to evaluate the CFA results and the significance level of the items grouping within one of the three subconstructs of the multidimensional model of business leadership. These fit indices included chi-square, which should be non-significant at a $p$-value > 0.05 [81]; Comparative Fit Index (CFI), expecting acceptable values above 0.95 (Brown, 2015; Hu & Bentler, 1999); Tucker Lewis Index (TLI), expecting acceptable values above 0.95 (Brown, 2015; Hu & Bentler, 1999);
and root mean square error of approximation (RMSEA), expecting values less than 0.08 for moderate fit, 0.05 for a good fit, or 0.01 for excellent fit (MacCallum et al., 1996). Due to the non-normal distribution of the data, the Satorra-Bentler correction was used during the CFA aiming to adjust the fit indices and the chi-square with the goal of finding a more robust solution for the CFA. During the CFA, the items with lower factor loadings (slightly above the cutoff line of 0.32) from the EFA results were deleted one by one to run an additional CFA aiming to improve the fit indices, and this process was repeated several times until reaching the necessary statistical significance (Batista-Foguet et al., 2004). The elimination of items during both, the EFA and the CFA is a common practice during the validation process of new and adapted instruments (Lee et al., 2018; Morán-Soto & González Peña, 2022), and losing items would ultimately help to validate the data collected with the multidimensional MSMEs leadership instrument. Figure 1 shows the validation process of the new multidimensional leadership model describing the psychometric tests.

**Figure 1.** Psychometric validation tests designs for the multidimensional leadership model.
2.5 Internal Consistency

At the end of the validation process, the internal consistency of the 22 remaining items was tested using Cronbach’s alpha (α) tests for each of the three subconstructs, expecting values of 0.8 or higher (Thorndike & Thorndike-Christ, 2010).

3. Results

3.1 Exploratory Factor Analysis

The results of the EFA are shown in Table 1. This table does not show the five items that were deleted for not reaching the minimum factor loadings required during the EFA, three from the transformational leadership (e.g. My boss rewards those who share knowledge with others), one from the authentic leadership (The others have full confidence in my boss and feel good in their company), and one from the learning leadership subconstructs (My boss helps us find meaning in our work).

Table 1. EFA results showing all items that loaded to a factor with a correlation factor greater than cutoff value of 0.32.

<table>
<thead>
<tr>
<th>Item</th>
<th>Transformational Leadership</th>
<th>Authentic Leadership</th>
<th>Learning Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1*</td>
<td>0.38</td>
<td></td>
<td>0.38</td>
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<tr>
<td>X2</td>
<td>0.66</td>
<td></td>
<td>0.66</td>
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<tr>
<td>X3</td>
<td>0.70</td>
<td></td>
<td>0.70</td>
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<tr>
<td>X4*</td>
<td>0.34</td>
<td></td>
<td>0.34</td>
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<tr>
<td>X5</td>
<td>0.44</td>
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<td>0.44</td>
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<tr>
<td>X7</td>
<td>0.63</td>
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<td>0.63</td>
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<tr>
<td>X8</td>
<td>0.67</td>
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<td>0.67</td>
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<tr>
<td>X9</td>
<td>0.82</td>
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<td>0.82</td>
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<tr>
<td>X10</td>
<td>0.78</td>
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<td>0.78</td>
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<td>X11</td>
<td>0.53</td>
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<td>0.53</td>
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<td>X12</td>
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<tr>
<td>X14</td>
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<td>0.82</td>
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<td>X15</td>
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<tr>
<td>X17</td>
<td>0.44</td>
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<tr>
<td>X18</td>
<td>0.68</td>
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###ItemImage Transformational Leadership Authentic Leadership Learning Leadership

<table>
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<th>Item</th>
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<th>Authentic Leadership</th>
<th>Learning Leadership</th>
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</thead>
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<td>X22</td>
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<td>X23</td>
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<tr>
<td>X24</td>
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<td>X25</td>
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<td>X26*</td>
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<td>X30</td>
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<tr>
<td>X31</td>
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Items with an * were deleted one by one during the CFA aiming to improve the fit indices.

#### 3.2 confirmatory Factor Analysis

The CFA was conducted with the 26 remaining items after the EFA results (see Table 1). The fit indices with these 26 items did not reach the accepted values, hence the items with the lower factor loadings from the EFA (slightly above the cutoff line of 0.32) and the CFA were systematically deleted (see Table 1) aiming to strengthen the fit indices of the new model as suggested by Brown (2015) and Hu and Bentler (1999). Four additional items were deleted following this methodology, two from the transformational leadership (e.g. My boss explains to the workers how to do things), one from the authentic leadership (My boss’s actions reflect their personal values), and one from the learning leadership subconstructs (My boss looks outside the company for people who can provide different solutions to those used previously). Losing the items with the weaker factor loadings resulted in a stronger model to assess leadership in MSMEs, which ultimately provided evidence that the remaining items could describe this type of leadership in a thorough way by establishing the subconstructs that better explain how leadership is perceived by MSMEs employees.

At the end, the final version of the instrument for assessing business leadership kept 22 items (see Table 1). The CFA results for this model were acceptable with fit indices of 0.957 for the Comparative Fit Index, 0.952 for the Tucker Lewis Index, and a root mean square error of approximation value of 0.056. Although the chi-square statistic was significant
at a p-value < 0.001, these fit indices were considered a good model fit due to the relatively small sample size of the second half of the sample (n=192). All the correlations tested with the CFA were significant at a p-value < 0.001, suggesting that this multidimensional model could be used to collect and analyze data about MSMEs leadership with similar populations.

3.3 Internal Consistency

The Cronbach’s alpha values of the three constructs resulting from the factor analyses showed acceptable internal reliability coefficients, with $\alpha = 0.949$ for the transformational leadership, $\alpha = 0.861$ for the authentic leadership, and $\alpha = 0.803$ for the learning leadership.

3.4 The Transformational Leadership Subconstruct

The transformational leadership subconstruct kept 13 items after the factor analyses, keeping most of their original items and absorbing some of the items that were supposed to load in the learning leadership subconstruct according to the original theory. An additional EFA was conducted with the 13 items that the transformational leadership subconstruct kept. This EFA was considered necessary to determine the number of subconstructs that the transformational leadership subconstruct should have, since this subconstruct took away the three items assessing the visionary leadership from the learning leadership subconstruct, and kept only one item from the individual consideration, the idealistic influence, the laissez faire, and the contingency rewards transformational leadership subconstructs (Fabrigar et al., 1999). The EFA results showed that the best way to classify the transformational leadership subconstruct was in two subconstructs of six and seven items, with items X8, X9, X10, X11, X12, and X14 for the first subconstruct (see Figure 1), and items X7, X15, X17, X18, X20, X21, and X23 for the second subconstruct (see Figure 1). It is important to highlight that the correlation factors for the 13 items analyzed with this additional EFA were all above 0.47, and no items were deleted from the transformational leadership subconstruct analysis.
Learning leadership

<table>
<thead>
<tr>
<th>X2</th>
<th>My boss wants to experiment with new ideas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>X3</td>
<td>My boss makes time to talk to others and learn from them.</td>
</tr>
<tr>
<td>X5</td>
<td>My boss encourages us to seek and achieve success in our activities.</td>
</tr>
</tbody>
</table>

Transformational leadership

<table>
<thead>
<tr>
<th>X7</th>
<th>My boss facilitates dialogue and exchanges ideas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>X8</td>
<td>My boss shares the information.</td>
</tr>
<tr>
<td>X9</td>
<td>My boss shares a vision of what they want for the organization.</td>
</tr>
<tr>
<td>X10</td>
<td>My boss is pleased when we agree to improve our performance.</td>
</tr>
<tr>
<td>X11</td>
<td>My boss sets the standards that we must know to carry out our work.</td>
</tr>
<tr>
<td>X12</td>
<td>My boss expresses their opinion about the work done by others and how they can improve it</td>
</tr>
<tr>
<td>X14</td>
<td>The boss provides others with new ways to solve challenges and problems</td>
</tr>
<tr>
<td>X15</td>
<td>The boss gets the others to think through things that they had never considered before.</td>
</tr>
<tr>
<td>X17</td>
<td>We are proud to work with my boss.</td>
</tr>
<tr>
<td>X18</td>
<td>My boss enjoys when the rest of us work with the usual procedures.</td>
</tr>
<tr>
<td>X20</td>
<td>My boss provides a compelling picture of what we can achieve.</td>
</tr>
<tr>
<td>X22</td>
<td>My boss tells us what to do if we want to be rewarded for our work.</td>
</tr>
<tr>
<td>X23</td>
<td>My boss recognizes/rewards when we reach our goals</td>
</tr>
</tbody>
</table>

Authentic leadership

<table>
<thead>
<tr>
<th>X24</th>
<th>My boss openly acknowledges their weaknesses and strengths.</th>
</tr>
</thead>
<tbody>
<tr>
<td>X25</td>
<td>My boss shares their experiences and how it helped them learn more about himself.</td>
</tr>
<tr>
<td>X28</td>
<td>My boss seeks the opinions of others before making a decision.</td>
</tr>
<tr>
<td>X29</td>
<td>My boss listens very carefully to other people’s ideas before making decisions.</td>
</tr>
<tr>
<td>X30</td>
<td>My boss openly shares my feelings with others and lets others know who they are as a person.</td>
</tr>
<tr>
<td>X31</td>
<td>My boss admits their mistakes in front of others.</td>
</tr>
</tbody>
</table>

**Figure 1.** Final version of the instrument to assess multidimensional business leadership.

### 4. Discussion

This research has allowed the integration of the main leadership theories over the last 30 years, but also, taking into account the volatility of the environment where organizations are inserted and that changes are constant, the intention is to present a new leadership model that helps respond to new organizational challenges and assertively addresses his subordinates. In this regard, Camacho (2022) comments that the leader must learn intelligently to relate individually to each of his subordinates to encourage them to find alternative solutions to their difficulties and organizational challenges and all this will be a strategic benefit for the
organization. Transformational leadership has been considered the most influential leadership theory from the end of the last century to the present day. On the other hand, authentic leadership is considered the next evolutionary step of transformational leadership due to its deep ethical roots and self-knowledge of the leader, which harmonizes with Peter Senge’s “fifth discipline” theories, but also with the need of having leaders concerned not only with organizational development, but also with the personal and social growth of their collaborators, establishing a human vision of organizations. The third theory, learning leadership, comes from one of the main administrative theories of our time: intelligent organizations, which are the ones promoting organizational learning in companies, and thus, allowing the establishment of organic structures adaptable to the current conditions of the goods markets and services. In this sense, the leader of these organizations should deal with the generation of knowledge and its socialization, that is, exercising learning leadership.

The results of the statistical tests give certainty that the three theories or constructs analyzed in order to create a new multidimensional model to measure MSMEs leadership behave as expected. This model can be used in future studies in contexts like the ones presented in this research.

It is important to emphasize that each of the constructs of the action leadership model enriches the concept of what a leader is while it also provides necessary information about each of the leader’s phases. Employees can then recognize them in their boss and see if they actually take their corresponding role in the company. Pinto Aragón, Mendoza & Villa (2021) comment that it should be considered that the leader of the organization must be a person who combines skills and attitudes in an interdisciplinary manner that generate a current of influence on his followers, allowing him to positively influence the community, and that is exactly what the model proposed in this research seeks. By merging these constructs, the potential of the theories is maximized; generating an integrating a new model composed by the three groups of items described in Figure 1, which, when grouped and analyzed, can be integrated into three concepts or actions typical of this new leadership model called “Action Leadership”.

This Leadership model receives that name since it can be described through three basic actions (see Figure 2), which are:
1. **Establish a reconciled vision:** This construct has 13 items divided in two subconstructs. The first subconstruct (6 items) was called shared vision due to the need for the leader and his followers to agree on their vision of the company; and the second subconstruct (7 items) was called reconciliation of interests because a negotiation is necessary to establish mutual benefits for the organization (see Figure 2). All these 13 items were considered as a part of Peter Senge’s principle of shared vision. However, the main difference is that Senge proposed that the leader shared and motivated the workers to join the vision established by the company’s top management, while this first group of items allows for the conciliation of interests and negotiation for obtaining mutual benefits between workers and the company. For this action, it is essential to understand the concept of instrumentality established by Vroom (1964), since it is what will allow an adequate functioning of this action due to the transaction between the worker base and the organization’s management.

2. **Build from transparency and participation:** This construct has 6 items divided in 2 subconstructs that kept their names used in the authentic leadership model (see Figure 2). It implies that leaders must show themselves as they are. Neither fostering an image of superiority and infallibility, nor manipulating from a false humility to provoke empathy and subsequent submission of their collaborators. Promote from the perspective of honesty relational transparency previously mentioned in authentic leadership. This can only be achieved if the leader is able to act coherently with respect to their personal beliefs and values; in addition to recognizing the value of all the collaborators’ contributions who, from their experience in the operational area of the organization, can promote substantially new more effective and efficient ways of working.

3. **Learning from innovation:** This action reflects the leader’s need to experiment with new ideas and procedures, while promoting the creativity of the collaborators in order to generate proposals that can solve particular problems detected in the organization, or new products/services that can meet the needs of customers. Although this construct is the one with the fewest number of items (three), all in the same construct (see Figure 2), a marked tendency towards experimentation and innovation in the productive processes of the organization is observed, that is, the formation of organic structures according to the model of Burns and Stalker (1961). This is extremely beneficial for organizations, as established by Zapata...
and Caldera (2008, p. 47) “... an effective company is not represented by a single model, wrong and stable over time, but rather constitutes an open system, permeable and conditioned to the permanent influence of a series of contingency factors”. This pinpoints the importance of innovative activities in the current business environment, since according to Newaz (2022), innovation is a potent competitive weapon. Basically, this new approach seeks to enable the leader to make appropriate decisions based on the creative opinion of his subordinates, as stated by Sánchez, Cajas and Tanqueño (2021), in other words to achieve a shared vision with his entire work team.

This new multidimensional model could generate reliable data to better understand the most important aspects of a leader in the MSMEs, facilitating the description of three actions that leaders should consider developing a good working environment. Additionally, to the rich description of these three leadership constructs, this model stresses the importance of showing and developing a very human vision of self-knowledge and self-control of the leader to be able to connect with their employees and subordinates.
In order to lead and direct a person it is necessary to know their motivations and needs. However, many of the leadership theories omit self-leadership: understanding one’s own needs and motivations, as well as the coherence in actions based on strengths and weaknesses that the leader perceives in their person.

Only the leader who is authentic with themselves can build from transparency and participation with their collaborators. And the understanding of the importance of their workers for the organization is fundamental for transforming a vision of the company through dialogue and conciliation. And solely the leader who has the humility to listen carefully to their subordinates and the creativity to develop new ideas will be able to learn from innovation.

5. Conclusions

The new multidimensional model for assessing leadership in the MSMEs presented in this research could be very helpful for collecting and analyzing information in similar contexts such as Latin American countries. Future research conducted using this model could help MSMEs to better understand their leaders’ performance and how their employees react to different types of leaders, helping them to develop an improve their working environment and organizational engagement (Rojero-Jiménez, Gómez-Romero, & Arrieta-Cabrales, 2022; Cahyani, Diana, & Jamiah., 2023). According to this Action Leadership model, and the most important action of the leader should be an act of deep reflection and analysis of their behavior in front of other people, as they have the power to influence and direct the efforts of other individuals. On the other hand, if he is not capable of leading himself from the actions described in this new model, he will never be able to be a leader of action. Due to the above, it is necessary to generate this unifying model to promote a new way of leading MSMEs, and thereby provide organizational leaders with new ways of solving their problems from more human perspectives, promoting a better performance facing all kind of business challenges.

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