THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Influence of Leadership Styles and Organizational Culture on Organizational Performance of Some Selected SMEs in Accra, Ghana

Godwin Gaduga

Accountant, Department of Accounts and Finance,
Cape Logistics Ltd, Ghana

Abstract:

The study examined the influence of leadership styles and organizational culture on organizational performance and the mediating role of organizational culture on the influence of the leadership styles on organizational performance among Ghanaian SME firms in Accra. It also sought to establish the influence of the various leadership styles and the various dimensions of corporate culture on firm performance. One hundred and forty-five (141) respondents were conveniently sampled from selected SMEs in the manufacturing, telecommunication and financial sectors in Ghana for the study. All selected participants completed the multifactor leadership questionnaire (MLQ) and organizational culture survey (OCS). The data gathered was analyzed using standard multiple regression analysis and Andy F. Hayes' Process macro procedure in SPSS. The results revealed that, leadership styles did not influence organizational performance in SMEs in Accra Ghana; on the other hand, organizational culture did influence organizational performance. Transformational leadership style was also the only significant influence on organizational performance among all three leadership styles understudy. Moreover, none of the dimensions of corporate culture influenced organizational performance significantly, whereas organizational culture failed to play a mediating role in the influence of the perceived leadership styles on firm performance

Keywords: Leadership style, organizational culture, small & medium scale enterprises, performance

1. Background

The contribution made by SMEs is significant towards strengthening every nation's economy. In the year 2008 in Malaysia for instance, 87% of all small and medium enterprises (SMEs) dominated their services industry (NSDC, 2008). Small enterprises have also been noted to account for about 92 per cent of businesses in Ghana.

In Ghana, most SMEs appear to be in the services sector. These include herbal, natural and orthodox medicine – based clinics, shops, micro finance companies, supermarkets, consultancies and schools and so forth. The development of such SMEs in Ghana is proven to be hampered by a number of factors, notable amongst which are finance, equipment and technology, access to international markets etc. (Anheier & Seibel, 1987; Steel & Webster, 1992; Aryeetey, 1994; Baah-Nuakoh & Teal, 1993 and Thoni & Yankson, 1985). Another prominent issue has to do with the lack of leadership which is known to thwart efforts at attracting finance and so are the main barriers to SME development (Gockel & Akoena, 2002) in Ghana and most parts of the world both developed and developing.

The findings of two independently done studies on identifying the key success factors among the top SMEs in Malaysia and Singapore seemed to correlate each other by recognizing that one of the components of key success factors among the SMEs in both countries is attributed to the presence of a strong, visionary and capable leadership (Ghosh et al., 2001; Hung et al., 2010).

Meanwhile leadership is concerned with the process of influencing people and guiding them to achieve organizational goals (Robbins & Coulter, 2005; Northouse, 2007). This means that the presence of good and effective leadership can help to improve all aspects of the enterprise including the corporate culture and the performance of the enterprise depending on the goal of the enterprise. While it is almost common knowledge that SMEs usually have no proper corporate governance structures (Abor & Adjasi, 2007) and so is riddled with haphazard or non – existent corporate culture, deliberate high employee performance suffers.

SMEs seek to make their employees stick with them therefore they would like their employees to identify with the values, norms and artefacts of the enterprise, hence the need for organizational culture. It is therefore incumbent on the owner or leader to explain and imbibe its intended culture in its employees as this will enable the employee to get familiar with the organizational system. During this process of orientation and explanation, the employees learn about the organizational culture and make deliberate effort to reinforce it.

Knowing that SMEs have played and continue to play significant roles in the growth, development and industrialization of many economies the world over including African countries the effect of organizational culture and

leadership style on organizational performance must be examined so that innovative recommendations can be suggested to help strengthen these SMEs.

Strikingly, the ideas of administration and culture have each been autonomously found to impact ingenuity and, in the meantime, plentiful research discoveries state that the two ideas are connected. Notwithstanding, observational proof accessible with respect to the between connection between authority styles and authoritative culture and how they impact hierarchical imaginativeness, is considered rather deficient, regardless of the breadth of examines that find out that the two ideas may impact hierarchical creativity. Additionally, recorded discoveries are disparate. While a few journalists propose that a pioneer's style of administration influences authoritative creativity, others contend that specific sorts of societies are connected to higher imaginativeness. Also, other research discoveries set that culture and administration are connected. Henceforth, the exact nature and way of collaboration between these three ideas isn't only caught on. Accordingly, examine proposes the requirement for additionally concentrates to distinguish, investigate, and illuminate the nature and example of relationship between the three ideas and how each may add to hierarchical ingenuity.

An association's capacity to improve is distinguished as its key wellspring of upper hand. Also, development is viewed as an essential determinant of the very survival of the firm and a pad to help any association endure the contemporary dynamics of the business condition. Thusly, it is evaluated that development and change, are two essential factors considered exceptionally important for firms to in the event that they should withstand introduce day turbulent business condition. Additionally, development likewise remains vital to the testing undertaking of the official. Research facilitate emphatically proposes that business firms may hold a superior opportunity to flourish in the present regularly changing business field when they can create new items, administrations, and procedures. As a result, the suggestion is that associations may embrace advancement as a method for corporate life on the off chance that they should prosper and command their business condition. To this end, recognizing the variables that will animate an association's inventiveness is proposed by inquire about as extremely related and along these lines considered key for the accomplishment of firms in their endeavors to comprehend the idea of development (Ireland and Hitt, 2005). Lamentably, look into on authoritative procedures demonstrates that archived prove on understanding the components that impact, advance or repress an association's propensity to advance is inadequate. In expansion, artistic proof introduced to this end has been moderately uncertain. In this light, questions of why and how associations develop have caught the enthusiasm of numerous specialists and this has cumulated in much research as of late. Thusly, a few investigations keep on exploring how different hierarchical, individual, and ecological components encourage or repress development (Duygulu and Ozeren, 2009; Jaskyte, 2004).

1.1. Problem Statement

In almost all African countries such as Kenya, South Africa, Nigeria, Cote D'Ivoire, Togo and even Ghana, small and medium scale businesses are the engines of economic development and industrial growth, solving the problems of poverty and unemployment. Therefore, their success in business and stay in business must be a concern for researchers however, it appears more and more researchers favour multinational corporations and audacious players in industry for their research over these humble SMEs.

While researchers have often sought to link organizational culture and leadership styles to firm performance, there have mostly been independent linkages. For instance, researchers have examined the relationship between leadership styles and performance (Bycio et al., 1995; Howell & Avolio, 1993; Koech & Namusonge, 2012), and also between organizational culture and performance (Deal & Kennedy, 1982; Denison, 1990; Ouchi, 1981; Pascale & Athos, 1981; Peters & Waterman, 1982; Kotter & Heskett, 1992). However, an extensive literature search sighted Ogbonna and Harris (2000) to have made the effort to link leadership styles, corporate culture and performance in the UK context. In the Ghanaian context nonetheless, such a study has not been attempted. A study in that direction in Ghana is therefore warranted. The Ghanaian business scene is in no way, shape or form negligent of these enlivening and furthermore to the way that advancement is of basic pertinence for their associations' survival (Almond, 2010). What is yet to be known, nonetheless, is whether they know about recognizing the components that may invigorate the required ingenuity as has been proposed by inquire about. The administration part, particularly saving money foundations, broadcast communications and some assembling associations in Ghana today present new items and administrations while re-bundling existing ones at such a disturbing rate, to the point that little is left to the creative energy of customers what administrations and items these organizations expect to think of next. Inside the most recent decade, a few of these associations have turned to rebranding both their authoritative picture/personality and items, making a few new items and administrations all the while, and growing better approaches for advertising their brands as an enthusiastic methodology to either increase upper hand over adversary firms and might be with an end goal to totally out-do them.

Moreover, many researchers agree on the fact that there is no agreement on the clear-cut nature of the relationship between corporate culture and performance as there is no widely accepted causal relationship between corporate culture and performance (Ojo, 2009). Ojo furthers that the empirical evidences emerging from various studies about the effect of corporate culture on performance have so far yielded mixed results that are inconclusive and contradictory. The current study would therefore seek to establish the relationship in the Ghanaian context.

Corporate culture in SMEs can mostly only be inspired or ensured by the owner of the enterprise. To that effect, Tidor, Gelmereanu, Baru and Morar (2012) assert that the most influence on the organizational values and beliefs and generally the corporate culture in SMEs is usually the owner who is also essentially the leader. Therefore, it is expected that leaders of SMEs would positively influence their corporate culture so that continuous performance is sustained. However, it appears most SMEs in Ghana have failed and keep failing before they are certified to commence business as a result of unstained organizational performance culminating from poor or inappropriate leadership style.

Finally, the leadership literature has argued that, critical to the success of every organization is leadership whereas the corporate culture literature expects that it is rather the font of organizational performance. Literature on leadership again suggests that the ability to understand and work within a culture is a necessity for effective leadership (Hennessey, 1998; Malcom, 2013)). However, in spite of the fact that leadership and culture have been fundamentally linked in countless organizational theorization, very limited research focus has been concentrated on the relationship between the two concepts (Koranteng, 2010) and the impact that such an association might have on organizational performance in Ghana. This has necessitated the need for this study in the Ghanaian context. Within the confines of SMEs in Ghana, Aryetey (2010) has asserted that leadership crisis continues to be the bane of most firms as CEOs are either totally unconcerned about subordinates' outcomes or ignorant of them hence are not able to yield positive employee outcomes. This study therefore seeks to assess leadership style as an antecedent of employee outcomes such as performance.

1.2. Research Objectives

The objectives of the study are as follows:

1.2.1. General Objective

- To examine the relationship between perceived leadership styles, organizational culture and organizational performance.

1.2.2. Specific Objectives

With regard to the research questions sought to be answered, the objectives for this study are stated as follows:

- To examine the influence of perceived leadership styles and organizational structure on firm performance.
- To find out which leadership style has more influence on firm performance.
- To determine whether innovative culture will significantly contribute most to firm performance than will bureaucratic culture, community culture and competitive culture.
- Organizational culture will not significantly mediate the effect of Perceived leadership styles on firm performance.

1.3. Hypotheses

- H₀₁: Perceived leadership styles will significantly predict firm performance in SMEs in Ghana.
- H₀₂: Organizational culture will significantly influence on firm performance in SMEs in Ghana.
- H₀₃: Transformational leadership style will significantly contribute to firm performance than transactional and passive/avoidant leadership styles in SMEs in Ghana.
- H₀₄: Innovative culture will significantly contribute most to firm's performance than will bureaucratic culture, community culture and competitive culture.
- H₀₅: Organizational culture will not significantly mediate the effect of Perceived leadership styles on firm performance.

1.4. Significance of the Study

The general conclusion is that associations change as far as their way of life, and in this manner the decision of specific authority conduct, to a vast degree, relies upon the hierarchical circumstance and culture. The present examination, in this manner, try to give the scholarly community and additionally the business group in Ghana important bits of knowledge into the connection between different authority styles, some authoritative culture typologies, and hierarchical creativity. In help of this declaration, Dan Ciampa, President and Chief Executive Officer (CEO) of the U.S. administration consultancy, Rather and Strong, and Jeffery Miller, senior partner of the firm, noticed that 'authority faces another reality'. They contended that there is no most ideal approach to lead, and no perfect single style of leadership. In this light, the present examination tries to make a huge commitment to the present writing for investigating and understanding the degree to which the ideas of initiative and hierarchical culture can impact an association's inventiveness. The investigation draws from the commence that organizations with more prominent inclinations for imaginativeness will be more effective in reacting to changing business situations and growing new abilities to accomplish better execution (Montes, Morerno and Fernandez, 2004). What's more, the examination agrees with the claim that ingenuity is a standout amongst the most profitable resources of associations in the present business condition (Kaplan, 2009). As a result, it is trusted that Ghanaian associations that try to enhance their vital creative methodologies will have the capacity to draw from the discoveries of the examination and imitate perfect and fitting techniques for administration and in addition receive the reasonable culture in building their associations' imaginative interests. Discoveries of the examination are accordingly, anticipated that would convey to the fore more suitable authority styles in particular authoritative culture that will add to the coveted hierarchical creativity. The examination is similarly anticipated that would add to the current information and writing on saw authority styles, hierarchical culture, and authoritative inventiveness. At long last, this examination is required to give different analysts the chance to test the legitimacy of its discoveries in different settings and under various conditions, consequently, making prospects for additionally inquire about regarding the matter.

2. Methodology

2.1. Research Design

The study employed a cross-sectional and quantitative design using survey method for data collection. It relies on primary perceptual data.

2.2. Population

The population of interest for this study includes all small and medium scale enterprises in Ghana. The target population was all SMEs in Accra which have been in existence for at least five (5) years. The choice of SMEs that have been operational for five (5) is based on the criteria for most banks in Ghana before they advance any loan to an SME (How is this sampling criteria useful to the study?). The banks do this to safeguard themselves from SMEs which are not sustainable and credit unworthy. The banks believe that SMEs which have been able to finance themselves for at least five (5) are serious, sustainable and credit worthy.

2.3. Sampling

2.3.1. Sample Frame

The sample frame for the sake of this study is defined as all employees of selected SMEs.

2.3.2. Sample Size

The sample size was determined for the study based on the recommendations of Tabachnick and Fidell (1996) which stipulates that for an appropriate sample size for studies involving the use of multiple regression, the sample size (N) should be $(N > 50 + 8M)$ where M is the total number of independent variables. Since there are two independent variables in the study, the minimum sample size required for this study was sixty-six (66) [i.e., $50 + 8(2) = 66$]. Therefore, the sample size of 150 respondents more than satisfies the recommended sample size for the purpose of the present study.

2.3.3. Sample Technique

The convenience sampling technique was, however, used to select the actual organizations that participated in the study. Again, nearby branches of the organizations that granted their approval to partake in the study were selected for the simple reason of proximity and easy access for the collection of data. Census was employed to select the employees of the organization selected for the study.

2.3.4. Instrumentation

Three (3) instruments were used to collect data for the study. These include the Multifactor Leadership Questionnaire (MLQ) 5X developed by Avolio and Bass (2000), Organizational Culture Scale by Deshpande, Farley and Webster (1993) and the Organizational/ Employee Performance Survey also by Avolio and Bass (2000).

2.4. Organizational Culture

Organizational Culture was measured using the Organizational Culture Scale by Deshpande, Farley and Webster (1993). The instrument is a 16-item scale which is comprised of four items each for all 4 dimensions of culture namely: competitive culture (items 4, 5, 6, 14), innovative culture (items 1, 2, 3, 13), community culture (items 10, 11, 12, 37) and bureaucratic culture (7, 8, 9, 15) (Ogbonna & Harris, 2000).

The scale originally has a seven-point response format ranging from not at all (1) – to a very great extent (7) for all items except items 3, 5, 9 and 13 which have responses anchored on a seven-point response ranging from (1) very false to (7) very true. However, the current researcher recalibrated the measuring scale to suit the purpose of this study. Most of the question items were also re-worded to suit the study context although it did not fundamentally change the meaning intended by the original instrument.

Some sample items on the scale include, 'This company places a high priority on company dynamism and employees' entrepreneurial willingness to take risk' and 'This firm emphasizes human resources and place importance on high cohesion and morale in the firm'.

Ogbonna and Harris (2000) reported Cronbach alpha coefficient values of 0.77 for competitive culture, 0.76 for innovative culture, 0.70 for community culture and 0.67 for bureaucratic culture. This study had the following reliability coefficients; competitive culture, .76, innovative culture, .81, community culture, .82 and .76 for bureaucratic culture. Koranteng (2012) also reported the following reliability coefficients; competitive culture, .76, innovative culture, .81, community culture, .82 and .76 for bureaucratic culture in Ghana where this study is also being conducted. The researcher therefore bases on these reports to say that, the instrument is reliable enough.

2.5. Multifactor Leadership Questionnaire Form 5X (MLQ-5X)

The Multifactor leadership style questionnaire was in two parts A and B. Part A required demographic information about respondents such as gender, age, the position in the organization, years worked in the organization, and Specialty.

Section B (items 6 through 41) contained questions adopted from the Multifactor Leadership Questionnaire form 5 (MLQ-5X) Avolio and Bass (2000). The MLQ-5X assesses leadership in both business and non-business environments. There have been several revisions of the instrument to address issues regarding instability and multi-collinearity surrounding its component factors and psychometric properties (Avolio & Bass, 1995; Antonakis, Avolio, & Sivasubramaniam, 2003).

Nine (9) leadership scales, each comprising four items are measured. The MLQ-Form 5X measures leadership styles on a 5-point Likert scale which has been adapted ranging from '1' (not at all) to '5' (frequently, if not always). It determines the extent to which leaders demonstrate transformational, transactional leadership and passive avoidance / laissez faire styles in their context.

For the purpose of this study, five (5) subscales (Idealized Influence - attributed, Idealized Influence - behaviour, Inspirational Motivation, Intellectual Stimulation and Individual Consideration) were used to measure transformational leadership with a total of 20 items, whilst transactional leadership and passive avoidant styles would be measured by two (2) subscales each (Contingent Rewards, Management-by-Exception – active, Management-by-Exception - passive and Laissez-faire), with a total of 16 items.

The scales used in the MLQ-5X have been found to be valid and reliable (Antonakis et al., 2003; Avolio, Bass, & Jung, 1999; Lowe, Kroeck & Sivasubramaniam, 1996).

2.6. Firm Performance Survey

The Firm Performance Survey also by Avolio and Bass (2000) is measured by three (3) subscales namely: Extra Effort, Effectiveness and Satisfaction. All the three subscales are subjectively measured by four (4) question items each on a 5 – point Likert scale as well and ranging from '0' (not at all) to '4' (frequently, if not always). Objective measures would have been preferable; however, it is almost impossible to obtain such information from SMEs in Ghana.

Several studies therefore prefer subjective measures to objective measures when assessing business performance due to difficulties in obtaining objective data (Zulkiffli&Perera, 2011). It is the practice of managers to often refuse to provide accurate, objective performance data to researchers (Dess& Robinson, 1984; Sapienza et al., 1988). While research on SMEs is particularly susceptible to these difficulties (Dess& Robinson, 1984), researchers have accepted that the consistency of subjective measures and objective measures. Subjective performance measures have proven to be reliable for measuring performance (Dess& Robinson, 1984; Pearce, Robbins & Robinson, 1987; Venkatraman&Ramanujam, 1987). Subjective performance measures increase the response rate where objective data are either not available or respondents not willing or able to reveal the information.

2.7. Data Analysis

The data were analyzed using the Statistical Package for Service Solutions (SPSS) to help answer the various research questions. All tests undertaken were all Parametric Tests.

- Research question one (1) was tested using Standard Multiple Regression. This is because the study sought to determine the effect that perceived leadership styles made on organizational performance.
- Research question two (2) was answered using Standard Multiple Regression. This is because the study sought to determine the effect that each of the leadership styles has on firm performance.
- Research question three (3) was answered using Standard Multiple Regression. This is because the study sought to determine the effect that organizational culture has on firm performance.
- Research question four (4) was answered using Standard Multiple Regression. This is because the study sought to determine the effect of the variance accounted for by the types of culture with respect to firm performance.
- Research question five (5) was also answered using Andy F. Hayes' Process macro procedure for analyzing mediation to determine the mediation effect of organizational culture on the relationship between perceived leadership styles and firm performance.

3. Analysis and Results

3.1. Hypotheses One (1) and Two (2)

The Coefficients table in Table 4.5, Perceived Leadership styles ($\beta = .026$, $p = .575$) failed to significantly contribute to the substantive optimum model 1. However, Organizational Culture ($\beta = .118$, $p = .000$) contributed significantly to Firm Performance, contributing 11.8 % to the model. It is worth noting that, the model was significant as shown in ANOVA table ($p = .000$) in Table 3 with a significant p-value ($p = 0.000$). Moreover, the model summary in Table 4.4 also achieved an R^2 of .124 confidently suggests that the two (2) variables extracted accounted for 12.4 % of the variance in the level of Firm performance in the selected SMEs in Ghana.

Therefore, the researcher accepts, the hypothesis 1 that, '*Perceived leadership styles will not significantly predict firm performance in SMEs in Ghana*' but rejects hypothesis 2 that, '*Organizational culture will not significantly influence on firm performance in SMEs in Ghana*'.

Subsequently, the model equation using the respective coefficient is derived as:

$$FPerf = 18.985 + 0.026 (PERLEAD) + 0.118 (ORGNCUL) + \varepsilon \dots \dots \dots (1)$$

This was developed by following a standard multiple regression model equation:

$$Y_k = a + \beta_1 X_1 + \beta_2 X_2 + \dots \beta_K X_K + \varepsilon$$

Where $\beta_1 \dots \beta_K$ are the beta coefficients of the predictor variables; $X_1 \dots X_K$ are the predictor variables contained in the optimum model. Alpha (α) is the constant and ε is the residual error.

Change Statistics										
Model	R	R ²	Adj. R ²	Std. Error of the Estimate	ΔR ²	Durbin ΔF	df1	df2	Δ Sig. F	Watson
1	.352	.124	.111	2.02371	.124	9.003	2	137	.000	1.011

Table 1: Results of Standard Multiple Regression Analysis for Perceived Leadership Style and Organizational Culture as Predictors of Firm Performance
Source: Survey 2018

Notes:

Dependent Variable: Firm Performance

a. Predictors: (Constant), Perceived Leadership Style, Organizational Culture

Model	Unstandardized Coefficients	Standardized Coefficients		Collinearity Statistics			
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	18.985	3.557		5.337	.016		
Perc'd Lead. Style	.026	.046	.046	.563	.575	.974	1.027
Org'l Culture	.118	.027	.356	4.392	.000	.974	1.027

Table 2: Coefficients Table

Note: Dependent Variable: Firm Performance

Source: Survey 2018

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	79.102	2	39.551	9.657	.000 ^b
Residual	561.069	137	4.095		
Total	640.171	139			

Table 3: ANOVA Table

a. Dependent Variable: Firm Performance

3.2. Hypothesis Three (3)

The Coefficients table in Table 4.8, shows that, Transformational Leadership ($\beta = .160$, $p = .000$) emerged as the significantly highest contributor to the substantive optimum model contributing 16% to the significance of the model, however both Transactional Leadership ($\beta = .044$, $p = .454$) and Passive/Avoidant ($\beta = -.082$, $p = .374$) failed to contribute significantly to the model. Moreover, the model summary in Table 4.7 also achieved an R^2 of .164 confidently suggesting that the three (3) variables extracted accounted for 16.4 % of the variance in the level of Firm performance in the selected SMEs in Ghana.

Therefore, the hypothesis 3 that, 'Transformational leadership style will not significantly contribute to firm performance than transactional and passive/avoidant leadership styles in SMEs in Ghana' was not supported.

Therefore, the model equation using the respective coefficient is derived as:

$$FPerf = 21.625 + 0.160 (TRANSF) + 0.044 (TRANSAC) - 0.082 (PASAV) + \epsilon \dots \dots (2)$$

This was developed by following a standard multiple regression model equation:

$$Y_k = a + \beta_1 X_1 + \beta_2 X_2 + \dots \beta_K X_K + \epsilon$$

Where $\beta_1 \dots \beta_K$ are the betacoefficients of the predictor variables; $X_1 \dots X_K$ are the predictor variables contained in the optimum model. Alpha (α) is the constant and ϵ is the residual error.

Model	R	R ²	Change Statistics							
			Adj. R ²	Std. Error of the Estimate	ΔR ²	Durbin ΔF	df1	df2	Δ Sig. F	Watson
1	.404	.163	.145	1.985	.163	8.832	3	136	.000	1.165

Table 4: Linear Model Summary of Predictors of Firm Performance

Source: Survey 2018

Notes:

Dependent Variable: Firm Performance

1. Predictors: (Constant), Transformational, Transactional, Passive/Avoidant

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	21.625	2.727		7.931	.000			
Transformational	.160	.034	.380	4.765	.000		.968	1.033
Transactional	.044	.058	.061	.750	.454		.945	1.058
Passive/Avoidant	-.082	.092	-.071	-.892	.374		.976	1.025

Table 5: Coefficients Matrix

Note: Dependent Variable: Firm Performance

Source: Survey 2018

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	104.384	3	34.795	8.832	.000 ^b
	Residual	535.787	136	3.940		
	Total	640.171	139			

Table 6: ANOVA Table

a. Dependent Variable: Firm Performance

3.3. Hypothesis Four (4)

The Coefficients table in Table 4.11 revealed that, none of the types of cultures significantly contributed to Firm performance [Innovative culture ($\beta = -.117$, $p = .107$), Competitive Culture ($\beta = .162$, $p = .084$), Community Culture ($\beta = .141$, $p = .227$), Bureaucratic Culture ($\beta = -.037$, $p = .799$)]. Hypothesis four (4) that, 'Innovative culture will not significantly contribute most to firm performance than will bureaucratic culture, community culture and competitive culture' is therefore accepted.

Subsequently, the model equation using the respective coefficient is derived as:

$$FPerf = 31.039 - 0.117 (INNOCUL) + 0.162 (COMPCUL) + 0.141 (COMMUL) - 0.037 (BUREACUL) + \epsilon \dots (3)$$

This was developed by following a standard multiple regression model equation:

$$Y_k = a + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_K X_K + \epsilon$$

Where $\beta_1 \dots \beta_K$ are the betacoefficients of the predictor variables; $X_1 \dots X_K$ are the predictor variables contained in the optimum model. Alpha (α) is the constant and ϵ is the residual error.

Model	R	R ²	Change Statistics							
			Adj. R ²	Std. Error of the Estimate	ΔR ²	Durbin ΔF	df1	df2	Δ Sig. F	Watson
1	.236	.056	.028	2.108	.056	2.000	4	136	.098	1.109

Table 7: Linear Model Summary of Predictors of Firm Performance

Source: Survey 2018

Notes:

Dependent Variable: Firm Performance

Predictors: (Constant), Bureaucratic Culture, Competitive Culture, Community Culture, Innovative Culture

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	31.039	2.256		13.758	.000			
Innovative Culture	-.117	.072	-.140	-1.622	.107		.932	1.073
Competitive Culture	.162	.093	.146	1.741	.084		.992	1.008
Community Culture	.141	.116	.104	1.213	.227		.944	1.059
Bureaucratic Culture	-.037	.145	-.023	-.255	.799		.885	1.130

Table 8: Coefficients Matrix

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	35.565	4	8.891	2.000	.098 ^a
1 Residual	604.619	136	4.446		
Total	640.184	140			

a. Dependent Variable: Firm Performance

Table 9: ANOVA Table

Note: Dependent Variable: Firm Performance

Source: Survey 2018

4. Conclusion and Recommendations

The findings of the study revealed that perceived leadership styles did not significantly influence firm performance although the literature has asserted that, leadership has a strong relationship with and influences firm and employee performance. The finding disagreed with Alloubani et al (2015) who used the same indicators of performance (such as effectiveness, satisfaction and extra effort) therefore the researcher identified that the inability of leadership to influence is however explained by the theory of substitute for leadership theory by Kerr and Jermier (1978). The researcher based on the findings of the study has identified theoretical and practical recommendations. First the researcher recommends that SME leaders be given the necessary training in leadership so that any of the leadership styles they would wish to employ in a given situation would be appropriate to influence higher performance outcomes. This would help leaders to know how to blend both transformational and transactional leadership styles in SMEs for better performance. Theoretical contributions/recommendations?

5. References

- i. Alimo-Metcalfe, B. & Alban-Metcalfe, J. (2001). 'The development of a new Transformational Leadership
- ii. Avolio, B. J. & Bass, B. M. (2004). *Multifactor Leadership Questionnaire: Manual and Sampler set*. (3rd edn.). Redwood City, CA: Mindgarden.
- iii. Bass, B. M. (1998). *Transformational leadership: Industrial, military, and educational impact*. Mahwah, NJ: Erlbaum.
- iv. Bass, B. M. (1999). Two decades of research in transformational leadership. *European Journal of Work and Organizational Psychology*, 8(1), 9-32.
- v. Cacioppe, R. (1998). An integrated model and approach for the design of effective leadership development programs. *Leadership and Organization Development Journal*, 19(1), 44-53.
- vi. Denison, D. R. (1990). *Corporate Culture and Organizational Effectiveness*. New York: Wiley.
- vii. Gladstein, D. L. (1984). Groups in context: A model of task group effectiveness. *Administrative Science Quarterly*, 29, 499-517.
- viii. Liden, R. C.; Sparrowe, R. T. & Wayne, S. J. (1997). Leader-member exchange theory: The past and potential for the future. *Research in Personnel and Human Resources Management*, 15, 47-119.
- ix. Locke, E.A., & Latham, G.P. (1990). *A theory of Goal Setting and Task Performance*. Englewood Cliffs, NJ: Prentice Hall.
- x. O'Reilly, C. A., III. (1989). Corporations, culture, and commitment: Motivation and social control in organisations. *California Management Review*. 31(4), 9-25.
- xi. Riggio, E.R. (2002). *Introduction to Industrial and Organizational Psychology*. Prentice Hall.
- xii. Rukmani K., Ramesh M., & Jayakrishnan J., (2010). Effect of Leadership Styles on Organizational Effectiveness. *European Journal of Social Sciences*. 15(3).
- xiii. Sashkin M (1996). *Becoming a visionary leader*. Amherst, MA: HRD Press.
- xiv. Tziner, A. (1982). Differential effects of group cohesiveness types: A clarifying overview. *Social Behavior and Personality*, 10, 227-239.
- xv. Vroom, V. H. & Yetton, P. W. (1973). *Leadership and Decision-Making*. Pittsburgh, PA: University of Pittsburgh Press.