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THE IMPACT OF ENVIRONMENTAL TRANSFORMATIONAL LEADERSHIP ON POST-ACQUISITION PERFORMANCE IN SERBIA

Igor Milojević

Faculty od Economics, University of Kragujevac, Serbia

✉ *igor.milojevic@ef.kg.ac.rs*

Andrijana Đurđević

Faculty od Economics, University of Kragujevac, Serbia

✉ *andrijana.djurdjevic@ef.kg.ac.rs*

Julija Vidosavljević

Faculty od Economics, University of Kragujevac, Serbia

✉ *julija.vidosavljevic@ef.kg.ac.rs*

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Abstract: External economic and social pressures force manufacturing companies to be ecologically oriented, putting emphasis on issues of environmental protection in the foreground of business policies and strategies. This study explores the role of ecological transformation leadership in acquired production companies in Serbia and examines its impact the on post-acquisition performance of companies, assuming that environmental innovation represents mediators of that influence. The survey was conducted based on responses of 91 respondents, i.e. employees from five companies that were part of the acquisition process in Serbia. Collected data was processed in the SPSS program, using statistical analyses such as descriptive statistical analysis, correlational statistical analysis, and regression statistical analysis. Empirical results show that environmental transformational leadership (ETL) has a positive impact on both the environmental (EP) and financial (FP) post-acquisition performance of acquired companies. The results also show that environmental innovation (including environmental innovation strategies (EIS) and ecological innovative activities (EIA)) represent mediators in the relationship between ecological transformational leadership and environmental post-acquisition performance. However, ecological innovations are not a mediator in the relationship between ecological transformation leadership and financial and non-financial post-acquisition performance. Considering the lack of studies investigating the environmental orientation of acquired companies, this study contributes to understanding how companies apply ecological transformation after acquisition leadership and what is its impact on post-acquisition performance.

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1. Introduction

The issue of environmental protection is one of the biggest challenges today. From climate change, which threatens food production, to sea level rise, which increases the risk of catastrophic flooding, the impacts of climate change are global. The human influence on the climate system is unquestionable, and based on adequate activities, the climate in the future can be projected. The results of the mapping of the national strategic framework in relation to the goals of sustainable development enabled an insight into the areas to which certain goals of sustainable development relate. The area of environmental and climate protection is strategically defined by numerous strategies related to water management, sustainable use of resources, renewable energy resources, and energy efficiency. Some of the strategies are the Strategy for Combating Climate Change, the Air Protection Strategy and the Strategy for Adaptation to Changed Climate Conditions. [1]Today, almost every company, including acquired companies, faces serious organizational problems, especially environmental problems. As global society has progressed, placing emphasis on environmental issues, the competent state institutions in the world are implementing stricter environmental laws, which has a great impact on the economic sector. In response to the pressures of various stakeholders, managers of acquired companies in Serbia are more actively involved in solving environmental problems, in order to adapt their business strategies to quality environmental protection and to solve these problems with EIA (Su et al., 2020). It is considered that pollution is the result of inefficient use of resources in companies, and in order to solve this problem of inefficiency, many companies are forced to be environmentally proactive, by implementing adequate environmental activities (Porter & Van der Linde, 1995).

Many companies in Serbia and also worldwide have not yet considered the issue of introducing the concept of environmental protection into their strategic planning, so they are far from applying ecological innovative strategies. With the global development of awareness of the relevance of environmental issues in the economic sector, companies that do not define environmental goals in their operations as strategically important can bear immeasurable consequences (Okereke & Russel, 2010). Brunnermeier and Cohen (2003) believe that EIA and EIS in the company emphasize the importance of preventing environmental pollution, in contrast to basic environmental behavior that strives exclusively to meet minimum environmental

[1] Serbia and Agenda 2030 - Mapping the national strategic framework in relation to the goals of sustainable development. Available at: https://rsjp.gov.rs/vp-content/uploads/Agenda-UN-2030.pdf , accessed June 14, 2023

standards. EIS and EIA are implemented in order for the company to minimize air pollution, waste of production raw materials and the consumption of traditional energy sources, with the final goal of ensuring first of all growing EP and then FP (Horbach, 2008). Environmental innovations with strategic importance often do not result in a positive impact on FP in the short term, in contrast to EP such as ecological improvement of products and the application of modern methods of environmental protection (Leonidou et al., 2017).

After the realization of acquisitions, there may be less commitment of employees to work and to the execution of organizational tasks. Hence, it is of great importance to provide adequate transformational leadership, especially in the critical post-acquisition phase, in order to provide the necessary support and assistance to employees and help overcome problems (Savović, 2017). According to Sharma (2000), the commitment of acquired companies to EIA will depend on management's perception of environmental protection. In other words, the ecological leadership style in the company motivates other employees at lower levels to realize environmental goals, by doing business in an environmentally proactive way (Mittal & Dhar, 2016). Management in companies can influence the internal values, culture, beliefs of employees and the orientation of the company, and in this way management achieves influence at all organizational levels. With an ecological leadership style, management develops an awareness of changes in implementation that contribute to environmental protection and tend to optimize the production process. In contrast to the research of authors Su et al. (2020), according to Liu et al. (2018) and Kim & Stepchenkova (2018), how environmental leadership in the post-acquisition period contributes to the EP and FP of acquired companies has not yet been investigated. Also, it is not known whether EIA represents a link between ETL and post-acquisition company performance. Specifically, this research addresses gaps reflected in previous literature, providing significant theoretical and practical implications.

The subject of research in this paper is ETL and its effects on post-acquisition performance, with the presumed mediating role of environmental innovations in this relationship. The aim of the paper is to examine how ETL affects the post-acquisition performance of the acquired company and whether environmental innovations have a mediating influence in this relationship. Starting from the defined subject and goal of the research, the basic scientific hypothesis is that ETL has a positive effect on the post-acquisition performance of the acquired company. Taking into account the set subject, the goal of the research, as well as the basic research hypothesis, qualitative and quantitative methodology was applied in the work. The application of the qualitative methodology is manifested in the consultation of the relevant literature with the aim of creating a theoretical basis for the application of the quantitative methodology, with which the research hypotheses were tested. Empirical research was conducted on the example of manufacturing companies operating in the territory of the Republic of Serbia, which were the subject of acquisitions. Data collection was carried out using a structured questionnaire that

was distributed to employees in different positions. Data analysis was performed using various quantitative statistical methods and techniques. An analysis of the reliability and internal consistency of the variables was performed. Hierarchical regression was used to test the hypotheses. The paper is structured in five sections. After the introduction, the paper provides a literature overview, which is the foundation for formulating research hypotheses. The research methodology is explained in the third section. Results of the empirical research are presentet in the fourth section. Finally, the fifth section contains concluding remarks, the highlighted contribution of the work and points to future research directions.

2. Literature Review

2.1 *Ecological transformational leadership*

With the great wave of organizational changes in the world, in the 1980s, transformational leadership appeared, which aimed to understand those changes in the shortest possible time, with the help of capable leader. Transformational leadership is considered to be more effective than transactional leadership because it represents a more traditional leadership style. By rewarding achieved business results and possibly implementing corrections and modifications, transactional leaders influence their employees. On the other hand, there are transformational leaders who motivate employees to develop their own initiative about business processes, application of knowledge and possible consequences of their decisions. The primary task of transformational leaders is to motivate employees to adapt to changes and to create a sense of belonging to the company (Savović, 2017). Bass (1999) believes that it is best for leaders to have the traits of both transformational and transactional leaders, although they are considered separate concepts.

The concept of transformational leadership consists of four dimensions, such as "Intellectual stimulation", "Individual consideration", "Inspirational motivation" and "Idealized influence" (Bass, 1999). The charismatic power of a transformational leader encourages the development of inspirational thoughts among employees, which affects gaining respect among them and thereby creating loyalty to the leader. With the help of the charismatic power that a transformational leader possesses, he is able to create a sense of collective responsibility among employees. Individualized consideration helps the transformational leader create a sense of belonging among his employees, which indirectly affects the development of caring for one another. Also, a transformational leader with the help of inspirational motivation is not only able to generate the vision of the organization but at the same time instructs the employees in which activities the vision can be transformed into reality. Through the ability of intellectual stimulation, a transformational leader is able to inspire the cognitive abilities of his employees, which results in the improvement of their creative abilities (Bass et al., 1999; Gong et al., 2009).

The concept of ETL is applied in this paper. The concept is defined as leadership behavior in which the primary goal of leadership is to provide a clear environmental vision, inspiration and motivation to employees, as well as to support their development needs in order to improve EP and FP. (Chen & Chang, 2013; Mittal & Dhar, 2016), in the post-acquisition period. Papers that defined the concept of ecological transformational leadership, as a special style of leadership in the company, have derived a comprehensive definition. According to those papers ETL can be defined as a style of management behavior, that motivates its employees to accept the implementation of ecological activities, which directly affects the realization of positive EP and indirectly to the achievement of positive FP of the taken over companies. Robertson and Barling (2013) are pointing out that ETL focuses on motivating employees, with the aim of making them behave proactively towards environmental protection. In other words, ETL employees to actively engage in business activities related to ecological product innovations. Based on these activities, the acquired and other companies develop new or existing products, which meet environmental standards (Andriopoulos & Lewis, 2010) and on the basis of which the EP of those companies is strengthened (Martinez-Conesa et al., 2017). Consequently, previous studies on this topic suggest that it is necessary to examine what mediates the relationship between ETL and environmental innovation (Le and Lei, 2019; Para-González et al., 2018) and how they affect the EP and FP of the acquired companies.

2.2 *Ecological transformational leadership and post-acquisition performance*

Para-Gonzalez et al. (2018) point out that transformational leadership contributes to the achievement of greater company performance. Researching the impact of transformational leadership on company performance is particularly relevant in situations where companies implement innovative activities in their production processes, with the aim of gaining a competitive advantage and superior performance (Della Peruta et al., 2018). Some studies investigated the impact of transformational leadership on firm performance (Dionne, 2004; Wang et al., 2011; Rao & Kareem Abdul, 2015), while some studies examined the relationship between different dimensions of transformational leadership and firm performance (Rafferty & Griffin, 2004; Nemanich & Keller, 2007; Li et al., 2009; Erkutlu, 2008; Babić et al., 2014). Babić et al. (2014) point out that inspiring and motivating employees by leaders, as well as responding to employee problems, positively affects post-acquisition performance. Nemanich and Keller (2007) investigated and absolutely confirmed the impact of transformational leadership on the acceptance of acquisitions, employee job satisfaction, as well as on employee performance after acquisitions. Bakker et al. (2022) believe that leaders who provide individual attention to employees on a daily basis and intellectually stimulate them, thereby encouraging them to independently express their work initiative in the implementation of business activities, developing

their cognitive abilities. Therefore, the performance of the employees will record constant growth with such a management model in the company.

Based on the above, it is assumed that the transformational leadership of the top management is inspirational, more precisely, it is dedicated to developing the environmental orientation of the company and its employees, who are quite concerned about the negative impact of business activities on the environment (Graves et al., 2013). There are various studies that have investigated the impact of environmental leadership on firm performance.

Li and Xu (2017) consider that organizational performance consists of EP and FP, because there is a balance and positive correlation between the benefits of environmental protection and financial growth in the company. Accordingly, in this research, the post-acquisition performance consists of EP and FP of acquired companies. Dubey et al. (2015) point out that environmental leadership has a positive effect on the quality of company management, which improves the company's EP. In addition to environmental benefits, ETL is also associated with other organizational benefits: corporate image enhancement (Kim & Stepchenkova, 2018), reputation development (Miles & Covin, 2000), better employee motivation (Singh et al., 2019) and increased marketability participation (Fraj-Andrés et al., 2009), which indirectly affect the FP of the company. According to the review of the relevant literature, it is assumed that ETL would have a positive effect on the post-acquisition performance of acquired companies.

H1: ETL positively affects on the company's EP.

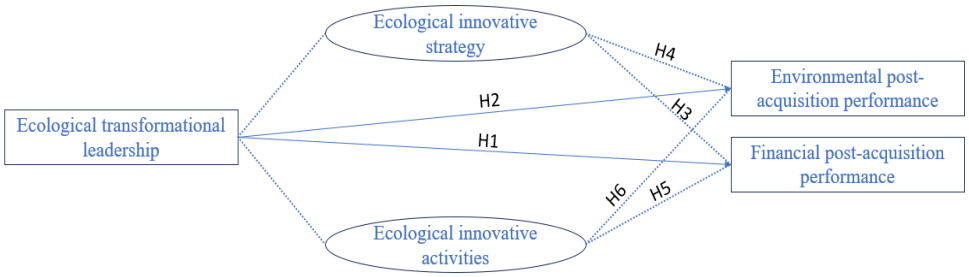
H2: ETL has a positive effect on the company's FP.

2.3 *Environmental innovative activities and strategies*

The environmental awareness of the company's management is an important signal to employees that environmental innovations will be encouraged, which leads to the improvement of the company's overall performance. After that, the concept of environmental leadership represents an important platform for the development of employee motivation for the implementation of EIS, during the realization of daily business activities. Some authors believe that ecological innovation should be divided into EIS and EIA (Su et al., 2020). EIS represents a plan of defined EIA whose purpose is to achieve clearly defined ecological and other organizational goals, designed or proposed by the company's executive directors. EIA are implemented by employees in lower hierarchical positions, such as the development of ecological product design, promotion of environmental awareness among employees, implementation of training on the topic of environmental protection, disposal of production hazardous and non-hazardous waste and ecological management of the supply chain.

Previous research confirm that a well-planned environmental strategy and clearly defined EIA have a positive effect on achieving EP (Kammerer, 2009; Adegbile et al., 2017). Study authors Singh and associates (2019) suggest that human resources in the company should be environmentally oriented in order to attract, develop and retain employees who have a developed awareness of environmental innovations, thus they are motivated to implement these innovations and to improve EP. On the other hand, Weng et al. (2015), Chen et al. (2006) emphasize that ecological innovations in the production process lead to an increase in the FP of the company, through the reduction of waste and costs and by increasing the competitive advantage, through lower prices for "green" products.

Picture 1. Research model



Source: Authors' research

Developing ecological innovations at a strategic level can contribute to reducing production costs (Shrivastava, 1995) and also contribute to developing the corporate image of the company on the national and international market (Miles and Covin, 2000). In order to protect the environment, innovations contribute to the improvement of the efficient use of raw materials and energy, which implies an increase in the amount of products produced in the company. A developed environmental image can help the company when obtaining government financial and non-financial resources (subsidies), encourage potential customers to make the initial purchase, improve employee job satisfaction, and can enable the company to create a competitive advantage (Su et al., 2020). According to Eiadat et al. (2008), empirical research has established that EIS and EIA can help companies achieve a competitive advantage, based on the acquired leading reputation in the field of environmental protection. In addition to achieving a competitive advantage, it was determined that EIS and EIA can lead to the reduction of production costs, improvement of production processes, development of product innovations, and thus can improve the overall organizational performance of the company. Based on the above, the following hypotheses were formed:

H3: EIS is a mediator in the relationship between ETL and EP.

H4: EIS is a mediator in the relationship between ETL and FP.

H5: EIA is a mediator in the relationship between ETL and EP.

H6: EIA is a mediator in the relationship between ETL and FP.

3. Methodology

The empirical research on the impact of ETL on post-acquisition performance was conducted on a sample of acquired manufacturing companies in the Republic of Serbia, specifically companies that were subjects of the acquisition process. A survey questionnaire was used for collecting primary data. Manufacturing companies were chosen for the study due to the increasing regulatory pressures and growing public concern for environmental protection they are currently facing.

The research was conducted using the Google Forms platform, during the period from May to June 2023. Prior to the research and data collection, a target population was identified for the research purposes. The sample consists of 91 managers and employees working in acquired manufacturing companies in Serbia. Through the survey, respondents expressed their views on ETL (adapted from: Bass, 1985; Banerjee et al., 2003), adopted EIS (adapted from: Zhang et al., 2015; Chen, 2006), and EIA (adapted from: Zhang et al., 2015; Chen, 2006; Wu & Qu, 2021). They also provided their opinions on EP (adapted from: Y. Li and Ye, 2011; Daugherty et al., 2002; J. Li et al., 2019; Banerjee et al., 2003; Leonidou et al., 2017; Zameer et al., 2020), FP (adapted from: Savović, 2017) (Table 6).

The dependent variables, EP and FP were measured through subjective perceptions of managers who expressed their level of agreement with specific statements. These variables were assessed only by employees in managerial positions (n=31), while other independent variables were evaluated by all employees (n=91). A five-point Likert scale was used, indicating the degree of agreement of respondents with the provided statements. Respondents had responses ranging from 1 - strongly disagree to 5 - strongly agree. As depicted in Table 1, the sample consists of slightly more males (51.6%) than females (48.4%). In terms of age distribution, the most common categories among respondents are in the age groups of 26 to 35 years (33%) and 36 to 45 years (27.5%). When considering years of work experience, there is an even representation of respondents with shorter work experience: up to five years (15.4%), 6-10 years (28.6%), and 11-15 years (19.8%). The participation of respondents with longer work experience: 16-25 years (15.4%) and over 25 years (20.9%) is slightly higher.

Table 1. Sample characteristics

Respondent characteristics		Frequency	Percentage
Gender	Male	47	51,6%
	Female	44	48,4%
Age	18-25	7	7,7%
	26-35	30	33%
	36-45	25	27,5%
	46-55	18	19,8%
	>55	11	12,1%
Work experience(y)	<5	14	15,4%
	6-10	26	28,6%
	11-15	18	19,8%
	16-25	14	15,4%
	>25	19	20,9%
Work position	Management (top, medium i operational)	31	34,1%
	Operational positions	60	64,3%
Total		**91**	100%

Source: Authors' research

The data were analyzed using the Statistical Package for the Social Sciences (SPSS), Version 23.0, a statistical software package for social sciences. The reliability and internal consistency of variables were assessed using Cronbach's Alpha coefficient. Descriptive statistics were used to measure central tendency (mean) and variability (standard deviation). Testing of research hypotheses was conducted through simple and multiple regression analysis.

4. Results

Table 2 displays the standard deviations, means, and Cronbach's Alpha coefficients of the analyzed variables. The mean value of the ETL is above 3, indicating that employees are relatively satisfied with how management emphasizes the importance of environmental protection. EIS and EIA show values around 4, suggesting that employees partially confirm the implementation of innovations in acquired environmental protection companies. The mean values of the dependent variables, EP and FP are above 4, indicating that satisfactory improvements in environmental, financial, and other organizational performances have been achieved in the post-acquisition period.

Table 2. Means, standard deviations and Cronbach's Alpha coefficients of the analyzed variables

Variables	Mean	S.D.	Cronbach's Alpha
ETL	3,92	0,63	0,863
EIS	4,07	0,68	0,825
EIA	3,93	0,79	0,903
EP	4,15	0,66	0,876
FP	4,07	0,64	0,864

Source: Authors' research

In order to assess the reliability and internal consistency of the variables, the Cronbach's Alpha coefficient was utilized. The values of this coefficient range between 0 and 1, where a value greater than 0.7 indicates satisfactory reliability and consistency of the items (Hair et al., 2014). According to Table 2, it can be inferred that all five variables examined in the research demonstrate excellent internal consistency. The highest level of reliability is evident in EIA (α=0.903), while a high level of reliability is also observed in all other variables (EP: α=0.876, FP: α=0.864, ETL: α=0.863, and EIS: α=0.825).

In order to examine the influence of ETL on EP and FP, two simple regression analyses were conducted (Table 3).

Table 3. Results of simple regression analysis

Simple regression analysis models	Beta	t	Sig.	R^2
ETL>EPP	0,776	6,623	0,000***	0,602
ETL>FPP	0,662	4,755	0,000***	0,438
ETL>EIS	0,761	11,072	0,000***	0,579
ETL>EIA	0,531	5,912	0,000***	0,282
EIS>EP	0,893	10,694	0,000***	0,798
EIS>FP	0,549	3,538	0,001***	1,000
EIA>EP	0,900	11,098	0,000***	0,809
EIA>FP	0,642	4,510	0,000***	0,412

*** Value is significant at the 99% level

Source: Authors' research

Based on Table 3, it can be concluded that 60.2% of the variability of EP and 43.8% of the variability of FP are described by the given regression models, as shown by the coefficient of determination values of 0.602 and 0.438, respectively. Both values are significant at the 0.01 level. Regression analysis determined that ETL has a statistically significant impact on EP (β=0.776 ; $p<0.01$), as well as on FP (β=0.662 ; $p<0.01$) of acquired manufacturing companies in Serbia. Based on the obtained results, hypotheses H1 and H2 can be accepted. The results show that the environmental orientation of transformational leaders has a positive effect on the EP and FP of the acquired company.

After investigating the main effects of the independent variable on EP and FP, interaction effects were also examined. For this purpose, a mediating regression analysis was conducted. The variables EIS and EIA were potential mediators in the study. The mediating effect exists if the independent variable, in this case ETL, exerts an influence on both the mediator variables and the dependent variables, while the mediator variables also impact the dependent variables (Table 3). In other words, the influence of the independent variable on the dependent variable should weaken when adding the mediator variable (Baron and Kenny, 1986). Complete mediation occurs when the relationship between the independent and dependent variables becomes statistically insignificant, while the mediator variable simultaneously demonstrates a statistically significant influence on the dependent variable. Partial mediation exists if the statistical significance of the relationship between the independent and dependent variables is reduced compared to the significance of the mediator variable's impact on the dependent variable.

Based on Table 3, we can conclude that all conditions for conducting the mediating regression analysis with potential mediator variables have been met. Specifically, the influence of ETL on the potential mediator variables is statistically significant ($p < 0.01$), and the impact of the mediator variables, EIS and EIA, on the dependent variables is also statistically significant ($p < 0.01$).

Table 5. Results of the Mediating Regression Analysis – EIS

	EPP				**FPP**			
Varijables	Beta	t	sig.	VIF	Beta	t	sig.	VIF
ETL	0,147	1,027	0,313	2,947	0,635	2,613	0,014**	2,947
EIS	0,774	5,400	0,000***	2,947	0,033	0,135	0,894	2,947
*** Value is significant at the level p<0,01 ** Value is significant at the level p<0,05	R^2 = 0,805; F = 57,818***				R^2 = 0,438; F = 10,931***			

Source: Authors' research

In the regression analysis, the variable EIS was included to investigate whether this variable acts as a mediator between the relationship of ETL and EP, as well as FP of the acquired companies. By incorporating this variable, the percentage of variability explained for EP increased to 80.5%, while the percentage of variability explained for FP remained unchanged at 43.8% (Table 4). The regression models are statistically significant at the $p < 0.01$ level.

Upon including the variable EIS in the first model, the impact of the ETL variable becomes statistically insignificant ($\beta=0.147$; $p > 0.05$). In the second model, the influence of the ETL variable remains statistically significant ($\beta=0.635$; $p < 0.05$), while the mediating variable EIS becomes statistically insignificant ($\beta=0.033$; $p > 0.05$). The analysis revealed that EIS has a statistically significant impact only on EP ($\beta=0.774$; $p < 0.01$), while it does not have a statistically significant impact on FP. The results confirm that the variable ETL indirectly influences EP and does not have any impact on FP through the mediating variable EIS. Consequently, it can be concluded that in the first model, there is complete mediation by the variable EIS, while in the second model, there is no mediating role of the variable EIS. Therefore, hypothesis H3 can be accepted, while hypothesis H4 is rejected.

Furthermore, the variable EIA is included in the regression analysis to examine whether this variable acts as a mediator between the relationship of ETL and EP, as well as FP of the acquired companies.

Table 5. Results of the Mediating Regression Analysis – EIA

	EPP				**FPP**			
Variables	Beta	t	sig.	VIF	Beta	t	sig.	VIF
ETL	0,219	1,828	0,078*	2,362	0,412	1,974	0,058*	2,362
EIA	0,733	6,119	0,000***	2,362	0,329	1,579	0,126	2,362
*** Value is significant at the level p<0,01 * Value is significant at the level p<0,1	$R^2 = 0,830$; F = 68,221***				$R^2 = 0,484$; F = 13,133***			

Source: Authors' research

Upon including this variable, the regression models are statistically significant at the $p < 0.01$ level (Table 5). Additionally, the percentage of variability explained for EP increased to 83%, and to 48.4% for FP. By introducing the second potential mediating variable EIA into the first model, the impact of the ETL variable becomes partially statistically significant ($\beta=0.219$; $p < 0.1$), while the influence of the mediating variable EIA becomes fully statistically significant at the $p < 0.01$ level ($\beta=0.733$).

The research results demonstrate that the ETL variable affects both the EP of acquire companies directly and indirectly, through the mediating variable EIA. Therefore, it can be concluded that there is a partial mediating role of the EIA variable in the first model, confirming hypothesis H5. Regarding the second model, the analysis indicates that the impact of the mediating variable EIA on the dependent variable FP becomes statistically insignificant (β=0.329; $p > 0.1$), while the impact of the ETL variable becomes partially statistically significant (β=0.412; $p < 0.1$). As a result, the ETL variable exclusively influences the FP of acquired companies directly and does not exert an indirect impact through the EIA variable. Consequently, it is concluded that there is no mediating role of the EIA variable in the second model, leading to the rejection of hypothesis H6.

5. Conclusion and discusion

The purpose of this study is to examine the effects of ETL on post-acquisition (environmental and financial) performance of acquired companies, and to determine how environmental innovations act as mediators in this relationship. Given the limited number of studies that have investigated this specific area, the primary research motivation is to address the identified gap in the literature.

This research in the present study contributes to the understanding of the impact of ETL on the post-acquisition performance of acquired companies. For the purpose of this study, production companies in the Republic of Serbia that were subjects of integration processes - acquisitions, were chosen. This choice stems from the fact that contemporary leadership styles and innovative environmental practices play a crucial role in the sustainable development of acquired companies.

The research results demonstrate that ETL has a positive influence on the post-acquisition performance of acquired companies, encompassing environmental, financial aspects. Furthermore, empirical evidence establishes that environmental innovations can act as mediators in the relationship between ETL and EP. Similar findings were obtained by authors Su et al. (2020), who also examined the impact of ecological leadership on EP and FP, with the mediating role of environmental innovations in those relationships. Additionally, the recommendation by authors Liu et al. (2018) to explore the influence of ecological leadership on environmental innovations and company performance aligns with these results. In summary, the contribution of this research lies in the examination of the impact of ETL on the post-acquisition performance of acquired companies.

This research offers several significant theoretical contributions. The first contribution lies in investigating ETL and its impact on the environmental and financial performance of companies after acquisitions. Previous research has mainly focused on the influence of ecological leadership on environmental performance (Chen & Chang, 2013; Chen et al., 2006), with a very limited number of studies

exploring its effects on a company's FP (Liu et al., 2018). This study's contribution is to establish that transformational leadership in the environmental domain has a positive impact on both EP and FP.

Secondly, ecologically oriented management develops acceptable organizational behavior for environmental preservation, thereby shaping the company's organizational culture to endorse environmental values (Mittal & Dhar, 2016). The privatization of domestic and social production companies in Serbia significantly enhanced the EP of these companies, largely due to the management practices of these foreign companies that operate in compliance with European environmental regulations. Management can view environmental protection issues as investment opportunities, thus influencing ecological modernization and the company's reorganization. Consequently, ecological transformational leadership is crucial as it constitutes one of the key prerequisites for implementing environmental innovations (Zhu et al., 2005).

Based on the results of the mediating regression analysis in this study, it is concluded that ETL indirectly influences the EP of acquired companies through the mediating variables EIS and EIA. Similar findings were observed by authors Ng (2017) and Zhou et al. (2018), highlighting that ecological transformational leadership fosters an innovative climate and encourages other employees to implement various environmental innovations. Thirdly, this research identifies that environmental innovations act as a link between ETL and the EP of companies, similar to the findings of Su et al. (2020). On the other hand, the analysis also establishes that environmental innovations do not mediate the relationship between ETL and FP. This discrepancy indicates that strategic environmental innovations often do not yield immediate positive financial outcomes, unlike their EP (Leonidou et al., 2017). These results differ from the conclusions of Su et al. (2020), Del Giudice et al. (2018), and Weng et al. (2015), who suggest that implementing environmental innovations can lead to cost savings through waste reduction and decreased expenses, implying improved FP in the short term. Clearly defining an EIS and motivating employees to carry out EIA are key recommendations for managers of acquired companies, leading to short-term improvements in EP and long-term enhancements in FP. Ecologically-oriented managers will positively influence the company's operational quality, the development and production of environmentally friendly products, ultimately reducing environmental pollution, building an ecological image, and increasing the market share of acquired companies. Therefore, environmental innovations constitute crucial links that integrate ETL and the post-acquisition performance of acquired companies.

Our study offers several key suggestions and recommendations for managers on how to implement environmental innovations and leverage them to achieve superior EP and FP. The results of this study primarily indicate that acquired and restructured companies can greatly benefit from engaging managers in the field of environmental protection. The findings of this study suggest that it is crucial for manufacturing

companies to implement environmental innovations to enhance their EP and FP. In order to align the corporate strategy of the acquired company effectively, it is essential to direct management towards the environmental regulations stipulated in the country, as well as the level of consumer awareness about the relevance of environmental protection in society and the economy. Additionally, authors such as Su et al. (2020) also recommend that companies develop an efficient system for exchanging environmental protection information to enhance internal communication and cross-sector collaboration among employees. Moreover, by establishing communication with various external partners and conducting web searches, employees in the company gain new knowledge in the field of environmental protection, which is valuable for adapting and modernizing environmental innovative strategies and activities.

There are several limitations to this research that should be explored in the future. Firstly, the study was conducted solely in acquired manufacturing companies in Serbia, and it is believed that a large number of service and other companies also face complex environmental issues. Future research on this topic should analyze specific types of industries in the economic sector of the Republic of Serbia or focus on certain regions of Serbia where manufacturing companies operate. Secondly, the small sample size may affect the reliability of results and conclusions. Directions for future research indicate the necessity of involving a larger number of employees and a greater number of companies in the study itself. Thirdly, primary data was collected through a questionnaire to test the research hypotheses in the paper. The subjectivity of respondents when answering specific statements in the questionnaire significantly affects the objective assessment of company performance. To achieve reliability in obtaining research results, a recommendation for future research on this topic is to include specific financial indicators (ROA, ROE, ROS, EVA) and control variables (number of employees, company size).

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UTICAJ EKOLOŠKOG TRANSFORMACIONOG LIDERSTVA NA POSTAKVIZICIONE PERFORMANSE U REPUBLICI SRBIJI

Rezime: Eksterni ekonomski i društveni pritisci primoravaju proizvodna preduzeća da budu ekološki orijentisana, stavljajući akcenat na pitanja zaštite životne sredine u prvi plan poslovnih politika i strategija. Ova studija istražuje ulogu ekološkog transformacionog liderstva u preuzetim proizvodnim kompanijama u Srbiji i ispituje njen uticaj na postakvizicione performanse kompanija, pretpostavljajući da ekološke inovacije predstavljaju medijatore tog uticaja. Istraživanje je sprovedeno na osnovu odgovora 91 ispitanika, odnosno zaposlenih iz pet kompanija koje su bile deo procesa akvizicija u Srbiji. Prikupljeni primarni podaci obrađeni su u programu SPSS, primenom statističkih analiza poput deskriptivne statističke analize, korelacione statističke analize i regresione statističke analize. Empirijski rezultati pokazuju da ekološko transformaciono liderstvo ima pozitivan uticaj i na ekološke i na finansijske postakvizicione performanse preuzetih preduzeća. Rezultati takođe pokazuju da ekološke inovacije (uključujući ekološke inovativne strategije i ekološke inovativne aktivnosti) predstavljaju medijatore u odnosu između ekološkog transformacionog liderstva i ekoloških postakvizicionih performansi. Međutim, ekološke inovacije ne predstavljaju medijatore u odnosu između ekološkog transformacionog liderstva i finansijskih i nefinansijskih postakvizicionih performansi.Budući da nedostaju studije koje istražuju ekološku orijentaciju preuzetih kompanija, ova studija doprinosi razumevanju koliko kompanije nakon preuzimanja primenjuju ekološko transformaciono liderstvo i kakav je njegov uticaj na postakvizicione performanse.

Ključne reči: Ekološko transformaciono liderstvo, inovacije, akvizicije, perfromanse

Authors' biographies

Igor Milojević is a doctoral student at the Faculty of Economics in Kragujevac. He is currently employed as a research intern at the Faculty of Economics in Kragujevac and teaches the subjects Business Process Modeling and Integrated Information Systems. His research primarily revolves around the use of resource planning systems in acquired companies. In addition, a significant sphere of interest is environmental innovation and sustainable development. He actively participates as a researcher in several projects financed by the Republic of Serbia.

Andrijana Đurđević is a doctoral student at the Faculty of Economics in Kragujevac. He is currently employed as a research intern at the Faculty of Economics in Kragujevac and teaches the subjects of Monetary Finance. The

focus of the research is directed towards examining the impact of the exchange rate on economic trends in the Republic of Serbia and other countries of the Western Balkans. He actively participates as a researcher in several projects financed by the Republic of Serbia.

Julija Vidosavljević is a doctoral student at the Faculty of Economics in Kragujevac. He is currently employed as a research intern at the Faculty of Economics in Kragujevac and teaches the subjects of Market Research and Consumer Behavior. The primary field of research is the examination of the influence of consumer behavior on the satisfaction and loyalty of certain brands. He actively participates as a researcher in several projects financed by the Republic of Serbia.