Companies' Ownership Structure and Humane Leadership

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Abstract

A socially responsible company is expected to treat its employees in a humane way. We tested the hypotheses that a) the managers of familial businesses have a stronger humane orientation than the managers of non-familial businesses and b) a humane orientation has no negative effect on profitability. We conducted a questionnaire survey among managers in Hungarian manufacturing industry. A total of 197 managerial responses were received. We measured the humane orientation of the managers using the Leadership Competence Questionnaire module consisting of 36 items, which we grouped into the following factors beforehand: Self-efficacy, Performance motivation, Relationship orientation, Power motivation, Innovation, Openness. The group with the highest value for the humaneness factor was the group of highest productivity familial businesses. The ownership structure was found to have a greater influence on humane management than the domestic/foreign nature of the companies. At the same time, humane leadership was not typical for small businesses. We interpreted our results within the framework of situational leadership theory. A specific feature of this theoretical approach is that there is no single leadership style that can be said to be excellent, and that different leadership styles can be good if they are appropriate to the situation. We characterised leaders' relationship orientation as an indicator of humaneness, which is an effective leadership competence when used in appropriate situations.

Keywords

leadership, humane competence, humane leadership, situational leadership theory, productivity, family-owned firms

1 Introduction

Recently, the humane side of management has once again come to the fore. In the literature, research papers dealing with soft resources, competences and organisational factors are becoming increasingly prominent (Szanyi-Gyenes and Almási, 2021). Humane competence is seen as being a meaningful leadership tool that can make leaders more effective while also helping to increase performance and satisfaction levels in the organisation (Sandberg, 2000). Gallo and Hlupic (2019) recommend shifting towards humane leadership, where trust and respect characterise organisational operation. In their leadership model, three of the six dimensions relate to people (culture, relationships, and individuals) and three to business processes (strategy, systems, resources). Hougaard and Carter (2021) describe the main elements of becoming a more humane leader. Increasing firms' efficiency and being a humane leader are not suggested to be in contrast. Instead, Hougaard et al. (2020) recommended

that for effective leadership, compassion must be combined with wisdom (leadership competence and effectiveness), and this is especially so in an economic crisis.

The original purpose of our questionnaire survey was to investigate the relationship between:

1. companies' performance and,
2. managers' characteristics in Hungarian manufacturing industry in 2018.

We used the Leadership Competence Questionnaire to test the importance of leadership competences to companies' financial effectiveness. We identified a five-component factor structure of leadership competences:

1. innovation,
2. power,
3. performance,
4. problem solving and,
5. humaneness.

During our previous research, we found significant differences between the leadership characteristics of companies with high and low productivity, but it is not possible to identify universally ideal leadership behaviour that applies under all circumstances. Hence, we instead investigated the impact of individual leadership competence factors on company performance separately under different conditions. The present paper focuses on the humane factor that describes the relationship-oriented characteristics of leadership. The results of our previous research were contradictory. The results found in this work revealed that the leaders of the most productive companies were the most characterised by humane leadership, but the leaders of the group with the lowest productivity paid more attention to their employees than the leaders of the middle productivity group. We wanted to find an explanation for this phenomenon. Our starting point was that while paying attention to people can help improve corporate performance, it is not enough on its own. We regard humane leadership as a value in itself, which, combined with appropriate leadership competences, can lead to excellent company performance.

In our research about Hungarian manufacturing companies, we primarily examined the effect of ownership structure on humane management, and secondly, we examined the effect of humane leadership on companies' performance.

2 Literature review
2.1 Situational leadership
Different types of leadership behaviour can only be effective if they are appropriate to the situation (Blanchard, 2018; Hersey and Blanchard, 1977). Among the myriad leadership theories and practices, there is a serious dilemma as to which is "best" (Allio, 2013). This dilemma is resolved by the situational leadership approach with the strong position that there is no single, exclusive effective leadership style. Indeed, which leadership style will be effective depends mostly on the characteristics of the situation. The original theory defines ideal leadership behaviour by reference to "follower competence and commitment". These two aspects form a matrix and help to determine the appropriate leadership style for a given situation.

It is also important that leaders have a basic preference for which leadership style they will follow if the choice is given. The situational leadership methodology is based on the relationship between leaders and followers and provides a framework for analysing each situation based on

the level of performance readiness that followers demonstrate in the performance of a particular task, function or goal. Hersey and Blanchard's Situational Leadership Theory (SLT) proposes a taxonomy of four leadership styles, from directing to delegating, and a framework for matching each style to specific situations (Hersey, 1984). A situational leader can adopt one of the following leadership behavioural styles depending on the situation:

Directing (S1 leadership style): This style of leadership is needed when a team requires close supervision and constant guidance. Leaders who use a directive style can make all decisions and then communicate those decisions to the team. They maintain tight control over all processes. Their leadership behaviour is characterised by low task orientation and low relationship orientation (high directive, low supportive behaviour).

Coaching (S2 leadership style): This style is effective when the individual has already mastered some skills, but they are not yet fully developed. Here, in addition to the tasks, leaders also focus on supporting the individuals to develop their skills and to deepen the relationship and trust between them and the leader. This is the basis for building strong commitment in the future. This leadership behaviour is characterised by high task and high relationship orientation (high directive, high supportive behaviour).

Supporting (S3 leadership style): This leadership style works when team members are already competent in their skills, but their performance is somewhat inconsistent and they are not very committed to the team's end goal. It is at this stage that joint decisions are made and teams are formed. The leader needs to focus on the relationships within the group rather than on individual tasks (low directive, high supportive behaviour).

Delegating (S4 leadership style): This leadership style works when there are individuals with strong skills and strong commitment in the team, who are able to work and develop independently. The leader's role here is to monitor progress and stay involved in making certain decisions. There is no need for the leader to focus on tasks and relationships, but rather on high level goals and providing opportunities for each team member to develop. This is the leadership style of the leaders of the future (low directive, low supportive behaviour).

No particular style is considered to be the best for a leader. Rather, a leader using a situational style of leadership will use whichever style is best suited to a situation. This kind of flexibility and adaptability is extremely

important for a leader, and it suggests that the ability to switch between styles is at the heart of effective leadership.

As Thompson and Glasø (2015) detailed, Blanchard (2010) identified four levels of follower development and their corresponding alternate optimal styles of leadership. They found that Situational Leadership Theory principles work when leader rating and follower self-rating are congruent. Their data supported also that leader assessment would be a better basis for providing followers with appropriate direction and support. With a follower characterised as low on competence but high on commitment, a directing style of leadership would be appropriate (directing defined as low-supportive behaviour in conjunction with high-directive behaviour). The follower characterised as being low on competence in combination with low commitment, should benefit from a coaching style of leadership (coaching defined as high-supportive behaviour in conjunction with high-directive behaviour).

The follower who is moderate to high on competence but has variable commitment, should benefit from a supportive style of leadership (supportive defined as high-supportive behaviour in conjunction with low-directive behaviour). The follower, who is high on both competence and commitment, responds best to a delegating style of leadership (delegating defined as low-supportive behaviour in conjunction with low-directive behaviour).

2.2 Antecedents of the interpretation of humane leadership

According to the charismatic leadership concept of Jacobsen and House (2001), charisma includes personal characteristics (dominance, the desire to influence others, self-confidence, strong values), behavioural manifestations (assertion of a strong role model, competence, setting goals, communicating high expectations, expressing confidence, arousing internal motivation), and certain reactions on the part of subordinates (belief in the leader's ideologies, belief in the similarity between the leader and the followers, unquestioning acceptance, positive feelings towards the leader, obedience, identification with the leader, emotional involvement, elevated goals, increased confidence). Effective leadership can unfold in three of these. The model contains many elements that form the basis of the humane competences of management.

The concept of transformational leadership emphasises that the process of leadership unfolds through the leader-subordinate relationship. It is not only the qualities of the leader or the subordinate that matter, but also how their

relationship can develop. According to Burns' interpretation, the essence of transformational leadership is to explore and exploit the motivation of subordinates in order to achieve common goals. According to his idea, the essence of leadership is not power, but the leader-subordinate relationship itself and its course (Burns, 1978), and so is the humane side (Asbari, 2020; Bakker et al., 2023; Lee, 2014).

According to the theory of servant leadership (Greenleaf, 1970), the leader must serve their people, be aware of their people's characteristics and circumstances, and have an empathetic and supportive attitude towards the subordinates, because leadership is a service. The servant leader pays attention to the needs of their people and helps them to know as much as possible, to become free and independent. The servant leader strengthens their people with their presence, they have a serious social responsibility, and this leader does their best to ensure that there are no inequalities and injustices in the community (Mcquade et al., 2021; Neubert et al., 2022; Winston and Ryan, 2008). Greenleaf's original premise about servant leadership was relatively vague compared to other leadership approaches and models. Greenleaf's ethical theory of servant leadership (Greenleaf, 1970) is one of the altruistic theories of ethical leadership, since its main idea is that a leader should serve his people, be aware of the characteristics and circumstances of his people, and be empathetic and supportive of his subordinates. Servant leadership is a holistic leadership approach that engages followers in multiple dimensions (e.g., relational, ethical, emotional, spiritual), such that they are empowered to grow into what they are capable of becoming (Amah, 2018; Beck, 2014; Coetzer et al., 2017). Unlike performance-oriented leadership approaches that often "sacrifice people on the altar of profit and growth" (Sendjaya, 2015), servant leaders focus on sustainable performance over the long run. According to this theory, leadership is a ministry, and Greenleaf's (1970) main argument is that leadership is inherently about people who want to serve: before one becomes a leader, one becomes a servant. The servant leader attends to the needs of their people and helps them to become more knowledgeable, more free and autonomous, and more self-serving. A servant leader empowers their people by their presence. Iarocci (2018) identifies three key priorities (developing people, building a team based on trust, getting results), three key principles (serve first, persuade, empower) and three key practices (listening, delegating, connecting followers to the mission) to outline what servant leadership

looks like in the workplace. Russell and Stone (2002) described a functional model of servant leadership. The nine "functional attributes" of servant leadership are vision, honesty, integrity, trust, service, modelling, pioneering, valuing others, and empowerment. They also outlined 11 "accompanying qualities" which include communication, credibility, competence, stewardship, visibility, influence, persuasion, listening, encouragement, teaching and delegation.

Authentic leadership is a type of humane leadership (Walumbwa et al., 2007) that protects the ethical foundations of both leaders and organisations, and there is evidence of its positive impact on employees and organisations (Arriagada-Venegas et al., 2022; Hunt, 2017). A humane leader is authentic too. Developing the capacity for authentic leadership is an ongoing task, as is the development of subordinates. Through this process, both the leader and followers gain in self-awareness and develop open, transparent, trusting and honest relationships. The positive returns of an authentic leader-follower relationship are increased levels of follower trust in the leader, commitment, well-being at work and sustainable performance. Authentic leaders develop authentic followers through positive modelling.

According to ethical leadership theory, the most important task of the leader is chiefly to help the employees deal with conflict situations, so that the conflict situation helps the individual to learn and develop. For this purpose, the leader must use the authority that comes from their role, especially when the employees are unable to face difficult situations. In these situations, the manager creates a safe environment in which employees learn to face even particularly difficult problems. The emphasis is on the development of humane competences of the leader (Heifetz, 1994).

The concept of ethical leadership specifically focuses upon the moral and ethical aspects of leadership behaviour. Servant, authentic and transformational leaders do not specifically focus on ethical behaviour. Consequently, these leaders may or may not always be ethical depending upon their moral values (Huang et al., 2021; Yasir and Mohamad, 2016).

In the context of leadership, there are many situations that call into question the worth, suitability and adequacy of the individual, and therefore, in leadership, the capacity to be resilient is of particular importance. The resilient individual is able to remain balanced in the face of life's adversities (Rutter, 1990). Leadership itself involves a myriad of difficult situations where the leader

has to make decisions, take risks, and there is certainly the possibility of failure. Resilience is a dynamic process (Luthar et al., 2000), based on the human adaptive system, which includes the ability to self-regulate, the ability to relate to others, and the desire and motivation to cope with environmental factors (Masten, 2001). The factors that underpin resilience are essentially the protective factors of personality, which include the ability to adapt successfully to stressful situations (Rutter, 1985), and, according to Richardson (2002), the fundamental strength and motivation that helps individuals to learn and grow from difficult and confusing situations. Resilience is also an important quality in human leadership, equipping the leader with the ability to adapt flexibly. Resilience itself, according to King and Rothstein (2010), can be understood as a multidimensional structure with personal, interpersonal and environmental elements. According to them, a resilient leader has specific emotional, cognitive and behavioural characteristics. Resilience can be seen as a characteristic of the individual, but it can also be seen as a set of neurobiological and psychosocial processes through which the individual is able to reduce the impact of potentially negative factors that affect him or her (King and Rothstein, 2010).

2.3 Toward our own definition for humane leadership

If an organisation wants to be truly effective, it must understand the importance of employee engagement and their responsibility for the field of the "soft stuff". Research now shows that a comprehensive approach to the development of leaders, their teams and the wider organisation can have a dramatically positive effect. This is not merely a change, but a true shift towards humane leadership, where trust and respect permeate organisations (Hougaard and Carter, 2021).

Many people think that humane leadership is a choice that makes the leader a good person, but cannot be effective. The aforementioned principles prove that this is not the case, leading hard requires a lot of consistency and attention, which would not be possible without the humane competence of the leader. The outstanding competence of a leader who can lead with so-called hard empathy is their knowledge of people, with which they can tune in to their subordinates and by which they relate to their people and behave with them in a way that is good for them. In many cases, the subordinate thinks and wants something that they think would be good for them. A leader with hard empathy does not treat the subordinate according to what they want, but according to what they (the leader) know

would be good for the subordinate. All this includes a kind of leadership maturity, wisdom, passion and commitment to the mission of leadership (Hougaard et al., 2022).

We need such a definition and leadership practice that can ensure placing people over profit in order to make business more sustainable. This does not mean that profit is not important. With the constant threats of environmental change, economic crisis and geopolitical conflict, we need humane leadership more than ever in order to enable a sustainable and more peaceful world (Nathanson, 2017). Being a good person and being an effective leader are not mutually exclusive: the two aspects can work together.

Humane leadership is the attribute and leadership practice of the leader that is able and willing to deal with the relationship-oriented aspects of leadership. Already in the classic Hawthorne study (Jones, 1992), it became evident that workers are able to "complete themselves" and provide better performance just by having been paid attention to. The manager's humane competence, functioning accordingly, can be a plus that does not require extra invested energy on behalf of the manager, yet it has an impact on the performance and satisfaction of the employees that pays off many times over.

Humane leadership is about trusting others, being ethical, having compassion, and participating as a collective whole. Humane-oriented leadership focuses on supporting and showing compassion towards followers (Hunt, 2017). A humane leadership system is transparent and clear, has a mission, values, and expected behaviours. There should be transparent communication and collaboration vs. internal competition among its members. The activity of a humane leader can work in a caring and supportive organisational culture, where people feel appreciated and included. A humane leader understands that the key of organisational efficiency is the commitment of the employees to the organisation; therefore, in addition to achieving good performance, they constantly monitor the satisfaction factor, thereby laying the foundation for placing business performance on an upward trajectory. The key tenets of humane leadership are placing the needs of people over profit, to have empathy and respect for others.

A humane leader builds trust with their behaviour and consistently practises the competence of hard empathy. They give their subordinates what they need, not what they want. In addition to creating good working conditions, they set a standard for their colleagues that is not easy to meet, but the solution represents a challenge and professional progress. They are humane and understanding with their colleagues, but make sure not to let anyone get too close to them (Holt and Marques, 2012).

3 Research method

Nowadays, more and more attention is directed to the research of the CSR activities of family businesses. Previous research (Dam and Scholtens, 2012) found a negative relationship between corporate ownership and CSR. Campopiano and de Massis (2015) concluded that family firms are heterogeneous where CSR is concerned. Vazquez (2018), based on his systematic literature review, stated that research on family business ethics was scarce but increasing. He encouraged conducting further research based on the findings that family firms are different from non-family firms regarding ethical issues. In our research, we tested the hypothesis that the managers of familial businesses have a stronger humane orientation than the managers of non-familial businesses.

The online questionnaire was sent to a total of 3970 managers in the Hungarian manufacturing industry in 2018. 9.5% of the managers contacted showed initial interest in the questionnaire. A total of 197 managerial responses were received. 64.5% of the respondents were managers of domestic owned companies, while 35.5% responding managers led foreign-owned companies. Based on the number of employees, the majority of respondents (56.8%) managed firms belonging to the midsize category, but leaders of small companies (22.4%) and large companies (20.8%) were also represented in the sample. The composition of our company sample limited the conclusions drawn from the research. Our research did not cover analysing the effects of institutional investor, bank, state, or employee ownership. Moreover, our company sample did not include listed companies. Corporate and individual ownership characterised our company sample.

At first, we analysed the group of firms owned by families and the group of firms owned by a private person separately. Considering our research objective, we felt the need to define a new group called "familial businesses" after combining the many similarities found between these two groups. Familial companies are mainly small and medium-sized domestic companies. More than 75% of them have operated over 20 years. Familial companies' performance is not better than the performance of the non-familial businesses, but they do not significantly fall behind. The main reason for analysing the family-owned firms and the firms owned by a private person together was that the characteristics of their management were similar. Most of

the managers who participated in our research have spent more than 10 years at their present companies and have spent more than 5 years in a leadership position.

The main difference between familial and non-familial businesses was the dominant ownership participation in the operational management. In the case of family-owned firms and firms owned by a private person, the dominant owner participation in operational management was over 70%, with no differences between them. This rate was only 40% in case of non-familial business.

We measured the humane-orientation of the managers using the Leadership Competence Questionnaire module consisting of 36 items, which we grouped into the following factors beforehand: Self-efficacy (7 items), Performance motivation (7 items), Relationship orientation (7 items), Power motivation (7 items), Innovation, Openness (8 items).

Exploratory factor analysis was used to process the data; principal component analysis was used with Varimax rotation. To do this, we first checked the suitability of the data for factor analysis and obtained appropriate values: Kaiser-Meyer-Olkin (KMO) index: 0.853, Bartlett's spherical test: significant at $p < 0.001$. In the exploratory factor analysis, the data were sorted into eight factors, but five of these were found to be appropriate on analysis. As the factors explored beyond the five were not appropriate, they were removed. Thus, by rerunning the factor analysis (KMO = 0.857, Bartlett: $p < 0.001$), a five-component factor structure emerged with an explained variance of 57.78%. The first factor is Innovation (Eigenvalue: 9.15; explained variance: 15.36%); the second factor is Power (Eigenvalue: 3.04; explained variance: 12.53% of the total variance); the third factor is Performance (Eigenvalue: 1.97; explained variance: 12.04%); the fourth factor is Problem solving (Eigenvalue: 1.69; explained variance: 9.99%); fifth factor is Humaneness (Eigenvalue: 1.49, explained variance: 7.86%).

Present research focuses on the Humaneness factor. Since the focus of this research paper is the Humaneness factor, what it entails is explained in the following. Individuals who deserve high value on this scale are open to people, friendly and relationship-oriented. They like to talk, and they are eager to listen to others. They are interested in problems, thoughts and happenings in other people's lives. Even when out of work, they are open to connect with their colleagues, and others regard them as likeable people. Factor loads of the items in this scale range from 0.527 to 0.740. Items of this scale: "I also often talk about personal matters with my colleagues" (0.740). "I am interested in the problems of my colleagues" (0.710). "I like going out with my colleagues." (0.618). "My colleagues consider me a friendly person" (0.527).

We used an independent sample t-test to compare the humaneness factor of familial and non-familial firms. To properly interpret the relationship between cause and effect, we used the Lazarsfeld model, where the selection of control variables is the key. At first, we tested the potential effects of company size and foreign ownership on the humaneness factor. After this, we analysed how the characteristics of jobs and workforce affect the manager-subordinate relationship. We could only do the analysis indirectly. Reszegi and Juhász (2014) showed the influencing characteristics of the average wage on company performance. The high- and low-wage company categories used in our research are based on the research of Juhász et al. (2020). In our research, we assumed that the activities and functions performed by companies are related to the average wage. The more complex the tasks that are performed, the higher wages are paid, since it is necessary to pay for the expertise of the employees.

In our previous research, we used an approximate grouping regarding the companies' probable position in the global supply chain. In the case of foreign-owned companies, we found a significant relationship between productivity and customer structure. Foreign-owned companies are characterised by strong customer concentration and low average wages are assumed to be in a supplier position. In the case of domestically owned companies, becoming a supplier to multinational companies was the influencing factor. We classified 31 domestically owned companies, characterised by low average wages who consider becoming a supplier of multinational companies as a success factor, into the group of companies at the bottom of the supply chain. Overall, 45 companies (14 foreign + 31 domestic) were classified into the group of companies at the bottom of the supply chain. All other companies will be referred to as "other companies" in our research.

Our second hypothesis is that paying attention to people has no negative effect on company effectiveness. We regard humane leadership as a value in itself, which, combined with appropriate leadership competencies, can lead to good company performance. Our original research objective was to combine financial performance with soft management factors while maintaining anonymity. Juhász et al. (2020) made a financial analysis of

Hungarian manufacturing companies and clustered companies according to their total factor productivity (TFP). The value of TFP was 12.21 in the highest productivity companies' group (we refer to it later as TFP3). The value of TFP was 10.9 in the lowest productivity companies' group (we refer to it later as TFP1). In the middle cluster (TFP2) the value of TFP was 11.42. The significant difference between the clusters was tested using correlation and regression analysis.

4 Results

In our research, we hypothesise that ownership structure affects the leaders' attitude towards their subordinates. Since several researches deal with the comparison of foreign and domestically owned companies, we also analysed them. The average value of the humaneness factor for the managers of companies with majority domestic ownership was 0.051, and for the managers of foreign-owned companies, it shows a negative value (–0.093; the independent sample t-test did not reveal a significant difference). We assume that the difference lies in the fact that the proportion of familial businesses (71.8%) was higher in domestically owned companies than in foreign companies (49.3%).

The results of the independent t-tests verified our first hypothesis. The value of the humaneness factor of familial businesses' managers was more favourable (0.131) than in the case of non-familial businesses (–0.228). This connection was valid in the group of medium-sized companies (0.168; –0.180). Presumably, this relationship also existed in large companies, but due to the low number of items, the difference did not become significant (0.184; –0.356).

There was an unexpected result in the case of companies with fewer than 50 employees. Managers' humaneness attitudes were not strong in either group (–0.091; –0.145). The managers of small businesses were better characterised by the power factor (0.139), but there was no correlation between power and the humaneness factor. Based on our assumption, there are other influencing factors in the background, but due to the low number of small companies, we cannot conduct reliable detailed analyses.

One of the most important results of our research is that the managers of foreign-owned familial businesses are characterised by humane relationships (0.252), but this is not typical in the case of foreign-owned non-familial businesses (–0.336). The existence of foreign ownership does not determine the manager-subordinate relationship. The international expansion of family-owned

companies, the issue of manager selection, the expectations towards the managers and, in this context, the manager-subordinate relationship can be important research questions in the future.

In the case of domestic-owned companies, there was no evidence that the managers of familial businesses paid more attention to their subordinates than managers of non-familial businesses. (0.085, –0.106, sign: 0.396) Since this group is heterogeneous, a more detailed analysis is needed.

Our assumption that the characteristics of jobs and workforce affect the manager-subordinate relationship was justified. Managers of familial businesses with high average wages were characterised with the highest value of humaneness factor (0.282). The structure of the workforce itself does not determine the manager-subordinate relationship; the impact of the ownership structure and the owner's expectations can also be detected.

In addition to the owner's expectations, a company's position in the global supply chain is also decisive, but not on its own. Managers of companies at the bottom of the supply chain were characterised by negative value of humaneness factors (–0.010; –0.134), which meant that they considered other features more important to corporate success than their good relationship with subordinates. Within the group of companies with more opportunities, the managers of familial businesses were characterised by higher value of humaneness factor (0.174), than managers of non-familial firms (–0.247). Overall, we can accept the first hypothesis.

Our second hypothesis, that paying attention to people has no negative effect on company effectiveness was also verified. The highest value of humaneness factor was in the group of highest productivity familial businesses (0.510), the lowest value was in the group of medium productivity non-familial businesses (–0.473).

In our research, we do not claim that those companies achieve higher productivity where the manager-subordinate relationship is more characterised by a humaneness attitude, but that if the managers consider their employees not only as a means to their end, as dispensable resources, but also as a human being, this attitude will not have a negative effect on profitability. Our research has shown that the humane attitude of managers and their commitment to it is also influenced by the ownership structure. In the case of companies with family or concentrated private ownership, this humane management attitude occurred more often.

5 Discussion

We interpreted our research results in the framework of situational leadership theory. A specific feature of this theoretical approach is that there is no single leadership style that can be said to be excellent, and that several leadership styles can be good if they are appropriate to the situation. According to the theory, a leaders' excellence lies in their ability to apply the right leadership style for the situation and to balance between relationship-oriented and task-oriented leadership styles in a way that suits the situation. The situation is characterised first and foremost by the employee's motivation, willingness to work and aptitude, i.e., ability to perform the task. Leadership behaviour can be classified along the lines of task-oriented and relationship-oriented behaviours. Task-oriented behaviours include assigning tasks, control, scheduling, and accountability; relationship-oriented behaviours include motivation, ensuring well-being, and paying attention to interactions and emotional states (Blake and McCanse, 1991; Tabernero et al., 2009).

In our research, we associated leaders' relationship orientation with the humane factor, which is one of the factors of our proprietary leadership questionnaire and measures an important leadership competence. According to modern management theory, relationship orientation is a fundamental managerial competence, which makes the employees feel valued and appreciated, and makes them feel that they are being listened to. This leadership competence does not in itself ensure employee effectiveness, but it can contribute to it. When the leader manifests in this way, the employees' satisfaction increases and their efficiency and performance do not decrease, so relationship-oriented leadership does not hinder good performance. A leader who scores high on the humane scale is willing to talk to colleagues about personal issues and organise joint activities with them outside work. They take an interest in the personal lives of subordinates and are perceived by them as very friendly people with whom they are happy to interact. It is important to note that humane competence, while it can be an asset in many situations, is not the only prerequisite for effective leadership. Indeed, there are leadership situations or individuals in which or for whom, people management does not work. It is therefore important to take into account the individual characteristics of the leadership situation when proposing the practical application of humane leadership.

Our hypothesis that the leaders of the most productive companies were characterised by humane leadership the most, was confirmed, while the leaders of the group with the lowest productivity paid more attention to their employees than the leaders of the middle productivity group. The humane side of leadership is a useful tool for leaders to manage followers and according to Situational Leadership Theory, it is mainly needed when followers' motivation and commitment are on a lower level. The level of commitment depends on followers' characteristics, but it is also in connection with the firm's developmental phase. Different organisational life cycles require different leadership attitudes. Ideal leadership is therefore mostly a function of the leader's ability to respond appropriately to the expected characteristics of a given situation. In the case of well-performing, productive companies, we see the results of humane leadership. In the background of a well-performing, well-achieving company, there is also humane leadership competence, which is not in itself a key for good company performance, but is certainly not at the expense of it, and in fact, acts as a supportive factor. At the other end of the spectrum, in the case of companies with low productivity, we can also see a good example of the use of humane leadership as a tool to develop the motivation and commitment of employees.

A high level of relationship orientation and a humane leadership style are most needed when followers are able to perform the task, but for some reason their commitment and motivation are low or insecure. In such cases, the leader shows an encouraging and participative attitude, sharing ideas and facilitating autonomous decision making. Presumably, this dynamic occurs in high performing, high productivity companies. The other situation, when humane behaviour on the part of the manager is highly effective, is when the employee is not yet able to perform the task, but is motivated, committed and shows a high level of willingness. In such a situation, it is good if the leader is preparatory and a pathfinder, i.e., explains the decision options, their potential outcomes and provides opportunities for clarification. This dynamic can be assumed to appear in the leaders of the group with the lowest productivity.

Within the group of firms with more financial resources, managers of familial firms had a higher humane factor score than managers of non-familial firms. This result shows that companies with better financial resources are more likely to have a higher humane factor. This can be both a cause and an effect. A high value of the humane factor may be an efficiency enhancing factor, but at the same time, when the company is in a better financial position,

the manager will have more energy to deal with people than when the strict focus is on improving the company's efficiency. Our second hypothesis, that paying attention to people has no negative impact on company efficiency, was also confirmed. The value of the humane factor was highest in the group of familial businesses with high productivity and lowest in the group of non-familial businesses with medium productivity. Our research was able to confirm that humanistic managerial attitudes were more frequent in family- or mainly privately owned enterprises. Companies where managers see their employees not only as assets and indispensable resources, but also as people, achieve higher productivity, and this attitude does not have a negative impact on profitability and efficiency. The humane attitude of managers and the commitment of employees to them are therefore also influenced by the ownership structure.

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