

## **Rule-Based Leadership-Management Style of Administrators and the Entrepreneurial Spirit of Employees**



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**ABSTRACT:** The study aimed to determine the influence of rule-based leadership management toward the entrepreneurial spirit of the employees of the Divine Word College of Laoag. To deepen the understanding and concept of the study, literature was reviewed. Theories of the study were established. The study used the descriptive correlational research design and used questionnaires to gather the data. The study found that rule-based leadership management of the administrators is high but the entrepreneurial spirit of the employees is moderate. The study concludes that the higher the bureaucratic or rules-based leadership-management is, the lower the entrepreneurial spirit of the employees become. In terms of the correlation between rule-based leadership management and entrepreneurial spirit, the study found that there is a significant correlation. Rule-based leadership management affects the entrepreneurial spirit/mindset of employees. Therefore the hypothesis of the study is accepted.

**KEYWORDS:** Rule-based, bureaucratic, entrepreneurial spirit, risk-taking, innovation

### **INTRODUCTION**

Rule-based leadership refers to an approach to leadership in leading an organization which is focusing on rules and procedures to achieve the objectives. Rule-based leadership is one of the characteristics of bureaucratic leadership. Bureaucracy has been in existence since ancient times which was practised by the Egyptian and Chinese governments to coordinate the large workforce (Wittfogel, 1957). This practice later developed to the Western Countries through the Vatican and then to modern times (Samier, 2013). Since then the bureaucratic system of governance has been practised not only in government offices or public offices but even in private corporations. Since the beginning, it has been recognized as one of the best ways to deliver efficiency and output as admitted by Hughes (2012) and recognized as the best way of working and responding to scientific management principles (Taylor, 1911). It is highly characterized by structure, norms, values, and patterns of behaviour with its strict adherence to rules, regulations, procedures, and practices (Mishra, 2019). It has been touted as a rational organization that is based on "legal-incumbency of office and on technical competence" which is relying on knowledge and skills to perform its duties and responsibilities, though it may not always be the case (Parsons, 1937, Gouldner, 1954). It is recognized as an instrument of control of public administration, control of people, control of inputs, and control of outputs ((Friedrich, 1940; Finer, 1941; Simon, 1947; Shafritz & Hyde, 1997). The purpose is to ensure the attainment of the objectives through efficient means (Weber, 1946). Fry (1998, 15) considered it as the most rational form of organization. It eliminates feudal, plutocratic, and patrimonial bases of management or administration (Rockman, 2019). Its strict adherence to rules, procedures and other control mechanism has helped the organizations achieves their objective. Its success in helping the organization become more efficient and productive made it popular and accepted worldwide. Given its success and its wide acceptance, however, bureaucratic leadership-management style or rule-based leadership has been criticized by some authors such as Yaney (1982). Yaney (1982) accused bureaucracy of treating human beings like machines or Downs (1967) criticized bureaucracy for neglecting informal structure or informal organizations within the organization (Merton, 1952). Thompson (1961) also criticized bureaucracy for its adherence to rules and regulations as the main cause of "red-tapism" and administrative stagnancy and it is detached from human emotion and humans as rational beings.

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Despite that criticism, the bureaucratic system of governance continues to develop. In its development, rule-based leadership or bureaucratic leadership is not just applied in public offices but has been the main governance tool in the private corporations including the education institution. Having served the educational institutions for 25 years, the researcher knows for the fact that he has been one of the implementers of bureaucratic management. Admittedly, the researcher is benefited from the bureaucratic system of governance. He has been faithfully obeying the rules which made him attain his objective. Given such success, however, it does not mean that it is a perfect system to be taken for granted without looking into its negative side as pointed out by several authors that we have mentioned above. One of the aspects that were criticized is turning a human being into a machine (Yeney, 1982). This criticism indicates that bureaucracy has not been treating employees as rational beings who have minds and emotions. It does not allow employees to exercise critical thinking and freedom of expression, except to follow or obey the rules. It does not allow individual creativity in exercising their duties and responsibilities. Such a condition contradicts the global environmental trend. The global environment is characterized by competition and rapid changes in technologies and therefore, the organization needs employees who are creative and able to act entrepreneurially (Molis, 2020).

Since there have been no studies yet related to the effect of bureaucratic leadership or rule-based leadership-management on creativity and innovativeness, thus, the current study is interested to find out the effect of rule-based leadership-management on the entrepreneurial mind of employees. This is to find out if the ruled-based leadership-management affects employees to express their critical mind to the management and creativity in doing new things for the organization. To investigate this objective, the study is divided into five sections. The first is the introduction which explains the rationale of the study and its objective. The second part is the literature review that investigates past researches related to the current study to establish the theoretical foundation of the study. The third is the research methodology that presents the research designs, population, locale of the study, research instruments, data gathering procedures, and the statistical treatment of data. The fourth is empirical data presentation and analysis which presents the data that is gathered through research questionnaires and its interpretation. The fifth is the result and discussion in which it discusses the further implication of the study and its conclusion.

### **II. LITERATURE REVIEW**

The purpose of the review of literature is to find out what other researchers have discussed related to the current topic. By knowing their concepts about the current topic, the researcher can understand better the topic and can establish the theory of the study. Concerning the current topic, there have been few researchers going into this topic particularly discussing what rule-based leadership-management is and investigating its effect on the performance of employees and the entrepreneurial spirit and behaviour of employees. Very few researchers have discussed such a topic and investigated its effect on employees' performance. However, based on the available literature, the following are the concept or theories of rule-based leadership.

#### **Rule-Based Leadership is Bureaucratic in Nature and Contradiction to Principle-Centred Leadership-Management**

Rule-based leadership management refers to a way of leading and managing the organization based on the prescribed rules and pre-determined procedures established by the organization (Schleckser, 2017). This definition implies that there is no way of exercising one's judgment in making decisions because all decisions to solve a certain problem are already prescribed. The only thing that one can do is to read the rules and procedures and follow them. Decisions must not violate the policies of the organization. A leader or manager just follows those rules or policies that have been in place in dealing with a certain issue. Thus, rule-based leadership management is easier because the leader or manager does not need to think out of the box to solve a problem but simply follow the rules. The rule-based organization is highly structured because all aspects of the work and work environment are well-defined, organized, and regulated. This kind of environment is often found not only in government agencies but even in the private sectors including private schools (Oracle, n.d). The concept of rule-based leadership – management is the concept of bureaucratic leadership management.

Bureaucratic leadership management is a system of leadership management based on specific rules and procedures to be followed. Along with such a nature of the organization, therefore, Rockman (2019) defined bureaucracy as a "specific form of organization defined by complexity, division of labour, permanence, professional management, hierarchical coordination and control, strict chain of command, and legal authority". Those are the reasons why it is considered an impersonal and rational form of governance because it is not based on personal judgment such as like and dislike when making decisions but based on rules. The exercise of authority and functions are just a matter of following the rules. Thus, the nature of bureaucratic leadership-management is captured very well by the Cambridge Dictionary when it defines bureaucracy as "a system of controlling or managing a country, company, or organization that is operated by a large number of officials employed to follow the rules carefully". It is also depicted clearly by the While Merriam-Webster Dictionary when it defines bureaucracy as "government characterized by specialization of functions, adherence to fixed rules, and a hierarchy of authority". Following these definitions, the functions of leader-managers are based on prescribed rules given to them by the organization and follow the line of command (Rewers, 2019). Thus, the specific characteristics of bureaucratic leadership – management include strict rules and regulations to be followed, measurable objectives, hierarchy, and authority, lack of delegation of authority (centralized decision-making), broad-based controlling technique and tools, the flow of communication and information is defined and formalized (Rewers, 2019). Consequently, bureaucratic leadership

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management requires discipline on the part of employees to follow the rules and obey the authority. The authority and power belong to the leader-manager and not the employees (Rewers, 2019).

It has been considered as a legal rationalism model of leadership because the functions of leadership or management are based on the rules, on the law, and not on his discretion. Weber introduced bureaucratic leadership – management into modern management because of the need for coordination of large workforce during the era of industrialization. The demand for managing a larger territory and workforce demands bureaucracy. It needs a structure of command, rules, and procedures that should be implemented rationally, not based on the emotion or choice of management or leadership (Weber, 1947). For example, decisions on hiring and promotion should be based on knowledge and skills or merits and not based on origin or birthplace or nepotism. It is marked by many features such as specialized roles, recruitment and promotion based on merit, rules on transfer and placement, career path and salary structure policy, hierarchy, responsibility and accountability. It requires obedience to rules, and the authority is impersonal because the authority rests with the office and not with the person (Weber, 1947, Merton, 1940). It is acknowledged that large corporations nowadays are practically operating with bureaucratic management systems because of their wide territories of operation which may go beyond the border and their large workforces such as McDonald's and General Motors (GM). Since the scope of management responsibilities becomes larger and larger as the business grows and the number of workers increases, then it needs organization to improve coordination among departments or branches and individual employees. It is the answer of such great complexity (Volti, 2011) and many corporations today have credited their success to the bureaucratic leadership-management style through standardizing practices, applying strict control and monitoring, and adherence to rules and procedures (Abun, et.al. 2021). However, strengthening cooperation among different units is not the only reason behind the use of bureaucratic leadership-management style but the very important reason why public and private organizations have adopted the bureaucratic style of management or rule-based leadership-management is to prevent corruption in the government and gain confidence from the public (Frederickson et al.,2003). By following established rules and regulations, efficiency can be achieved, corruption can be minimized and nepotism can be eliminated (Merton, 1957).

Rule-based leadership is contradicting principled-based leadership. If rule-based leadership is an exercise of influence over employees using rules and regulations, however, principled-based leadership is an exercise of influence over employees using the values. The leader uses his/her values as a guide to influence the followers (Rensburg, 2017). A leader does not rely on rules to influence employees but his/her belief and value system. His/her actions are guided by his/her values. As Weine (2019) pointed out in her article that principled-based leadership enables actions to align to principles or values. In other words, the actions of leaders must be guided by their internal values, not by rules. Such styles would encourage employees to guide their actions or behaviour by the common principles or values. Covey (2009) has already proposed principle-centred leadership in which he contends that leadership should be aligned to the values and not to the rules and motivate employees to be guided by their values. According to Weine (2019), rule-based leadership management erodes trust, while principle-based leadership inspires trust.

### **The Pros and Cons of Rule-Based/Bureaucratic Leadership-Management**

It cannot be denied that the bureaucratic system of governance has been in existence since ancient times during the pre-industrial era in Egypt, China, and Rome and is still prevalent in our time today. The survival of the empires and the development of modern corporations are attributed to bureaucracy (Volti, 2011). The government offices and private organizations have been applying bureaucratic management systems in the operation of their respective organization (Volti, 2011). The reason is its efficiency in achieving organizational objectives (Volti, 2011). There are many benefits that an organization gets from it as pointed out by Volti (2011) that its virtues are "far outweighing its vices". It has a negative side effect, however, its positive values are far beyond the negative side effect. Therefore, Weber (1958) considered bureaucracy as the ideal type of organization because it answers to the real-world problems raised by the changes in the size of corporations and changes in technologies. Weber (1958) considers bureaucracy as the most effective, efficient, and predictable way of managing an organization. Weber (1958) as cited by Vitoli (2011) identified the dominant features of the bureaucracy such as rationality, impersonality, recruitment process, division of labour, and the use of written records. It is rational because it uses a rational approach to solving problems, designing and structuring the works and processes, and assigning workers which contribute to effective and efficient attainment of goals (Weber, 1968). The second feature of bureaucracy is impersonality. People in the bureaucratic organization are treated as if they were objects without reason and feelings because the relationship is based on the rules. There is nothing personal because everyone exercises their duties and responsibilities following the specific rules and procedures given to them by the organization. Everyone is treated equally, and therefore relationships based on ethnicity, race, religion, and gender have no bearing in promotion or advancement but are based on merit (Vitoli, 2011). Another important feature of bureaucracy is the recruitment process. The selection of employees is done through an entrance test and not based on affiliation or nepotism. The emphasis is on merit and expertise. The fourth feature of bureaucracy is the division of labour in which jobs are classified according to specialization and employees are given the tasks according to their specialization. Tasks are divided according to different specializations and therefore allowing the employees to develop specialized skills and to work uninterrupted (Smith, 1896). The last feature of bureaucracy is the use of written records in which all transactions, rules, regulations, standard operating procedures, contracts are kept and maintained as a guide for present and future actions (Vitoli, 2011). By following these features of bureaucracy, and obeying the rules and regulations, efficiency and organizational goal can be

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attained (Abun, et.al. 2021). Besides those features pointed out by Weber, Barnet and Finnemore (2004) identified several additional elements of bureaucracy such as a formal hierarchy of authority, rule dependence, performance-based promotion, and efficiency. These elements reflect how the bureaucracies are operated. There is a hierarchy of authority and everyone follow or obey the authority. The authorities exercise their authority not based on their whim but the prescribed rules and procedures given to them by the organization and the same with the employees. Thus, all jobs are divided into different tasks and these tasks are given to the employees to be carried out according to their specialization. The promotion of employees is not based on affiliation or anything else but based on performance.

As we have identified the elements of bureaucracy, one can see that bureaucracy is heavily relying on structures, command, and control through the use of rules, regulations, and standard operating procedures. The purpose of all these is to achieve the organizational goal through efficient use of the rules. By following rules and regulations in exercising one's duties and responsibilities, the goal of the organization can be achieved. However, though bureaucracy brought improvement in the efficiency of public and private organization operations, it cannot also be denied the fact that bureaucracy has its defects. Hammel and Zanini (2017) identified several weaknesses of bureaucracy such as bloating, friction, insularity, disempowerment, risk aversion, inertia, and politics. Bloating refers to more managers, more layers which involve higher costs for the organization because of many positions. In terms of friction, it creates more work and processes that can delay the decision making which leads to unresponsiveness to the market opportunity. Related to insularity, the bureaucratic system consumes much time of the managers to discuss internal issues and consequently neglect to answer the market trend in the external environment. Concerning the employees, bureaucracy does not allow the employees to exercise their freedom in deciding what and how to do their work. Employees are disempowered because they are not given the authority to decide on problems they encounter in their work. Consequently, such practices lead to risk aversion in which employees are afraid to take a risk. They are just happy to follow the rules and procedures that are prescribed by the organization and never dare to venture into another unknown zone. Because of risk aversion behaviour, consequently, the employees do not have the interest to respond to change and they do not want to initiate change. This is called inertia syndrome. Another weakness of bureaucracy is internal politics. Employees are spending their time, energy in politics to gain influence. In general, Ritzer (2004) criticized bureaucracy as treating a human being as machines, objects, or "impersonal iron cage" of rule-based, rational control.

### **The Effect of Rule-Base leadership/Bureaucratic Leadership on organizational performance.**

Leadership is a process of influencing followers to follow him/her. Along with this concept, Yukl (2006) defined leadership as "the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives" (p. 8). Concerning this idea, rule-based leadership is a style that relies on the rules and regulations to influence the employees to achieve organizational objectives. It is the tool to be used by the leadership-management to change employees' behaviour in performing their task and it is one of the crucial roles of leadership (Abbas & Asghar, 2010). The purpose of all kinds of leadership styles is to affect the behavioural changes of the employees on how they carry out their task which may improve their task, and contextual performances and reduce counterproductive behaviour that consequently leads to organizational performance as a whole.

In this part, we should see how rule-based leadership affects organizational outcomes. As pointed out earlier that the main objective of leadership is not to maintain the status quo but to introduce change. Changing the organization is ultimately begun with the change of behaviour of employees aligned with the organizational objectives. The organizational outcome is the reason behind why a manager or leader uses a certain leadership style in leading or managing an organization (Karadag, 2015). Rule-based and control-oriented leadership is the opposite of trust-based leadership which allows autonomy of employees to direct their work which is considered important to improve employee job performance (Verburg, et.al (2017). This was strengthened by the study of Koohang, et.al (2017) on the impact of leadership on trust, knowledge management, and organizational performance. The study found a linear correlation between leadership based on trust and organizational performance. This finding was already pointed out in the previous research of Salamon and Robinson (2008) that trust positively influences employees' performance. The same result was also presented by Mozumder (2018) on the effect of ethical leadership, trust and leadership outcome across organizational levels. The study re-emphasized the previous findings that ethical leadership, trust is correlated with the employees' well-being and perceived organizational performance. In short, these findings emphasized that organizational trust influences organizational performance (Ning, et.al (2007).

Ethical leadership which is based on trust has a positive outcome on organizational performance, however, the bureaucratic leadership-management style has mixed results. The results of the investigations on the effect of bureaucratic leadership-management varied which means that bureaucratic leadership-management is not necessarily bad or good (Kimbrough & Todd, 1967). The mixing result may be caused by the cultural context which indicates that one leadership style may work and may not work in a particular cultural context (Chamorro-Premuzic & Sanger, 2016). In certain cultural contexts in which people are used to bureaucratic leadership style, the exercise of bureaucratic leadership style or rule-based approach may cause a positive impact on the performance. While on other cultures in which people are not used to with bureaucratic style, the use of bureaucratic leadership style may cause negative effect on the performance. This concept is supported by the research on leadership in a cross-cultural

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context (Dickson, et.al, 2003). For example, on one hand, the study of Idrus, et.al (2015) in Jayapura, Indonesia, pointed out the negative effect of bureaucratic or rule-based leadership. Their study found that bureaucratic leadership causes lower organizational commitment and it does not affect organizational performance which may indicate that rule-based leadership or bureaucratic leadership-management does not support organizational performance. A similar result can also be found in the study of Hendryadi, et.al (2019) which confirmed that bureaucratic culture has a negative outcome with affective commitment. However, on other hand, the study of Al Khajeh (2018) in the United Arab Emirate (UAE) pointed out the reversed result of Idrus, et.al (2015) that bureaucratic leadership is correlated to the positive outcome of organizational performance. This is also in line with the finding of Sundi (2015) in Southeast Sulawesi Province, Indonesia, on the effect of bureaucratic leadership style on organizational commitment which showed a positive correlation between bureaucratic leadership style and organizational commitment. A similar finding was also presented by Wahidin, et.al (2020) on the effect of bureaucratic leadership style on the performance of school teachers in Jakarta and the study also found a positive correlation between bureaucratic leadership style and teachers' performance. Kean, et.al (2017) found a similar result concerning the influence of bureaucratic leadership practices of school principals in Malaysia on the school teachers' commitment which was correlated.

In short, the effect of bureaucratic leadership management on the organizational outcome is not conclusive. The mixing research findings indicate that on one hand bureaucratic leadership may bring positive results to the organizational outcome and on the other hand it may affect negatively the organizational outcome. These conflicting findings may be attributed to the organizational context of the social environment. Therefore, the context in which the bureaucratic leadership – management practices must be considered.

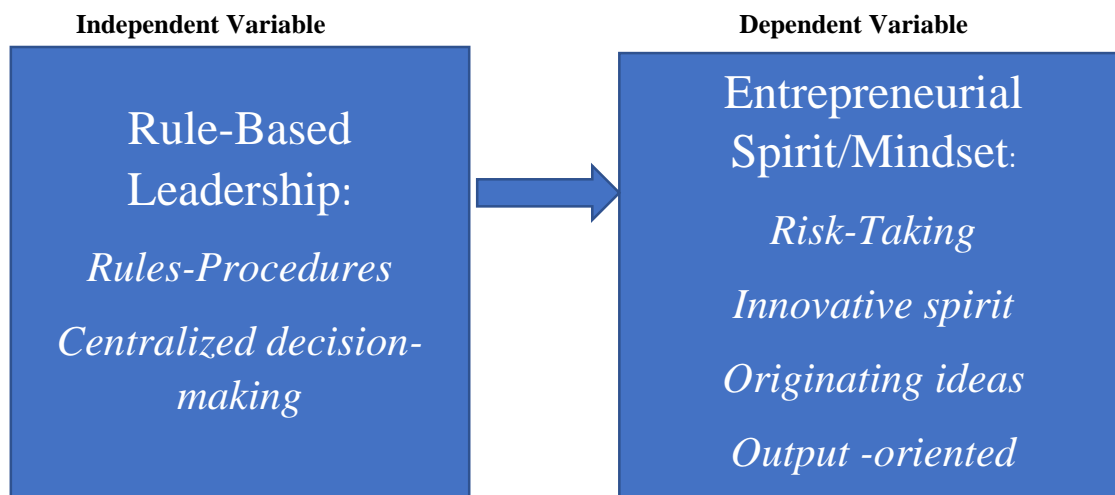
### ENTREPRENEURIAL SPIRIT/MINDSET

Before going into entrepreneurial spirit/mind, one needs to understand first the meaning of entrepreneur. To understand the word, the only accurate way to capture the meaning of the word is through Dictionaries. Different dictionaries may give a different account of the meaning of the word, but they stand on the common idea which is referring to a businessman who can generate innovative ideas and who are not afraid of taking risk. Online Merriam Webster dictionary defines an entrepreneur as "one who organizes, manages, and assumes the risks of a business or enterprise". Merriam-Webster Dictionary even identifies the characteristics of an entrepreneur such as risk-taking, future-oriented, and innovativeness. The definition provided by Merriam – Webster is similar to Hayes (2021) in Investopedia. Hayes (2021) defines an entrepreneur as "an individual who creates a new business, bearing most of the risks and enjoying most of the rewards". Hayes (2021) even describes an entrepreneur as an innovator, originator of ideas, services, and business procedures. While Cambridge Dictionary defines an entrepreneur as " someone who starts their own business, especially when this involves seeing a new opportunity". The definition provides additional characteristics for an entrepreneur such as having the capability to see new opportunities. In other words, the entrepreneur does not see what others see. When others see a hopeless situation, an entrepreneur sees hope amidst uncertainties of problems. Along with this concept, Nelson (2012) described the entrepreneur as "the ones forever craning their necks, addicted to "looking around corners" and "changing the world." As Steve Spoonamore, as cited by Nelson (2012) contended that entrepreneur is those who love to sail the ocean or climb mountains, and more power to them—but it's *nowhere near* as interesting as taking a technology nobody has heard of, finding a market for it and launching it to your customers. *That's satisfying.*" The essential point of this definition is referring to an entrepreneur as a risk-taker who sees the opportunity and dares to take the risk to grab the opportunity (Libraries, n.d).

Based on the definition that we have presented above, an entrepreneur is not just an ordinary businessman but a businessman/woman who has a special character that may not be common to all businessmen. An entrepreneur is defined by his entrepreneurial mindset or spirit. As Sharma (2018) pointed out that entrepreneurial spirit is a state of mind that goes beyond creating a business venture but someone who has the spirit that motivates him/her to into the unknown zone to take the opportunity. Or Smith (2013) argued that entrepreneurial spirit is "an attitude and approach to thinking that actively seeks out change, rather than waiting to adapt to change. It's a mindset that embraces critical questioning, innovation, service, and continuous improvement" Therefore, an entrepreneur is not just defined in terms of business ownership but he/she is defined in terms of his innovative mind, optimistic mind, passion, creative mind, and risk-taking mindset/spirit. Mindset makes a difference between an ordinary businessman/woman and an entrepreneur. Ehrlichman (2015) identified five characteristics of an entrepreneur who has an entrepreneurial spirit such as passion, innovativeness, optimism, risk-taking, and implementor. The implementor characteristic is important because entrepreneurs are not just daydreamers but they pursue with passion what they have dreamt of.

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## CONCEPTUAL FRAMEWORK



Source: Rewers (2019) and Sharma (2018) and Smith (2013)

The conceptual framework reflects the effect of rule-based leadership toward the entrepreneurial spirit/mindset. Changes in rule-based leadership will affect the entrepreneurial mindset.

## STATEMENT OF THE PROBLEM

The study aims to determine the effect of rule-based leadership management on the entrepreneurial spirit of the employees. It specifically seeks to answer the following questions:

1. What is the rule-based leadership -management style of the administrators in terms of:
  - a. rules-procedures
  - b. Centralized decision-making
2. What is the entrepreneurial spirit of the employees in terms of:
  - a. Risk-taking
  - b. Innovative spirit
  - c. Originating ideas
  - d. Output-oriented
3. Is there a relationship between rule-based leadership-management style and the entrepreneurial spirit of the employees?

## Assumptions

The study assumes that rule-based leadership management affects the entrepreneurial spirit of the employees and they can be measured.

## Hypothesis

Based on the study of Wahidin (2020) that bureaucratic leadership style affects positively the performance of employees, therefore the current study hypothesizes that there is a correlation between rule-based leadership-management and the entrepreneurial spirit of the employees.

## Scope and Delimitation of the Study

The study limits its investigation to the employees of the Divine Word College of Laoag and the variables to be investigated are rule-based leadership – management such as rule and procedures, centralized decision-making, and entrepreneurial spirit along with risk-taking, innovation, originating ideas, and output-oriented.

## RESEARCH METHODOLOGY

The study aimed to investigate the effect of rule-based leadership management on the entrepreneurial spirit of the employees. To proceed with the study, it follows the appropriate research methodologies such as research design, data gathering instruments, population, and the locale of the study, data gathering procedures, and statistical treatment of data.

## RESEARCH DESIGN

The study used a descriptive correlational research design. The nature of descriptive research is to describe what is found in the data collected through questionnaires and statistical treatment. It is also used to describe profiles, frequency distribution, describe characteristics of people, situations, phenomena, or related variables. In short, it describes "what is" about the data (Ariola, 2006, cited by Abun, 2019).

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In line with the current study, the descriptive correlational method was deployed. The study determines the level of rule-based leadership and its correlation with the entrepreneurial spirit of the employees.

### The locale of the Study

The locale of the study was the Divine Word College of Laoag. The School is located at Ilocos Norte Province, a neighbouring province of Ilocos Sur. The College is run by the Congregation of the Divine Word Missionaries or known as Society of the Divine Word or in Latin, Societas Verbi Divini (SVD).

### Population

The population of the study was composed of all employees of Divine Word College of Laoag. Since the total numbers of employees are limited, and therefore total enumeration is the sampling design of the study.

### Data Gathering instruments

The study utilized validated questionnaires. The questionnaires were adapted from the work of Langer, et.al (2019) on the rule-based leadership-management and the entrepreneurial spirit of the employees.

### Data Gathering Procedures

In the process of data gathering, the researcher sent a letter to the President of the College, requesting him to allow the researcher to flow his questionnaires in the college. The researcher personally met the President and students were requested to answer the questionnaires.

### Statistical Treatment of Data

In consistence with the study as descriptive research, therefore descriptive and inferential statistics were used. The weighted mean is used to determine the level of rule-based leadership and entrepreneurial spirit of the employees. Pearson r was used to measure the correlation between the rule-based leadership -management and entrepreneurial spirit of the employees. The following ranges of values with their descriptive interpretation will be used:

Statistical Range	Descriptive Interpretation
4.21-5.00	<i>strongly agree/Very High</i>
3.41-4.20	<i>Agree/High</i>
2.61-3.40	<i>somewhat agree/Moderate</i>
1.81-2.60	<i>Disagree/Low</i>
1.00-1.80	<i>Strongly disagree/Very Low</i>

### Data Presentation and Analysis

As required by scientific research, the study must follow a certain methodology and must be supported by data. This part presents data that were gathered through the research instrument or questionnaires. The presentation follows the statement of the problems:

**Problem 1: What is the rule-based leadership -management style of the administrators in terms of?**

c. *rules-procedures*

d. *Centralized decision-making*

**Table 1: Rules-Procedures**

Indicators	Mean	Descriptions
1. Before taking on the job, the employees are oriented with the policies, rules, and regulations of the institution	3.94	A
2. Employees are reminded by the management that violating the policies will be punished	3.95	A
3. No one does what he/she wants to do in his/her job in her/his way because he/she has to follow the rules prescribed by the institution	3.71	A
4. Rules – regulations of the institution are updated to include new changes and to control the behaviour of the employees	3.86	A
Composite mean	3.87	A

**Source:** Langer, et.al (2019).

Legend:

4.21-5.00	<i>strongly agree/Very High</i>
3.41-4.20	<i>Agree/High</i>
2.61-3.40	<i>somewhat agree/Moderate</i>
1.81-2.60	<i>Disagree/Low</i>
1.00-1.80	<i>Strongly disagree/Very Low</i>

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Based on the data presented in the table, it shows that as a whole rule-based leadership/management style of administrators in terms of rule-procedure gained a composite mean of 3.87 which is described as “agree/high”. This mean rating indicates that as a whole the rule-based leadership –management of the administrators is not very high and it is also not very low, low or moderate but it is high (3.87). It means that the administrators highly exercise rule-based leadership-management style in leading and managing the workplace. Even if the indicators are taken separately, they are all rated within the same mean rating level which is described as “agree/high”. In this regard, employees highly agree that the administrators oriented the employees with policies or rules and regulations of the institution before the employees assumed their job (3.94), reminded them not to violate the rule because punishment will follow (3.95), and warned them not to do what they want to do without following the rules of the institution (3.71) and always update the rules to include new changes to control the employees (3.86). In short, rule-based leadership –management is characterized by three dimensions: rules, obedience, and punishment.

**Table2: Centralized Decision Making**

Indicators	Mean	Descriptions
1. There can be little action taken until a supervisor approves a decision	3.66	A
2. Even small matters have to be referred to someone higher-up for a final approval	3.78	A
3. In general, a person who wants to make his own decisions would be quickly discouraged in this institution	3.61	A
4. Lower-level managers are discouraged to make decisions because they may be revoked by higher-ups	3.56	A
5. The employees can only do things securely after getting approval from the higher-ups	3.73	A
Composite Mean	3.67	A

**Source:** Source: Langer, et.al (2019).

**Source:** Langer, et.al (2019).

Legend:

4.21-5.00	<i>strongly agree/Very High</i>
3.41-4.20	<i>Agree/High</i>
2.61-3.40	<i>somewhat agree/Moderate</i>
1.81-2.60	<i>Disagree/Low</i>
1.00-1.80	<i>Strongly disagree/Very Low</i>

As manifested by the data on the table, it reveals that as a whole rule-based leadership-management of administrators in terms of centralization of decision-making obtained a composite mean of 3.67 which is interpreted as "agree/high". This composite mean signifies that the rule-based leadership-management of administrators in terms of centralization of decision making is not very high and it is also not very low, low or moderate but it is high. It implies that the employees highly agree that the decision-making of the institution is centralized or it is the higher-ups who make the decision and not the subordinates. Even when the indicators are taken singly, they all are rated within the same mean rating level which is interpreted as "agree/high" such as "there is a little action taken until a supervisor approves a decision (3.66), small matters have to be referred to someone higher-ups for final approval (3.78), a person who wants to make his own decisions would be quickly discouraged in this institution (3.61), lower-level managers are discouraged to make decisions because they may be revoked by higher-ups (3.56), and the employees can only do things securely after getting approval from the higher-ups (3.73).

**Problem 2: What is the entrepreneurial spirit/mindset of the employees in terms of?**

- a. *Risk-taking*
- b. *Innovative spirit,*
- c. *Originating ideas*
- d. *Output -oriented*

**Table 3: Risk-Taking**

Indicators	Mean	Descriptions
1. Even if policies are disallowing me to do things on my own, I would still do it	2.91	SWA
2. I don't care if I will be punished for doing something good and something new for the institution	2.98	SWA
3. I am not afraid of violating the rules/policies if I believe that it is the right thing to do	3.04	SWA



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4. I would volunteer to propose new things to the management even if it means that I will be a bad guy	3.04	SWA
Composite Mean	2.99	SWA

**Source:** Source: Langer, et.al (2019).

**Source:** Langer, et.al (2019).

Legend:

4.21-5.00	<i>strongly agree/Very High</i>
3.41-4.20	<i>Agree/High</i>
2.61-3.40	<i>somewhat agree/Moderate</i>
1.81-2.60	<i>Disagree/Low</i>
1.00-1.80	<i>Strongly disagree/Very Low</i>

As pointed out by the data on the table, it illustrates that as a whole the entrepreneurial spirit/mindsets of employees in terms of risk-taking gained a composite mean of 2.99 which is considered "agree/high". Such composite mean indicates that as a whole the entrepreneurial mind-sets of employees in terms of risk-taking appetite is not very high or high and it is also not very low or low but it is to a moderate extent. This denotes that the employees themselves somewhat agree that their risk-taking appetite is not very high but moderate. Even when taking the indicators singly, they all are rated within the same mean rating level with the same interpretation as "somewhat agree/moderate" such as "even if policies are disallowing me to do things on my own, I would still do it (2.91), I don't care if I will be punished for doing something good and something new for the institution (2.98), I am not afraid of violating the rules/policies if I believe that it is the right thing to do (3.04), and I would volunteer to propose new things to the management even if it means that I will be a bad guy" (3.04). These ratings suggest that the employees' risk-taking appetite is moderate when it comes to doing things on their own, and doing something new for the institution. They somewhat agree that they are afraid of punishment and such fear hinders them to be risk-takers.

**Table 4: Innovative Mind**

Indicators	Mean	Descriptions
1. Even if there are rules to be followed, I usually do things in a different way than how other employees do it	3.02	SWA
2. I feel bored repeating doing the same thing every day and want new ways how to perform my task	3.09	SWA
3. Given the bureaucratic environment of my institution, I am always open to change	3.40	SWA
4. Even if there are rules to be followed, I want to perform my task differently	3.25	SWA
Composite Mean	3.19	SWA

**Source:** Source: Langer, et.al (2019).

**Source:** Langer, et.al (2019).

Legend:

4.21-5.00	<i>strongly agree/Very High</i>
3.41-4.20	<i>Agree/High</i>
2.61-3.40	<i>somewhat agree/Moderate</i>
1.81-2.60	<i>Disagree/Low</i>
1.00-1.80	<i>Strongly disagree/Very Low</i>

As demonstrated by data on the table, it discloses that as a whole, the entrepreneurial spirit/mindsets of employees in terms of innovation orientation achieves a composite mean rating of 3.19 which is defined as "somewhat agree/moderate". It suggests that as a whole the entrepreneurial mindset of employees in terms of innovative ideas is not very high or high and it is also not very low or low but it is moderate. This rating recommends that the employees are not very highly or highly innovative but moderately innovative. This evaluation is supported by individual item rating such as "even if there are rules to be followed, I usually do things in a different way than how other employees do it (3.02), I feel bored repeating doing the same thing every day and want new ways how to perform my task (3.09), given the bureaucratic environment of my institution, I am always open to change (3.40), and even if there are rules to be followed, I want to perform my task differently" (3.25). These ratings imply that employees are not eager to do things in different ways according to what they know best because they are afraid of violating the rules.

**Table 5: Idea-generation**

Indicators	Mean	Descriptions
1. Despite the rules, I used to introduce new ideas to my co-workers to improve the work	3.26	SWA
2. I am recognized by my friends through my new ideas to improve the work	3.26	SWA
3. I prefer to carry out my idea rather than just following the rules	2.98	SWA
Composite Mean	3.17	SWA

**Source:** Source: Langer, et.al (2019).

**Source:** Langer, et.al (2019).

Legend:

4.21-5.00 *strongly agree/Very High*

3.41-4.20 *Agree/High*

2.61-3.40 *somewhat agree/Moderate*

1.81-2.60 *Disagree/Low*

1.00-1.80 *Strongly disagree/Very Low*

As pointed out by the data on the table, it appears that as a whole, the entrepreneurial mindset of employees in terms of idea-generation (generating ideas) got a composite mean of 3.17 which is understood as “somewhat agree/moderate”. Such composite mean rating proposes that as a whole the employees agree that their entrepreneurial mindset in terms of idea-generation is not very high or high and it is also not very low or low but it is at a moderate extent. The employees somewhat agree that they are not idea-generation oriented. Taking the indicators separately, they all are rated within the same level of mean rating with the same interpretation as “somewhat agree/moderate” such as “despite the rules, I used to introduce new ideas to my co-workers to improve the work (3.26), I am recognized by my friends through my new ideas to improve the work (3.26) and I prefer to carry out my idea rather than just following the rules” (2.98). This suggests that employees are not oriented toward generating ideas for the improvement of their work. They prefer to follow the rules and not generate new ideas to improve their work.

**Table 6: Output-orientation**

Indicators	Mean	Description
1. Despite many rules that delay my work, I always try to find ways to get the result that I want to get	3.26	SWA
2. I always delivered the output of my work on time despite many procedures	3.45	A
3. I am not happy until I get what I want to get	3.05	SWA
4. I don't care if I violate the rules to get the work done	2.91	SWA
Composite Mean	3.17	SWA

**Source:** Source: Langer, et.al (2019).

**Source:** Langer, et.al (2019).

Legend:

4.21-5.00 *strongly agree/Very High*

3.41-4.20 *Agree/High*

2.61-3.40 *somewhat agree/Moderate*

1.81-2.60 *Disagree/Low*

1.00-1.80 *Strongly disagree/Very Low*

As indicated by the data on the table, it illustrates that as a whole the entrepreneurial mindset of employees in terms of output – orientation mindset receives a composite mean of 3.17 which is translated as “somewhat agree/moderate”. This recommends that as a whole, the entrepreneurial mindset of employees in terms of output orientation is not very high or high and it is also not very low or low but it is to a moderate extent. Such rating pointed out that the employees agree they are not really output oriented. Their output orientation is only at a moderate level. Even if the items are taken separately, generally they all are falling within the same mean rating level with the same description which is “somewhat agree/high” such as “despite many rules that delay my work, I always try to find ways to get the result that I want to get (3.26), I am not happy until I get what I want to get (3.05), and I don't care if I violate the rules to get the work done” (2.91). These ratings recommend that employees are not finding ways to get the results.

**Problem 3: Is there a relationship between rule-based leadership-management style and the entrepreneurial spirit of the employees?**

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**Table7: Correlations**

		RPMEAN	CDMMEA N	RTMEA N	INNOMEA N	IGMEA N	OOMEA N	OVERAL LSPRIT
RPMEAN	Pearson Correlation	1	.723**	.249**	.343**	.410**	.399**	.415**
	Sig. (2-tailed)		.000	.001	.000	.000	.000	.000
	N	170	170	170	170	170	170	170
CDMMEAN	Pearson Correlation	.723**	1	.370**	.300**	.328**	.371**	.411**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	170	170	170	170	170	170	170
RTMEAN	Pearson Correlation	.249**	.370**	1	.711**	.436**	.436**	.785**
	Sig. (2-tailed)	.001	.000		.000	.000	.000	.000
	N	170	170	170	170	170	170	170
INNOMEAN	Pearson Correlation	.343**	.300**	.711**	1	.644**	.653**	.891**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	170	170	170	170	170	170	170
OIMEAN	Pearson Correlation	.410**	.328**	.436**	.644**	1	.754**	.842**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	170	170	170	170	170	170	170
OOMEAN	Pearson Correlation	.399**	.371**	.436**	.653**	.754**	1	.837**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	170	170	170	170	170	170	170
OVERALLS PRIT	Pearson Correlation	.415**	.411**	.785**	.891**	.842**	.837**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	170	170	170	170	170	170	170

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: IBM SPSS Software

Based on the Pearson r correlation coefficient table, the data demonstrates that rule-based leadership-management is significantly correlated with the entrepreneurial spirit/mindset of employees at 0.01 level (2-tailed). Two dimensions of rule-based leadership adopted by this study such as rule and procedures and centralization of decision making affect all dimensions of entrepreneurial spirit/mindset adopted by this study such as risk-taking spirit, innovative spirit, idea-generation, and output-orientation mindset. This finding concludes that the key to developing the entrepreneurial spirit or mindset of employees is to change the leadership-management style. The more bureaucratic the leadership is, the lower the entrepreneurial spirit/mindset becomes.

### RESULT AND DISCUSSION

The finding of this study opens our minds to the impact of leadership-management styles on the entrepreneurial spirit of employees. As we have seen in the result of this study, it reveals that the more bureaucratic the leadership is, the lower the entrepreneurial spirit becomes. Therefore, rules and procedures that require obedience from employees must be minimized and the centralization of decision-making must be eliminated because it does not help the employees to exercise autonomy in decision making and therefore preventing creativity and innovation. Thus, the key to developing the entrepreneurial mindset of employees is to change the leadership styles that provide an environment where the employees can develop their risk-taking mindset and behaviour, creative and innovative spirit, generating ideas and output-oriented mindset.

Entrepreneurial spirit or mindset is the engine of transformation and development. Recent studies have provided evidence that business transformation and digital transformation is the output of the entrepreneurial mindset (Ngek, 2012, Kooskora, 2020). Ngek (2012) contended that business success is not only the product of knowledge and skills but it is also the product of mindset. In a similar vein, Kooskora (2020) also pointed out the role of mindset in digital transformation and organizational development. Besides business transformation and digital transformation, studies also presented evidence about the relationship between entrepreneurial mindset and competitive advantage (Sudrajat, 2015). This study even recommended that improving competitive advantage is to improve not only leadership but also mindset.

The output of the current study contributes to the enrichment of the discussion of the impact of leadership-management styles on the entrepreneurial mindset. The development and competitive advantage of an organization or institution rely on the kind of leadership-management styles of managers. Thus, one cannot undermine the role of leadership in the transformation of the organization and the economy. Thus, it is high time to balance the practice of bureaucratic leadership styles and humanistic management styles which focus on developing human values and not rules and procedures.

### CONCLUSION

The study aims to determine the effect of rule-based leadership – management on the entrepreneurial spirit or mindset of employees. The study found that the rule-based leadership-management style of administrators particularly on the rules and procedures and centralization of decision-making is high, while the entrepreneurial spirit of the employees is moderate. This concludes that the higher the bureaucratic leadership-management style is, the lower the entrepreneurial spirit of the employees.

In terms of its correlation with the entrepreneurial spirit, the Pearson r correlation coefficient indicates that there is a significant correlation at 0.01 level between rule-based leadership-management and the entrepreneurial spirit of the employees. Thus, the study concludes that rule-based leadership management affects the entrepreneurial spirit of the employees. Thus, it is recommended that the bureaucratic leadership-management style of administrators must be minimized to improve or develop the entrepreneurial spirit of the employees.

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