

FACULTY OF MANAGEMENT AND ADMINISTRATION

**AN ANALYSIS OF THE IMPACT OF LEADERSHIP STYLES OF
SMES OWNER/MANAGERS ON THE ORGANISATIONAL
FINANCIAL PERFORMANCE. THE CASE OF GLENVIEW
CARPENTRY SECTOR**

(2012)

BY

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DECLARATION

This research project is my original work except where sources have been acknowledged. The work has never been submitted, nor will it ever be, to another University in the awarding of a degree.

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NAME OF SUPERVISOR

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SIGNATURE

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DATE

DEDICATIONS

I would like to dedicate this research to my parents. Thank you all for the support you have given me throughout the times. Your love is cherished, I love you. I also dedicate this piece of work to the Almighty God who sailed with me throughout the course of this research.

ABSTRACT

The research aims to give an in-depth account of the existing leadership styles of Small to Medium Business owners operating in the carpentry sector of Zimbabwe. To achieve this, the researcher proposed the hypothesis that there are ineffective leadership styles practised in SMEs operating in Zimbabwe which in turn impact negatively on the financial performance of SMEs and the economy in general. This study is important because SMEs, despite their contribution to the Zimbabwe economy, have not been given their due attention as the previous researches on leadership styles have been biased towards the larger enterprises. The vehicle for investigation is the survey questionnaire which will be filled by owners in the Glenview Carpentry Complex in Harare. In this study 12 business people, 10 males and 2 females were used as the research subjects. This already showed that the majority of SMEs are owned by males. It was also established that most of the owners have acquired some level of education. The results also indicate that the leadership styles practiced by the research subjects are democratic and charismatic style while autocracy is present to a higher extent. The results also indicated that the Machiavellie style is not so commonly practised among SME leaders. The research concludes that SME owners exercise control over how people go about tasks in the department. The research also concludes that when SME owners make decisions they announce them. The study further concludes that when mistakes occur SME owners will seek to find out who is responsible and making it clear they will not be tolerated. Lastly the study concludes that some SME owners do not mind mistakes as long as people use them as genuine learning situations. The study recommends that SME leaders should put controls in place to ensure efficient levels of financial performance. The researcher also recommends leadership training for SMEs owner/managers. The research also recommends

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ABBREVIATIONS

SME - Small to Medium Enterprises

IEE - Indigenisation and Economic Empowerment

GDP - Gross Domestic Product

IDP - Industrial Development Policy

UNDP - United Nations Development Policy

MTP - Medium Term Plan

SEDCO - Small Enterprise Development Corporation

CHAPTER ONE

1.0 Introduction

This research is about leadership styles practiced by SMEs of SMEs and their impact on organizational financial performance. The researcher is going to confirm this research in the carpentry sector within the metropolitan of Harare. This proposal is going to explain the background of the study leading the problem statement, research questions, conceptual framework and brief methodology of the study.

1.1 Background of the Study

Growth in the SME sector results in employment creation, poverty eradication, and a meaningful contribution to the country's Gross Domestic Product (GDP). [United Nations Development Program report, 2011]. The importance of SMEs in industrial and economic development came to light following the success stories of countries such as Singapore, Taiwan, North Korea, German and Italy (Hallberg, 2001).

The government of Zimbabwe will prioritize the promotion and support of Small Micro Medium Enterprise (SMEs) which are viewed as an important engine for employment creation and economic growth. (Industrial Development Policy, 2012-2016). Given the sector's high labour to capital ratio the government plans to use the sector as strategy for quick turnaround of the economy at a relatively cheaper cost than that of conventional larger industries [Medium Term Plan (MTP), 2011]

In 2000, the government established the Ministry of Small and Medium Enterprise Development (MSMED) to spearhead and facilitate the growth and development of SMEs as well as manage SEDCO (Chippewa and Malaba, 2007). The government intends to develop and strengthen existing parastatals like the Small Enterprise Development Corporation (SEDCO) to be able to offer more support to SMEs. (Industrial Development Policy, 2012-2016)

The Indigenization and Economic Empowerment policy in the SME sector is advocating that the sector should be at the centre of the IEE Framework in Zimbabwe given that the majority of the indigenous people are engaged in the micro, small and medium enterprise activities. [Indigenization and Economic Empowerment (IEE) Study, 2010].

SMEs contribute about 60 percent of Zimbabwe's Gross Domestic Product (GDP), 50 percent of employment and 5-6 percent of total export. (Government, Medium Term Plan (MTP) Draft, 2010). More than half of the total industrial establishment is contributed by the SMEs (Zindiye, 2008).

Many studies have been carried out on SME development in developing countries (Tevera, 1998; Rasmussen, 1992; Tripp, 1989; Dawson, 1988; Yoshukuni, 1984). All of these studies mainly focused on the problems facing SMEs such as financial, social and institutional. Not much research has been directed at the contribution of Leadership styles to SME financial performance. Thus there is need to build up research capacity in Zimbabwe capable of generating information regarding the contribution of Leadership styles SMEs performance. (Bebbington and Bebbington, 2001).

This study seeks to analyze the impact of leadership styles on the financial performance of small businesses in Glenview carpentry sector.

1.2 Problem Statement

Large companies have corporate governance structures which mean that the management will be under the supervision of the board of directors. These corporate governance structures bring checks and internal controls within the company which are the guidelines to management decision making. Unlike large companies, SMEs are often run by one person or a small number of people e.g. a family. In this case a person's personality has a direct impact on the business since there is no board of directors to monitor his/her performance. This implies that if the owners' personality is favorable, the business will do well, and if the owners' personality is unfavorable the business will not perform well. The owners of SMEs can make decisions as they wish since there will be no checks and internal controls as compared with large companies. It is against this study that the researcher intends to critically analyze leadership styles and their impact on SME financial performance.

1.3 Aim of Study

The aim of this research is to study the impact of Autocratic, Democratic, Charismatic and Machiavellie leadership styles have on SME purchases, sales, expenditure and profitability at Glenview carpentry sector for the year 2012.

1.4 Objectives of the Study

The research objectives of this study are to:

1. Identify the different leadership styles employed by SMEs in Zimbabwe.
2. Evaluate the contribution of leadership styles to SME financial performance.
3. Provide recommendations on the best leadership styles for SMEs, that is, where there are no checks and internal control.

1.5 Research Questions

1. What are the leadership styles in the SME sector?
2. How is financial performance measured?
3. Is there a best leadership style for SMEs in the country?

1.5.1 Hypothesis

H₀ - Leadership style has no impact on financial performance

H₁ - Leadership style has an impact on financial performance.

The null hypothesis will be rejected if the above research question is not fully answered.

1.6 Significance of Study

Therefore, this study will be of importance to the following areas;

1. Find a way to owner /managers in the Glenview carpentry business to improve their leadership styles and increase financial growth
2. Help identify problems and make recommendations
3. To help interested parties to have a better understanding of the prevailing situation and develop training programmes.
4. Information from this research will be used by stakeholders interested in SMEs which include potential entrepreneurs, the Ministry of Small and Medium Enterprise, banks, general public and scholars.
5. This research is written and submitted in partial fulfillment of the requirements of the Masters in business administration degree programs offered by the Faculty of Management and Administration at Africa University.

1.7 Assumption

The study proposes that the research be considered a true representation of the whole population.

1.8 Delimitation

This study will be restricted to Glenview carpentry complex in Harare Metropolitan.

1.9 Limitations

Organizations maintain a high degree of privacy with regards to organizational strategy making it difficult to obtain finer details on highly confidential matters. The organizations were not ready to disclose some information about their businesses particularly disclosure of financial statements.

The researcher was not able to freely make return visits and request additional information. Also time constraints made it impossible to study the whole population. The researcher resorted to sampling then later generalizing the findings to represent the population.

1.10 Definition of Terms

Organization – A social unit of people that is structured and managed to meet needs and to pursue collective goals.

Financial Performance – Measuring the results of a firm's policies and operations in monetary terms, including aspects such as purchases, cash flows, expenditure, sales and profitability.

Leadership Style – a pattern of emphasis, indexed by the frequency or intensity of specific leadership behaviors or attitudes, which a leader places on the different leadership functions.

1.11 Conclusion

This chapter outlined the research problem for which the research was done. It also gives the statement of the problem, objectives of the study, research questions and aim of study. The significance of the study, assumptions, delimitations and limitations of the study have also been discussed.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

According to Galvan, J.L. (1999: 16) a literature review is a body of text that aims to review the critical points of current knowledge and or methodological approaches on a particular topic. Literature reviews are secondary sources, and as such, do not report any new or original experimental work but rather, they are an extensive search of the information available on a topic which results in a list of references to books, periodicals, and other materials on the topic. The purpose of this chapter is to critically review the views of authors on the subject of leadership. After literature review the author will move on to look at Methodology and its justification.

2.2 Definition of Leadership

Most leadership research has been situated in corporate contexts and there has been much less attention given to issues of leadership and leadership development in the context of small and medium-sized enterprises (SMEs) (Coglister and Brigham 2004; Vecchio 2003). Leadership is an important factor for organizations (e.g. Arnetz, 2005; Arvonen, 2002; Juran, 1989; Maslach & Leiter, 1997; Yukl, 2006).

Leadership of an organization is basically the process by which leaders influence the attitudes, behaviors, and values of others towards organizational goals (Lusthaus Adrien, Anderson, Carden & Montalvan, 2002). In a progressively more turbulent, complex and dynamic business environment successful leaders and effective leadership are increasingly viewed as sources of competitive advantage (Kuipers and Weibler 2008; Yukl 2008)

Leadership is commonly understood as the use of influence to encourage participation in achieving set goals (Yukl, 2006). A fundamental task for leaders is to motivate followers to accomplish great things (Vroom & Jago, 2007). Jago views leadership as both a process and a property. The process of leadership moves individuals toward the accomplishment of group goals through voluntary means. The property of leadership is the possession of the qualities or characteristics necessary to influence people toward such goals. Moreover, leadership does not involve coercion and is not implicit in such titles as manager, director, or supervisor.

Leading means creating a vision for the organization and guiding, training, coaching, and motivating others to work effectively to achieve the organization's goals and objectives (Nickel, McHugh, 2006)

Hersey and Blanchard (2005) defined leadership as the process of influencing the activity of an individual or group to obtain a given purpose. Leadership can also be defined as the ability to persuade others willingly to behave differently. (Armstrong, 1999).

Even though many researchers have defined leadership in a variety of terms, the following definition is elegant: Stogdill (1948) as cited by Richard L. Daft describes Leadership as the relationship between managers and subordinates who intend real changes and outcomes that reflect their shared purpose. This definition suggests in some way that the leader motivates others to act in such a way as to achieve group goals. Thus leadership involves people in a relationship,

influence, change, a shared purpose of achieving a desired future, and taking personal responsibility to make things happen (Richard L. Daft, 2002)

Leadership, the exercise of social power (and often attendant economic and political power), is fundamentally a moral endeavor. There is an inescapable moral dimension to the exercise of power, whether or not it is formally acknowledged. Effective leaders are able to engage with others in building, by example and constructive effort, an environment within which individuals and groups are free and encouraged to discern and actualize the right and the good in fulfillment of shared goals, values and purpose. (Thompson, 2004).

Leadership is a dynamic process and not a static one, implying that a range of leadership styles is preferable to any one 'best style' (G.A Cole, 1996 cited in Nickel, McHugh, 2006). The role of the leader is to direct the group towards group goals. In an informal or unofficial group these roles will have been agreed by the group itself and in a formal group the goals will have been set mainly, if not exclusively by senior managers outside the group. The style of leadership will be determined by the situation concerned for example task, external pressures etc.

2.3 The Need for Leadership

Leadership is an attribute that is highly valued in most organizations and, as a result, it is an extensively studied and debated topic in organizational behavior (Meindl, 1987). There is a widely held belief that leadership is one of the factors (if not the most important factor) which determines whether a group or organisation will be successful (Drucker, 1984).

Leadership is a dynamic process that does not reside solely within a given person or a given situation: rather, situations create interplay of needs, and effective leaders work to continually identify and meet them (Kozlowski, Gully, Salas, & Cannon-Bowers, 1996; Pierce & Newstrom, 2000). While all organizations have leaders, not all leaders are effective. Common ways to evaluate effectiveness are the achievement of results and the development of follower support.

Leadership is fundamentally about developing people, setting directions, and redesigning the organization (Leithwood, Louis, Anderson, and Wahlstrom, 2004). Developing people involves identifying those persons both within and outside the organization that could be potential leaders and helping them gain the skills and knowledge necessary to advocate for and implement best practices (Clark and Clark, 2004; Williamson & Johnston, 1991).

Leadership in setting directions focuses on developing shared goals, monitoring organizational performance, and promoting effective communication (Leithwood et al., 2004). Setting directions is about leaders who have a vision, can create action plans, and can energize others to achieve a better community (Sergiovanni; 1992). Redesigning the organization means creating a productive school culture, modifying organizational structures that undermine teaching and learning, and building collaborative processes (Leithwood et al., 2004).

When the issue of courageous leaders is raised we think of people like Martin Luther King and Nelson Mandela. Courage is not reserved for heroic public figures alone; however it is something that everyone in the organization should aspire to practice.

At organizational level, without courage, a culture of conformity ensued and entire systems get mired in groupthink. (Cohn, Jeffrey Moran, Jay, 2011). People resist facing up to the reality and are unable to make tough but necessary decisions. They impede the flow of ideas, entrepreneurialism, or innovation. Courageous leaders keep organizations and other groups from falling into this trap. They speak up and let other know their opinions. . (Cohn, Jeffrey Moran, Jay, 2011).

Courageous leaders recognize that there is a wide variety of circumstances—some favorable, some adverse, and some neutral—that affect the functioning of an organization like a middle school. The key to courageous leadership is how one responds to what arises during the journey, rather than whether individual circumstances are defined as good, bad, or indifferent.

In short, at the heart of leadership is the courage to do the right thing. (Blankstein, 2004; Goldring, 2005; Kessler, 2001)

Participative or Collaborative leadership involves employees in making organizational decisions (Kaufman, 2001; Kim, 2002). Participative leaders consult with employees, ask for their suggestions, and take their ideas into consideration before making decisions. Participative leaders meet with employees and together they discuss issues and make decisions.

Collaborative or participative leaders stress the decision-making processes of the group. One school of thought within this approach to leadership argues for collaboration on the grounds that it will enhance organizational effectiveness. A second school of thought is argues for

participation on democratic principles. In this approach to leadership, authority and influence are potentially available to any legitimate stakeholder.

2.4 Leadership Styles

The analysis of leadership suggests a range of styles, and research (Goleman, 2000) has shown that leaders who used styles that positively affected the climate in an organization had decidedly better financial results than those who did not. Other factors were also found to be very important, such as economic conditions and competition, but the impact of leadership styles was felt to be much too important to ignore (Tim Hannagan, 2005). The four styles identified were democratic, autocratic, charismatic and Machiavelli.

2.5.1 Charismatic Leadership

Charismatic leadership is a type of influence based on leader's personal charisma. Charisma is a form of interpersonal attraction that inspires support and acceptance. (Moorhead and Griffin, 2012).

Weber defines charismatic leadership as “resting on devotion to the exceptional sanctity, heroism or exemplary character of an individual person, and of the normative patterns or order revealed or ordained by him” (Jacobsen, 2001). He envisaged religious leaders like Jesus as charismatic leaders. Later researches considered various social-political leaders like Mahatma Gandhi as charismatic leaders. Although at times presented as a fragile concept (Choi, 2006), charismatic leadership has become one of the dominant streams of leadership thought (Mumford, Antes, Caughron, & Friedrich, 2008).

An Ipsos MORI research report published in 2007 found that relationship management and collaborative leadership were the top two qualities or capabilities that Directors of organizations involved in large business partnerships would have liked to have had more access to when setting up or running a partnership.

Applicability of charismatic leadership theory for television directors, using the six aspects of charismatic leadership as set forth by Conger and Kanungo (1988), the visioning process plays an important role in setting the climate for the production. Some directors talk about directly conveying their vision for a shoot during the first meeting with cast and crew, while others use more indirect methods during the production to set the tone. They also report utilizing different tactics for conveying vision and direction with different groups (e.g., actors, crew, producers) based on physical distance, social distance, and task interaction frequency.

Directors' unconventional behavior often manifests itself as self-sacrificial behavior, self sacrificial behaviors are used by charismatic leaders to “build trust, to earn the acceptance of followers to be role models, to demonstrate loyalty and dedication to the company and appear to be even more important in crisis conditions (Choi & Mai-Dalton, 1999).

Personal risk, while also present in the director's leadership, seem to be somewhat circumscribed by the nature of the directing job. (Halverson, Holladay, Kazama, & Quinones, 2004)

The degree of charismatic leadership exhibited by any one leader falls along a Continuum of good to bad in the case of television directors as it does for other individuals in leadership positions.

A charismatic leader serves as a beacon to subordinates, provides clarity when the situation is unclear, resolves shortcomings and motivates change by articulating a strategic vision (Conger & Kanungo, 1988; Ehrhart & Klein, 2001; Jacobsen & House, 2001).

Researchers expressed concerns about the adequacy of the situational approaches to explain large-scale organizational change and the need for strategic vision to lead corporations in the turbulent marketplace of the 1980s (Conger and Kanungo, 1994).

Conger and Kanungo(1998) observed that charismatic leadership has at times produced disastrous outcomes for both followers and organizational performance. This is due to factors such as flawed vision, dysfunctional relations with followers and succession challenge. The shadow side of charisma raises the important issue of the ethical standards of a good leader (Mendinca, Mannel Kanungo, Rabindra, 2006)

Charismatic leaders differ from others because of their ability to formulate and communicate an inspirational vision and their capacity to take actions that appear extraordinary to followers (House, 1977). Further, the charismatic approach is concerned with the perception of leader behavior, rather than follower outcomes, which concerns transformational leaders (Conger and Kanungo, 1994).

Charismatic leadership usually emphasize leaders at or near the top of the organization (Waldmanet ,2004; , 2006) or even at the societal level (Fiol ,1999; Seyranian and Bligh, 2008).The review and control function s are concentrated in top management, and there is an informal organization opposing the goals of the formal organization.(Likert, 1976).The two concepts are very similar; so much so that Bass (1985) claims that transformational leadership is

indistinguishable from charismatic leadership. Bass (1985) views charisma as one of the components of transformational leadership. However, House, Conger and Kanungo, and others persist in the study of charismatic leaders as distinct from transformational leaders although the similarities may outweigh the differences between the two.

The charismatic leader is characterized by three fundamental attributes summarized in the table below.

Transformational leaders also fall under the charismatic leadership style. Transformational leadership has gained academic attention over the last 20 years as a new paradigm for understanding leadership. The notion of transformational leadership was developed under the tutelage of Bernard Bass (1997). Transformational leadership refers to the set of abilities that allows the leader to recognize the need for change, to create a vision to guide that change, and execute the change effectively (Moorhead and Griffin, 2012).

Transformational leadership approach is said to be the most appropriate in times of significant organizational change. (Rollinson D, 2008). Transformational leaders define the need for change, develop a vision for the future, and mobilize follower commitment to achieve results beyond what would normally be expected. (Bernard Bass, 1997)

Transformational leaders influence their followers to perform at the highest levels, transcending self-interest (Shoemaker, 1999). Transformational leaders stimulate their followers to change their motives, beliefs, values, and capabilities so that the followers' own interests and personal goals become congruent with the leader's vision for the organization (Goodwin, Wofford and Whittington, 2001).

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Of the new leadership approaches, transformational leadership has received the most scholarly attention. Superior leadership performance or transformational leadership occurs when leaders broaden or elevate the interests of their followers (Seltzer & Bass, 1990). Transformational leaders influence their followers to perform at the highest levels, transcending self-interest (Shoemaker, 1999).

On the other hand there is transactional leadership which is a leadership style that is said to be the most appropriate to stable conditions. In transactional leadership the relationship between the leader and subordinates is akin to the normal management role in stable-state conditions, where the crucial skills required by the leader are the ability to diagnose subordinate needs and adopt an appropriate style of managing the relationship.

Transactional leaders do not reach the higher levels of transformational leadership. Bass and Seltzer (1990) empirically demonstrated that transformational leadership complements the transactional components of initiation and consideration.

Courageous leaders also fall under charismatic leadership. When the issue of courageous leaders is raised we think of people like Martin Luther King and Nelson Mandela.

At organizational level, without courage, a culture of conformity ensued and entire systems get mired in groupthink. (Cohn, Jeffrey Moran, Jay, 2011). People resist facing up to the reality and are unable to make tough but necessary decisions. They impede the flow of ideas, entrepreneurialism, or innovation. Courageous leaders keep organizations and other groups from falling into this trap. They speak up and let other know their opinions. . (Cohn, Jeffrey Moran, Jay, 2011).

Courageous leaders recognize that there is a wide variety of circumstances—some favorable, some adverse, and some neutral—that affect the functioning of an organization like a middle school. The key to courageous leadership is how one responds to what arises during the journey, rather than whether individual circumstances are defined as good, bad, or indifferent.

2.5.2 Autocratic Leadership

Autocratic leaders are those who strongly control subordinates and make all major decisions. (Rollinson, 2008). This strongly involves retention of full authority by the leader (PJ Smit and GJ de J Cronje, 2007). The leader takes the decision, communicates the same to the subordinates along with the instruction on how the decisions are to be carried out and the subordinates are expected to do what is told to them by the leader. (Nair Suja, 2010).

Autocratic leaders rely on threats and punishment to influence staff, do not trust staff and do not allow for employee input (D G Winter, 2002). Autocratic management leader is the highly authoritarian. He has enough power to impose his will on followers and does not hesitate to do so if necessary. (R J House and J M Howell, 2002). This leader deliberately appeals to lower-level needs of subordinates on the assumption that is the level on which they operate. Douglas McGregor (1960) called the autocratic presumptions about followers, Theory X. According to Theory X:

- (1) People inherently dislike work and when possible will avoid it.
- (2) People have little ambition, tend to shun responsibility, and prefer to be directed.
- (3) Above all, people want security.
- (4) It is necessary to use coercion, control and threats of punishment to get people to work.

Nicholls refers to Lee Iacocca and Rupert Murdoch (who transformed the British newspaper industry) as examples of autocrats- those leaders who are power wielders who know what they want and make sure that the few crucial make or break decisions remain firmly in their control. (Nicholls J, 1988 cited in Havard Business Review, 2010). The clearest and most widely publicized illustration of an autocrat was Lee Iacocca, chairman of Chrysler. After being spectacularly ousted in 1978 as chief executive of Ford, he went on to revitalize an almost bankrupt Chrysler. His autocratic style has been well-documented: the 'little black book' review procedures, the abrupt dismissal of under-achievers, the bullying of cross-examination of subordinates. But, though certainly an autocrat, he transformed Chrysler.

This leader centralizes authority and all little latitude in making decisions, he supervised work in close detail manner than in general form.

Benevolent autocrat: This is an autocrat that uses reward power to influence rather than coercive power (Aminu Kado Kurfi, 2009). Though still an authoritarian leader, he shows active concern for the welfare of his subordinates, and allows participation in planning, though he retains the actual power to make and executive decisions.

The Autocratic leadership style is the best style to use when:

- New, untrained staff do not know which tasks to perform or which procedures to follow
- Effective supervision provided only through detailed orders and instructions
- Staff do not respond to any other leadership style
- Limited time in which to make a decision
- A manager's power challenged by staff
- Work needs to be coordinated with another department or organization

The Autocratic Leadership Style should not be used when:

- Staff become tense, fearful, or resentful
- Staff expect their opinions heard
- Staff depend on their manager to make all their decisions
- Low staff morale, high turnover and absenteeism and work stoppage

2.5.3 Democratic/Participatory Leadership

Democratic leaders involve followers in decision in decisions and delegated much more responsibility to the group. This leads to high quality decisions, a much stronger team spirit, commitment to implementing decisions and satisfaction among followers (Rollinson, 2008). Under this style review and control functions are carried out at all levels, and the formal and informal organization share the same goal (Likert, 1976).

This leader is labeled by Douglas McGregor (1960) as Theory Y leader. He believes that:

1. Work is a natural phenomenon, and if the conditions are favorable people will not only accept responsibility, they will seek it.
2. If people are committed to organizational objectives, they will exercise self direction and self control.
3. Commitment is a function of the rewards associated with goal attainment.
4. The capacity for creativity in problem solving is widely distributed in the population, and the intellectual potentials of the average human being are only partially utilized. This leader uses a lot of influence, allows autonomy and avoids imposing his will on subordinates. Authority here is decentralized and subordinates participate in decision-making. He believes that people are motivated by higher-level needs for social interaction achievement and self actualization: he tries to make subordinates' duties challenging.

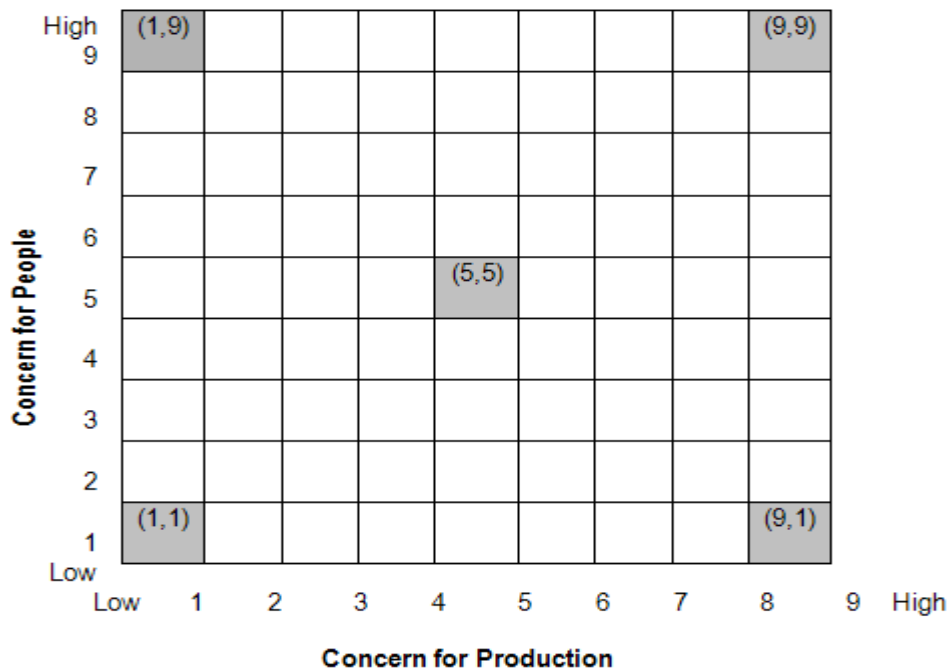
A good example of a Multinational Company that employs the collaborative style would be Unilever Limited. When considering the findings in the light of the Blake and Moulton

Leadership grid (1964), it can clearly be seen that the leaders at Unilever are at the inclusive and collaborative point on the scale as termed the “sound” style. At this point they have equal concern for both production and people as they recognize that to deliver consistently excellent products they must have committed and motivated employees. According to Blake and Moulton, this leadership style relies on managers recognizing that employees must feel as if they are a highly valued part of the organization, a theory that is closely aligned with that of Maslow who observed that those employees who produced the best work felt that they were suitably rewarded for their efforts.

Application of the Hersey and Blanchard’s situational theory model (1999, cited in Gabriel et al, 1999) further underlines that the Unilever management style is one of participating and delegating as opposed to “telling” employees what to do. Unilever is characterised by open channels of communication, and there are points which against the Hersey and Blanchard model the leadership style could be regarded as “selling”, this is more to do with the differing levels of maturity in various parts of the business, and particularly in those parts which have been recently acquired. It is interesting to set the Hersey and Blanchard model against the backdrop of situational leadership, as it seems that the characteristics of Unilever are a mature and confident group of leaders who are happy to delegate tasks and responsibility.

Fig 2.5.3.1 Blake and Mourton Managerial Grid

Figure 1: Managerial Grid



Democratic/Participative or Collaborative leadership involves employees in making organizational decisions. (Kaufman, 2001; Kim, 2002). Participative leaders consult with employees, ask for their suggestions, and take their ideas into consideration before making decisions. Participative leaders meet with employees and together they discuss issues and make decisions.

Collaborative or participative leaders stress the decision-making processes of the group. One school of thought within this approach to leadership argues for collaboration on the grounds that it will enhance organizational effectiveness. A second school of thought is argues for participation on democratic principles. In this approach to leadership, authority and influence are potentially available to any legitimate stakeholder.

Researchers (Fullan, 2001; Villa & Thousand, 2000) identified mutual trust, effective communication, active empathy, access to help, lenience in judgment, and courage as the elements necessary to the formation of collaborative organizations. Additionally, creative problem solving and conflict management skills have been added to this list.

2.5.4 Machiavellie Leadership

Machiavelli was born 1469 and died 1527, he was Italian by birth, and professionally he was a diplomat, historian and political theorist. The Prince is a political treatise whose first version was first distributed in 1513 using the Latin Title. The handwritten copy was presented as a kind gift to Magnificent Lorenzo De Medici. It was then printed and made available in 1532 five years after his death.

All states in the world though there are some stateless countries are either republic or principalities. According to Machiavelli there are two types of principalities, that is hereditary principalities and composite principalities.

Hereditary principles, these are family long established rulers and there are far fewer difficulties in maintenance of rule. All a prince has to do is to follow instructions and policy events founded by his ancestors. They are loved by his people because he has less reason and less need to give offence he will always be loved unless he provokes hatred by extraordinary vices.

Composite principle, they are completely new or they are joined limbs to hereditary state. A prince wins either with the arms of others or with his own fortune or prowess. In the new

principality difficulties do arise. Men willingly change their ruler expecting to fare better, they will remove the prince forcefully but will discover that rulers are all the same.

Structures of Darius Kingdom, one ruler, all other people are servants or subordinates. The empire gets divided into districts in which he places various administrators, whom he changes as and when he pleases. Such a state is hard to conquer but once done it is easy rule and maintain power. Such a state can be conquered by one's strength and not the disunity of the kingdom. When such a state is attacked and conquered, the new leader should make sure that all the family and loyal connections to the former ruler are terminated so that he will have no one to fear.

The constitutional principality, a prince is chosen by the favor of his fellow citizens. No need for prowess or fortune but rather lucky smartness or intelligence. The favor comes from the people or the nobles but the people and the nobles do not get along. The people do not want to be dominated by the nobles and the nobles are out to dominate and oppress the people. These opposed ambitions bring about one of the three results, principalities, free city or anarchy. A man who is favored by the nobles finds it more difficult to maintain his position than one who gets help and support from the people. The nobles see the prince as an equal and hence do not want to take orders from him. A prince chosen by the people finds himself alone and has either no one or very few people who are not prepared to take orders from him.

Machiavellian leader show less emotionality and have fewer affective reactions than other people towards situations and moral issues. [Aziz, A., May, K., & Crotts, J. C. (2002)]. They show detached and "cold" emotionality. It is a manipulative, tactical, antagonistic and self-beneficial

style. [Christie, R., & Geis, F. L. (1970)]. It involves a general tendency of interpersonal manipulation.

There are people who hold true the fact that whatever happens to a man is governed by God or any other high powers, and that he has no control on his fate whatsoever. These same people might also conclude that there is no need to sweat over anything but to leave everything to the rulings of chance. Machiavelli believed that fortune is the authority of half of the things we do, but the other half is controlled by ourselves.

This means that good rulers should always know that whether they come into power by chance or fortune, that luck can run out any day. This means they have to be prepared for anything that fate or chance might throw at them. He also believed that there are many means to an end, which is glory and riches. A man can proceed with circumspection (caution), another with violence and another uses cunning. Whether patience is used or not, the results achieved may be very different and others may actually get the wrong or unwanted results.

Machiavelli then compared fortune to a woman. A submissive woman sometimes needs to be forced or coerced for her to do something radical. Just like fortune which needs to be coerced to give the wanted results.

2.6 Organizational Performance

At organizational level management needs to exercise “control” over the actions and behavior of staff in order to ensure a satisfactory level of financial performance (Lawler 1976 cited in P L Koopman, 2004). Control systems are a means of checking progress to determine whether the

objectives of the organizations are being achieved. According to Zimmerman an organization without control is impossible.

Control provides a check on the execution of work and on the success or failure of the operations of the organization (Laurie J Mullins, 1999). The whole purpose of leadership is to improve performance at both organizational and individual level (P Harvey & Douglas, 2008).

The exercise of control is an expression of leadership style and systems of management. (McGregor D, 1987 cited in Hiller and J Vance, 2008). The style of leadership is a function of the manager's attitudes towards people, and assumptions about human nature and behavior, for example McGregor's Theory X and Theory Y. The main focus of Theory X is direction and control through an organization's central system and the exercise of authority. On the other hand Theory Y is based on the principle of integration of individuals and organizational goals (McGregor D, 1987 cited in Hiller and J Vance, 2008).

The character of control processes is one of the organizational variables identified in Likert's four-fold model of management systems (Likert R, 1976 cited in Chen, 2007).

- System 1(exploitive-authoritative)
- System 2(benevolent-authoritative)
- System 3(consultative)
- System 4(participative group)

According to Likert in System 1 the major concern with regard to the performance of the control function is at the top hierarchical level of the organization, the review and control functions are

concentrated in top management, and there is an informal organization opposing the goals of the formal organization. In system 4 the concern for performance is equitably distributed throughout the organization, review and control functions are carried out at all levels and the formal and informal organization share the same goal (Likert, 1976).

Likert discovered that in System 1 and 2 organizations, high performance goals by leaders, coupled with high supervision using tight budgets and controls, yield high productivity initially because of compliance based on fear.

2.7 Financial and Accounting Systems of Control

Control Systems are frequently thought of in terms of accounting systems, the reason being that they are easy to understand (Moorhead Griffin, 2012).

- Organizational aims, objectives and targets are often expressed in financial terms and measured in terms of profitability. Results are measured and reported in financial terms.
- Financial limits are easy to apply as a measure of control and easy to relate to. For example, the need for control is an integral part of the process of delegation. This control may be easily applied where, for example, a manager/owner gives a subordinate the authority to incur expenditure on certain expenditure up to a given financial cost limit.
- The stewardship of financial resources is of vital concern to the majority of the organisation. In both large corporate and small businesses there is an increasing need to demonstrate value for money expended. Control systems are usually geared to highlight easily identifiable performance of sales, costs and profits.

- Money is quantifiable and is a precise unit of measurement. It is easily understood, and is often used as a common denominator and as basis for comparison.

Consideration includes such considerations of factors such as production, inventory, quality, judgment, consumer satisfaction, market share, social responsibilities and the human factor and management of people. (McClelland D, 1976 cited in Rollinson, 2008). Financial control involves control over cash flow, purchases, expenditure, sales and profitability. It also involves warnings on cash shortages and inefficiencies (Laurie J Mullins, 1999).

Control systems can help fulfill people's needs at work and their presence may be welcomed. (Laurie J Mullins, 1999). The effective functioning of control systems is influenced by: the motivation of staff, the operation of groups and the informal organization, organization structure, systems of management and leadership styles.

2.8 Relationship between the leadership style and Organizational Performance

Relationships between leadership style and organizational performance have been discussed often. Most research has shown that the leadership style has a significant relation with the organizational performance, and different styles may have a positive correlation or negative correlation with the organizational performance depending on the variables used by researchers.

Sun (2002) compared the leadership style with the leadership performance in schools and enterprises, and showed that the leadership style has a significant positive correlation with the organizational performance in both schools and enterprises. Business management attributes their successes to the leadership efficiency, that is, the leadership style of administrative supervisors has a considerable effect on the organizational performance. (Terry, 1960)

The leadership style of a leader has a considerable influence on the work performance of employees. It further indicates that the leadership style also affects the organizational performance. The leadership style determines the organizational performance that subordinates need realize, and gives suggestions and feedback to execution. Under leadership style of executives, subordinates can make organizational-requested performance and get their rewards. Therefore, the leadership style should be properly and carefully used to guide and motivate subordinates (Elenkov, 2002).

Campbell (1977) thought that when executives use their leadership style to concern, care and respect for employees, it would increase self-interests of employees in work as well as organizational promises, enable them to make better performance in work place and affect their job satisfaction. Howell and Frost (1989) and Bryman (1992) also presented that there is a positive relation between the leadership style and the organizational performance.

Various case studies on the impact of leadership styles on organizational performance have been carried out. A case study of Nigerian banks was carried out. Findings showed positive and negative correlation between leadership style dimensions on followers and organizational performance. The study concluded that transformational and democratic style should be employed by the bank's management in order to wax stronger in a global competitive environment. (R M Ojokuku, T A Odetayo, A Sajuyigbe, 199).

Also a survey on the impact of leadership styles on Small to Medium Enterprise organizational performance was carried out in Nigeria. The analysis concluded that each of charisma and intellectual stimulation/individual consideration traits of transformational leadership style exerts

positive but insignificant effect on followers and performance. The other trait, inspirational motivation, exerts negative but insignificant effect on performance. The study also concluded that transactional leadership style is more appropriate in inducing performance in small scale enterprises than transformational leadership style. Consequently, the study recommended that small scale enterprises should adopt transactional leadership style but strategize to transit to transformational leadership style as their enterprises develop, grow and mature. (Obiwuru T and Okwu T, 2011, University of Lagos.)

Another study of the impact of leadership styles was carried out in Malaysia. The study concluded that leadership styles have a positive structural relationship with financial performance. The research recommended that charismatic leadership was suitable for Malaysian organizations. (F. Idris and K.A.M Ali, 2008).

The Norwegian study of the impact of leadership styles on organizational performance suggested that Norwegian leadership put more emphasis on what the leader can do for the individual, that is, servant leader. This leadership style is considered to be the most important contributor to organisational performance in Norway. (Dag A Sandbakken, 2006).

In Zimbabwe most of the Leadership studies focused on leadership and its impact on employee motivation. One such study was the empirical study on leadership style, employee motivation and commitment from a consolidated retail bank operating in a depressed economy by Crispin Chipunza¹, Michael O. Samuel and Tendai Mariri (University of Fort Hare).

2.9 Conclusion

The chapter has discussed literature on the leadership skills that will be later used to analyse the SMEs leadership skills in the Glen View Business area. The chapter also reviewed different theories of leadership.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This section will present about the different techniques and methods to be used by the researcher in the collection, analysis and presentation of data. The main components of the research methodology covered are the research method, sampling techniques, data collection methods, research instruments, data presentation method and analysis. The chapter also contains the advantages and disadvantages of each method used and a justification for the use of each method.

3.2 Research Design

There have been attempts by several authorities to define research design. Manstead and Semin (1988) make an obvious but often neglected point that the strategies and tactics you select in carrying out a piece of research depend very much on the type of research questions you are trying to answer. Bryman (1988) defined a research design as a series of advance decisions that, taken together, comprise a model of how the investigation to answer research questions will be conducted. It can be considered as a blue-print to guide the data collection, data processing and information transmission and analysis.

The main aim of this study is to look at the impact of leadership styles on purchases, sales, expenditure, profitability and cash flow. The researcher is going to use a case study of the Glenview Carpentry Sector as a strategy for conducting the research.

Robson (1993) defines a case study as the development of detailed, intensive knowledge about cases or small number of related cases. He further argues that the case-study approach also has

considerable chance to generate answers to questions why, what and how and is used to carry out an in-depth study of the situation. According to Saunders, Lewis and Thornhill (2003), this strategy enriches the understanding of the context of research and the processes being enacted. Robson (2002) adds that a case study allows several data collection methods to be used such as questionnaires, interviews, observations and documentary analysis. The researcher used this approach in choosing the Glenview Complex as a case study comprising of 50 carpentry businesses.

From these statements the researcher will be able to bring out and analyze factors that measure financial performance which are revenue, profitability and liquidity.

The main advantage of a case study is that it allows a lot of detail to be collected that would not normally be easily obtained by other research designs because it permits the tailoring of design and data collection procedures to research questions. The data collected is normally a lot richer and of greater depth than can be found through other experimental designs. Its main disadvantage is that it is very expensive and time consuming

3.3 Population

A population is the total collection of elements about which the researcher wishes to make some inferences (Cooper and Schindler, 2003). It is a set of entities concerning which statistical inferences are to be drawn, often based on a random sample taken from the population or the entire set of data from which a sample is selected and about which the researcher wishes to draw conclusions. A population can also be defined as the entire group about which some specific information is required (Rubin, 1987). According to Fraenkel and Wallen (1996), the population

can be in two categories; the target and the accessible populations. The target population is the actual population upon which the researcher would generalize and is not readily available. Thus the population to which the researcher is able to generalize is the accessible population. Labovitz and Hagedorn (1976) pointed out that defining the population is pivotal in assisting the researcher to select a sample for the study.

The target population of this study is 50 players located at Glenview Industrial Area. The target population was confined to small businesses which are into carpentry.

3.4 Research Sample

A sample is used to represent the whole population within acceptable limits. Sampling is the probabilistic, systematic, or judgmental selection of a sub-element from a larger population, with the aim of approximating a representative picture of the whole (Cooper and Schindler, 2003). Hill, Brierly and MacDougall (2003) defined sampling as the way sample elements are to be selected from the entire population to come up with ‘representative’ samples. Sampling enables higher overall accuracy than a census as more time is spent on designing and piloting the means of data collection (Henry, 1990).

The research was done on 15 companies which were picked at random from the Glenview area. Sampling strategies are divided into two main groups: probability and non-probability sampling.

3.5 Sampling Procedure

Purposive sampling targets a particular group of people. When the desired population for the study is rare or very difficult to locate and recruit for a study, purposive sampling may be the only option. This method is used when it is difficult to identify the target population.

Looking at the small businesses operating in the Glenview area, it is difficult to identify and quantify the target population. That made this method best suited to this research. The researcher physically identified companies that are operating within the area and then used his judgment to choose people that were presented and fit for the survey.

3.6 Data Collection Methods

Research information can be collected using different methods. In this study, both primary and secondary data sources will be used. In carrying out this study, the researcher used both primary and secondary data. Primary data was gathered through the use of questionnaire and secondary was derived from company reports through desk research. These will enable the researcher to analyse the performance of the sector using its revenue, profitability and liquidity position.

Secondary data was sourced from:

- Government published articles
- Newspaper articles
- Scholarly Journals
- Relevant literature publications and academic books
- The internet (web pages)

Advantages of Secondary Research:

1. It is economical. It saves efforts and expenses.
2. It is time saving.
3. It helps to make primary data collection more specific since with the help of secondary data, we are able to make out what are the gaps and deficiencies and what additional information needs to be collected.
4. It helps to improve the understanding of the problem.
5. It provides a basis for comparison for the data that is collected by the researcher.

Disadvantages of Secondary Research:

1. Secondary research data is something that seldom fits in the framework of the research problem.
2. Accuracy of secondary data is not known.
3. Data may be outdated.

In order to counter the negatives of secondary research data researcher resorted to using primary research as well for the purposes of this study.

Advantages of Primary Research:

1. Primary research is the closest form of information to the topic or idea being studied.
2. Information is not altered by other scholars and is a genuine account which can be easily interpreted by the researcher.

3. Genuine, unaltered information is also more reliable and accurate, particularly for history subjects.

Disadvantages of Primary Research:

1. Compared to secondary research, primary data may be very expensive in preparing and carrying out the research. Costs can be incurred in producing the paper for questionnaires or the equipment for an experiment of any sort.
2. In order to be done properly, primary data collection requires the development and execution of a research plan. It takes longer to undertake primary research than to acquire secondary data.
3. By the time the research is complete it may be out of date.
4. Low response rate can to be expected.

Since both the secondary and primary researches have set-backs a combination of the two methods were used in this project for data collection but the researcher would prefer using primary research because it is a genuine account which can be easily interpreted by the researcher and it is not altered by other scholars.

3.7 Research Instruments

The researcher used questionnaires and interviews to get data from respondents. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (G.J Mellenbergh, 2008).

3.7.1 Questionnaire

Kervin (1999) defines a questionnaire as a data collection instrument used in survey research where people answer questions by recording their own answers. Bell (1999) and Zikmund (1997) further expagorated the definition to include face-to-face or telephonic interviews.

Advantages

- It can be administered to large numbers of people at the same time.
- It is cost effective and convenient in collecting data.

Disadvantages

- Response rate is often low as potential respondents fail to complete and return the questionnaires.
- It is difficult to control who completes the questionnaire as questionnaires may be completed at home in the absence of the researcher.
- It is difficult to answer particular questions since the researcher might not be available to explain where assistance is required.

In this research, the problem of reliability and clarity will be minimized by conducting a pilot survey to clarify questions and make them simple.

Self-administered questionnaires are completed by the respondent at his/her own pace. This may be done in different ways though;

1. Delivery and collection questionnaires are delivered by hand to the respondent who completes them and gives them back to the delivery assistant who then takes them back to the researcher. There is a middle man involved who delivers the questionnaires to the respondent and back to the researcher.
2. On-line questionnaires which are completed on line, that is on the internet with the responses being recorded simultaneously.
3. Postal questionnaires which are posted to the respondent's address. The respondent completes the questionnaire and posts it back via the researcher's postal address.

Interviewer Administered - questionnaires are completed by the interviewer or enumerator on behalf of the respondent. The interviewer asks the questions on the questionnaire to the respondent and completes the questionnaire by feeling in the answers from the respondent. This can be done through;

1. Telephone questionnaire when the interviewer is geographically separated from the respondent
2. Structured interview where the respondent in most cases is illiterate or disabled and cannot complete the questionnaire by himself or herself.

3.7.2 Desk Research

As depicted by the name desk research is a technique which is mainly acquired by sitting at a desk.

Advantages of Desk Research

1. Relatively cheaper than other forms of data collection methods such as a survey.
2. Time effective.
3. Large amounts of information can be retrieved quickly.

Disadvantages of Desk Research

1. Results may be out of date.
2. Results may be incorrect.
3. The amount of information available may be very limited

3.8 Data Presentation and Analysis

Tables, charts and graphs were used in the next chapter to display the research findings. Wegner (2003), states that statistical or numerical findings are only of value to management and business operators if they can be effectively communicated to them. According to Saunders et al (2003), there are two types of quantitative data, namely, categorical and quantifiable data.

Raw data from the research was first grouped into relevant groups in order to facilitate analysis. Qualitative data or descriptions were first coded using open coding into numerical data and then used tables to group and present them for comprehensive and ease of analysis. Data was analysed manually with responses to questionnaires being manually counted and the total number of

responses per question expressed as a percentage of the total number of respondents in tabular form. Data was analysed both quantitatively and qualitatively and deductions were made

3.9 Conclusion

This chapter has discussed the research design used in the study and the reasons for choosing the design. The chapter also discussed how research instruments were developed, methods of data collection, data entry, data processing and analysis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESEARCH FINDINGS

4.1 Introduction

In this chapter, the main findings of the study are presented, analyzed and interpreted. Data will be presented immediately after an analysis of the data and any relevant comments are given. As Howard and Sharp (1983) state, analysis simply involves the ordering and structuring of data to produce knowledge. In this study the use of statistical descriptions involving construction of tables, pie charts and graphs was preferred. However, in cases where data could not lend itself to statistical analysis, content analysis was used. This was considered appropriate particularly where respondents either gave suggestions or expressed their opinions.

4.2 Background Information of Respondents

A return of the questionnaire was quite pleasing with about 80% of the respondents managing to answer the questions. The researcher expected a response of 70%. The 20% non-response is attributed to the fact that some respondents were not willing to divulge some information despite assurance of confidentiality by the researcher coupled with the fact that some respondents were very busy to respond to the questionnaires.

4.3. General Response

4.3.1 Gender Response

The response in relation to gender is depicted in the table below.

Gender	Response
Male	20%
Female	80%

Table 4.3.1: Gender Response

The findings clearly show that the SME carpentry sector in Glenview area is dominated by males with 80% respondents and only 20% being females.

4.3.2 Period of Business Operation

Period	Response
0 – 3 Years	33%
3 – 6 Years	25%
Above 6 Years	42%

Table 4.3.2: Period of Operating in Business

Research results above show that 33, 33% of the respondents had been operating for 3 years and less. 41,66% had been in the carpentry business for a period between 3 to 6 years and 25% had been operating for over 6 years.

4.3.3 Educational Qualifications

Highest Level of Education	Response
Ordinary Level	17%
Advanced Level	25%
Diploma Level	42%
Degree Level	33%

Table 4.3.3 Education Qualifications

The majority of the respondents have Diplomas as their highest qualifications with 42% followed by Degree level consisting 33% of the sample results. The results also show that 25% of the respondents have attained Advanced Level as their highest qualifications and 1 being Ordinary Level.

4.4. Leadership Styles Employed by SMEs in Zimbabwe

4.4.1 Charismatic Leadership

Views of the respondents on charismatic leadership are presented in the figure below.

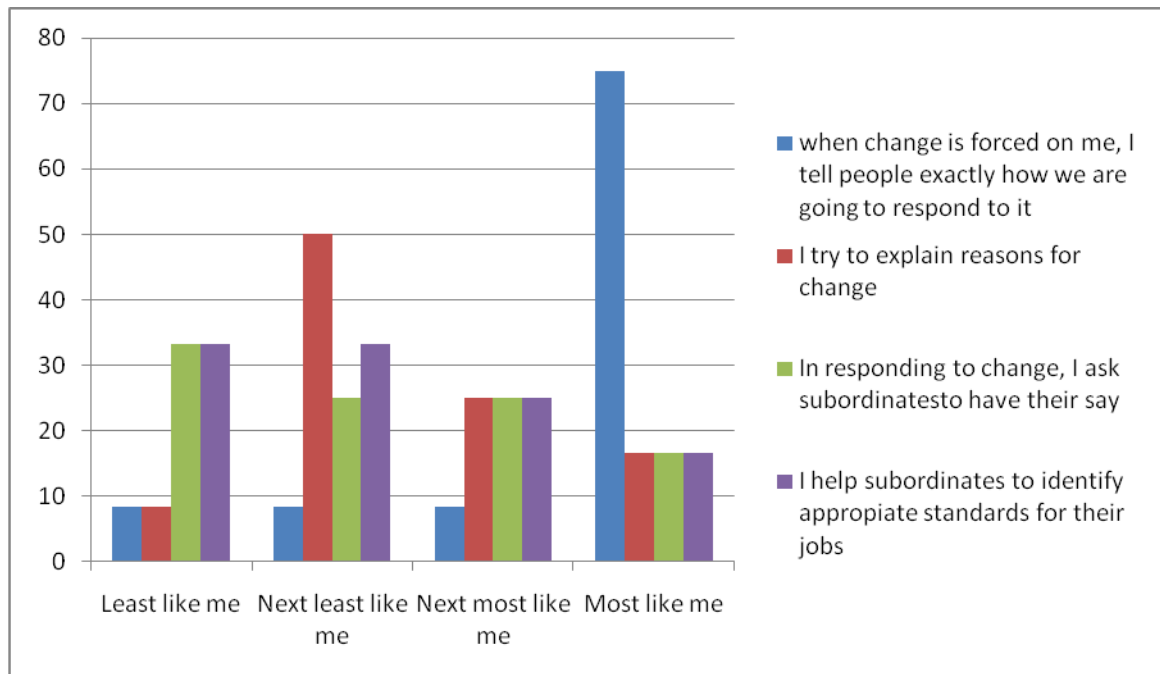


Figure 4.4.1: Charismatic leadership

According to the bar chart 75% of the respondents were most like the leader who would tell people exactly how they were going to respond to change in the event that change has been forced on them, the remaining categories i.e. next most like, next least and least like had an equitable 8% each. Moreover 16% of the respondents would most likely try to explain reasons for change and 25% would next most likely. 50% are next least and 8% are least likely to try and explain reasons for change.

In responding to change 16% and 25% respectively would most likely and next most likely ask subordinates to have their say. 8% are least likely to ask subordinates to have their say and 25% are next least. 16% and 25% respectively are most likely and next most likely to help subordinates to identify appropriate standards for the jobs. 8% are least likely to help subordinates. The findings in figure 4.3.1.1 above lead to the implication that owners of SMEs are exemplary and

tell people how exactly they are going to respond to change in company objectives. In support to the study findings above Weber (1968), states that charismatic leaders developed faith among their followers and led because of their exemplary character. Further, charismatic leaders were extraordinary, super individuals, who possessed abilities far greater than the average person, as well as a vision for the future. For Weber, charisma came to stand for the forces of change within society. He envisioned traditional and rational-legal forces on one side and charismatic on the other. Weber's work lay in the hands of political scientists and sociologists until the late 1970s when it passed into the domain of organizational studies.

4.4.2 Autocratic Leadership

Views of the owners of SMEs on Autocratic leadership are presented in the figure below.

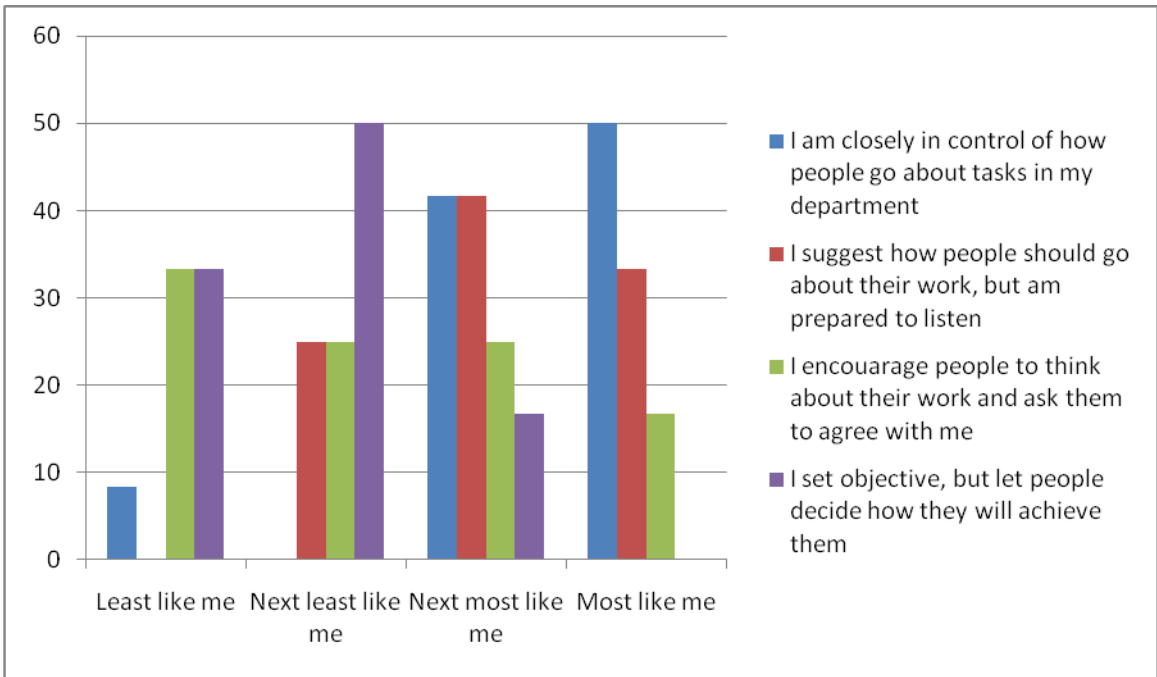


Figure 4.4.2: Autocratic leadership

According to the bar chart 50% of the respondents are most likely to be in control of how people go about tasks in the department, 43% are next most likely. 8% were least likely to be in control and none were next least likely to be closely in control. 33% of the respondents agreed that they would most likely suggest how people go about their work, and 43% were next most like the leader who make suggestions. None of the respondents confirmed that they were least like the leader who suggests how people go about their work and 25% are next least like. Moreover 18% of the respondents would most likely encourage people to think about their work and ask them to agree with them and 41% were next most like. 50% are next least and none are least likely to encourage people to think about their work and ask them to agree with them. On setting objectives but letting employees decide how they will achieve them none of the respondents confirmed that they were most like that leader although 16% are next most like that leader. 33% of the respondents were least like that leader who sets objectives but lets people decide how they will achieve whilst 50% are next most like this type of leader.

The findings in figure 4.3.1.2 above show that autocracy is present in SMEs to a higher extent because the highest number of respondents agreed that they are most likely to be closely in control of how employees go about their tasks. On the other hand the highest numbers of respondents were next least likely to encourage people to think about their work. The findings above show that autocracy is common in the daily operations of SMEs in the carpentry sector.

4.4.3 Democratic Leadership

The views of SME owners on democratic leadership are presented in the figure below:

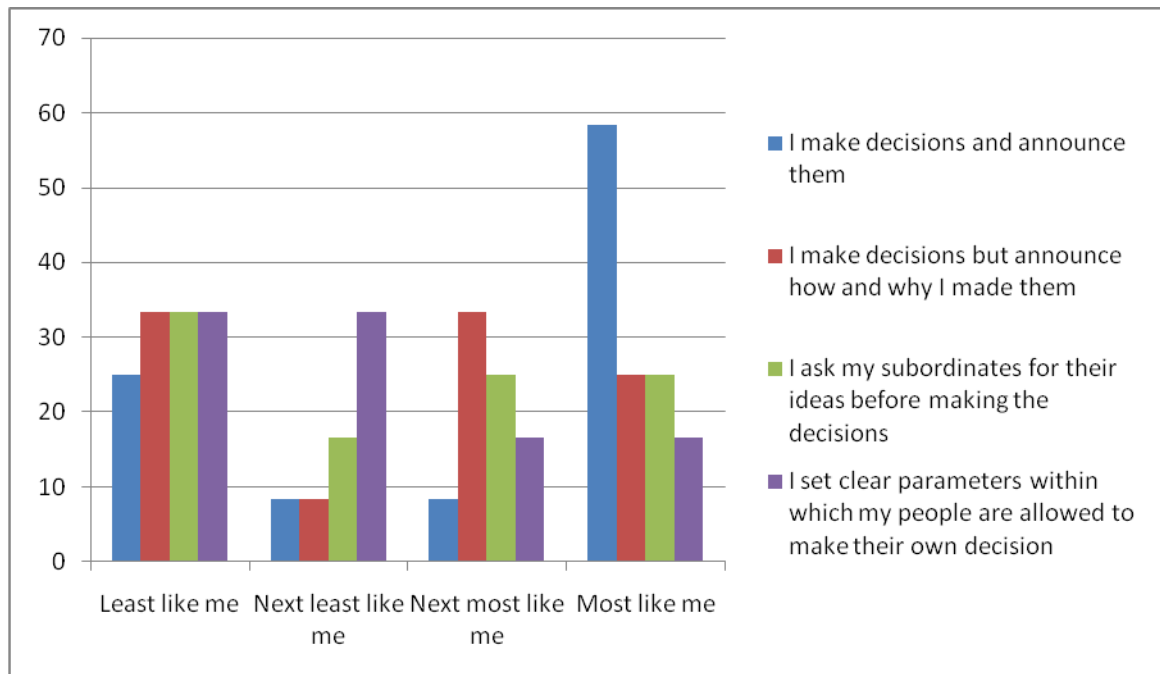


Figure 4.4.3: Democratic leadership

According to the bar chart 58% of the respondents are most likely to make decisions and announce them. Both next most and next least likely to make decisions and announce them have 8% each. The least likely to make decisions and announce them are 25%. On making decisions but announcing how and why they were made, 25% are most likely, 33% of the respondents are next most he likely, 25% of the respondents8% are next least likely and 25% are least likely to make decisions and announce them. Most likely and next most likely have 25% each on the issue of asking ideas from subordinates before making a decision. The least likely to ask ideas from subordinates are 33% and the next least likely are 16%. On setting clear parameters for employees 16% of the respondents are both most likely and next most likely to set clear parameters for employees. Also both least likely and next least likely to set parameters respondents total 33% each.

The findings in figure 4.3.1.3 above show that SME owners acknowledge democracy within the sector though it is to a lesser extent. This is proven by the highest percentage of 58%, where most of the owners would make decisions and announce them, which is more of an autocratic style.

4.4.4 Machiavellie Leadership Style

The views of SME owners on the Machiavellian leadership are presented in the figure below:

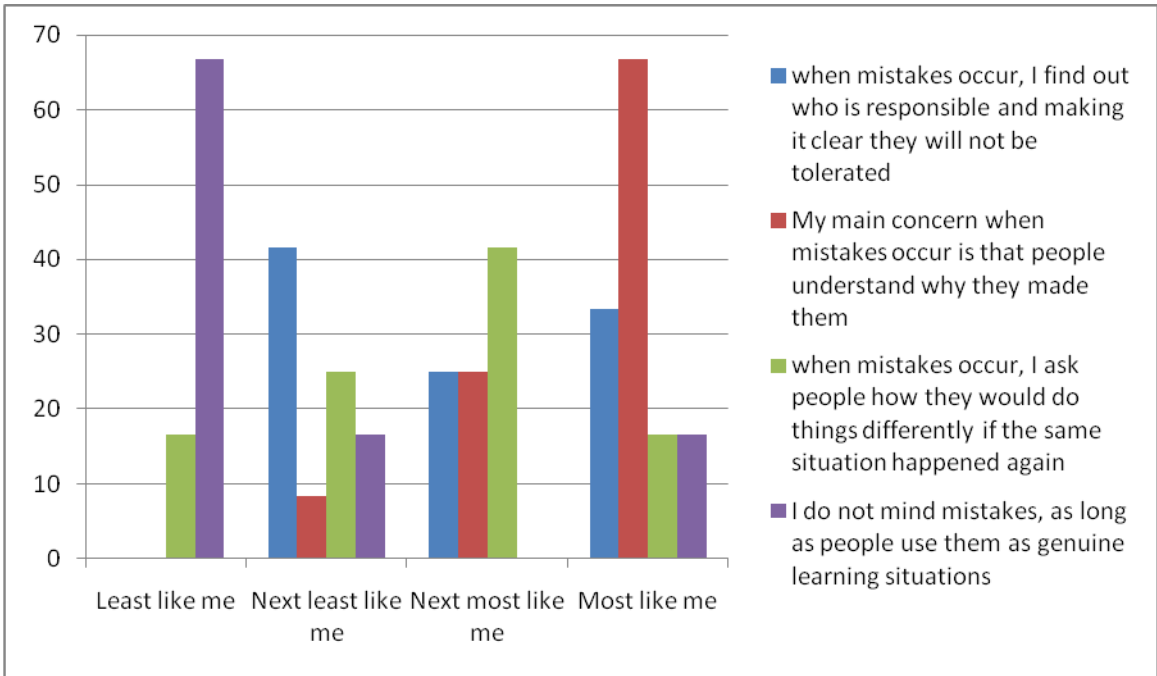


Figure 4.4.4: Machiavelli leadership

The figure above shows that 33% of the research participants are most likely to find out who is responsible for mistakes and are not emotional on tolerating a second mistake. 25% are next most likely to find out the employee responsible for the mistake. On the other hand 42% are next least

likely to find out persons responsible for mistakes and none are least likely. The respondents who are most likely concerned that people understand why they made the mistake are 66%, next most likely are 25% and next least likely are 8% whilst none of the respondents are concerned about the employees understanding the why they made the mistake. 18% are most likely to ask the employees how they would do things differently if the same situation happened again, 42% would next most likely ask, 18% would least likely ask and 25% are next least likely to ask people how they would do things differently if the same situation happened again. 18% of the SME owners do not mind mistakes, as long as people use them as genuine learning solutions. 66% least likely do not mind mistakes and 18% next least likely do not mind mistakes. Findings lead to the implication that the Machiavellian is not so common in the daily leadership styles of SME owners. This is depicted in the bar chart where only 30% do not tolerate and have sympathy for any mistakes.

Machiavellian leader show less emotionality and have fewer affective reactions than other people towards situations and moral issues. [Aziz, A., May, K., & Crotts, J. C. (2002)]. They show detached and “cold” emotionality. It is a manipulative, tactical, antagonistic and self-beneficial style. [Christie, R., & Geis, F. L. (1970)]. It involves a general tendency of interpersonal manipulation.

4.5 Evaluation of the Leadership Style Contribution to Financial Performance

Do Leadership Styles have an impact on Financial Variables?	Response
Yes	70%
No	30%

Table 4.5: Evaluation of Leadership Impact of Financial Performance.

70% of the respondents agreed that leadership styles do have an impact of financial variables like sales, purchases, cash flow, expenditure, sales and profitability. On the other hand 30% of the respondents believe that leadership styles do not have any impact on financial performance.

4.6 Chapter Conclusion

The present chapter has presented findings on the overall leadership styles associated with SMEs operating in Zimbabwe, the impact of leadership styles on financial performance of SMEs in Zimbabwe. These findings were discussed by linking with the literature reviewed by the study.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter describes the major findings of this research and the conclusions that can be drawn from these findings. The major findings are summarized and conclusions made in relation to the research questions. The recommendations outlined in this chapter have been derived from the relevant literature that was reviewed, the information gathered from the field study and from the researcher's judgments and understanding of the subject matter.

5.2 Research Conclusions

The research makes the following conclusions:

5.2.1 General issues

From the study you may conclude that conclude that the majority of SME owners in the carpentry sector are primarily of male gender. The research further shows that most of the SME owners have experience in the carpentry sector with the majority having 3 years or more business experience.

The study also proposes the probability that most owners of SMEs are educated with most of them having achieved diplomas and degrees in various fields.

5.2.2 Leadership Styles

It can be concluded that most owners of SMEs would tell people exactly how they were going to respond to change in the event that change has been forced on them. From the research you can further conclude that SME owners are in control of how people go about tasks in the department

The research indicates that when SME owners make decisions, they announce them. The study also points out that when mistakes occur, SME owners will seek to find out who is responsible and take immediate action. The study also demonstrates that some SME owners may not mind mistakes as long as people use them as genuine learning situations.

5.2.3 Evaluation of Leadership Style Contribution to Financial Performance

Research seems to point out that the majority of SME owners appreciate that leadership styles do have an impact on financial performance. It further concludes that the main financial variables affected by leadership include profitability and cash flows.

5.3 Research Proposition

This study proposes that there are poor leadership styles in SMEs operating in Zimbabwe, which is in turn impacting negatively to the financial performance of the sector.

5.4 Research Recommendations

The leaders of SMEs may need to put controls in place over the actions and behaviors of staff to ensure a satisfactory level of financial performance. Control systems are a means of checking progress to determine whether the objectives of the organizations are being achieved. The exercise of control can be called an expression of leadership style.

It is recommended in this study that there may be no single best leadership styles for SMEs however having various leadership qualities would be preferable. Leadership is considered by many writers to be a dynamic process and not a static one, implying that a range of leadership styles may be more preferable to any one 'best style'. The role of the leader is to direct the group towards group goals.

There is no single best leadership style, however if democracy is preached in the organization employees take part in the achievement of company objectives and targets. SMEs leaders are recommended in this research to motivate others, often over a long period of time, and guide others effectively. This can be achieved through leading by example, having a vision, gaining the approval of everyone involved to make an idea reality, developing cooperative relations, working as a team and to creating an atmosphere that supports a high degree of collegiality.

The researcher also recommends that the leaders of the operational SMEs should choose to continuously engage in leadership training. Still on the issue of leadership training, the researcher recommends that the authorities should come up with programmes to train leaders in relation to the industry sectors in which they are operating in. This again proves to be very essential for the growth of SMEs.

This study also recommends that SMEs to employ well educated personnel who then offload the owner's responsibilities as they are more likely to be able to work with minimum supervision and are more cost effective and therefore increase the efficiency of the organization in grooming effective leaders.

SMEs are advised to use human resources efficiently to gain competitive advantage. Human resources can be a source of competitive advantage as they can meet the criteria for being a source of sustainable competitive advantage. Human resources are crucial to business because they add value to the firm, special talent, cannot be imitated and are sustainable.

5.5 Area of Further Study

An area of further study is recommended to investigate the role human resources plays in enhancing the competitiveness of SMEs in Zimbabwe.

APPENDICES

QUESTIONNAIRE FOR MANAGEMENT/OWNER IN SMALL TO MEDIUM ENTERPRISES (SMES)

Please complete this questionnaire as it applies at your organization. Circle your responses in the options provided in every questions.

SECTION A: DEMOGRAPHICS AND GENERAL QUESTIONS

Gender: _____

Educational Qualifications: _____

Period of business operating: _____

SECTION B

Complete the questionnaire by placing a score against each statement in the right-hand column, using the following values:

1. This statement is least like me.
2. This statement is next least like me.
3. This statement is next most like me.
4. This statement is most like me.

As a tip, score the statement most like you first, then the statement least like you and the two in-between statements last.

(I)Decision Making

Score

- | | |
|---|--|
| a) I make the decisions and announce them | |
| b) I make the decision but announce how and why I made them | |
| c) I ask my subordinates for their ideas before making the decisions | |
| d) I set clear parameters within which my people are allowed to make their own decision | |

(ii)Sharing Information

- a) I pass on information only if it is avoidable
- b) I share with the team only the information I feel is relevant
- c) I try to answer subordinates' openly and honestly
- d) I make available all information, apart from that which is personal

(iii)Delegation

- a) As a general rule I do not delegate
- b) I delegate occasionally, but when I do I follow up carefully
- c) I delegate regularly, to subordinates who have demonstrated that they can handle
- d) I use delegation as a means of developing new skills in my people

(iv)Degree of autonomy

- a) I am closely in control of how people go about tasks in my department
- b) I suggest how people should go about their work, but am prepared to listen
- c) I encourage people to think about their work and ask them to agree it with me
- d) I set objectives, but let people decide how they will achieve them

(v)Standards of Work

- a) I lay down the standards I expect to be achieved
- a) I explain why standards have been set as they are
- b) I communicate standards, but allow subordinates to have their say
- c) I help subordinates to identify appropriate standards for their jobs

(vi)Management of Change

- a) When change is forced on me, I tell people exactly how we are going to respond to it
- b) I try to explain reasons for change
- c) In responding to change, I ask subordinates to have their say
- d) I help subordinates to identify appropriate standards for their jobs

(vii) Response to mistake and errors

- a) When mistakes occur, I find out who is responsible and making it clear that they will not be tolerated
- b) My main concern when mistakes occur is that people understand why they made them
- c) When mistakes occur, I ask people how they would do things differently if the same situation happened again
- d) I do not mind some mistakes, as long as people use them as genuine learning situations

Summary Sheet

Q	Democratic	Autocratic	Charismatic	Machiavelli
(i)				
(ii)				
(iii)				
(iv)				
(v)				
(vi)				
(vii)				
Total				

SECTION C

Do leadership styles have an impact on financial variables like purchases, cash flow, expenditure, sales and profitability?

Yes

☐

No

☐

If yes explain how?

What are your recommendations about the best leadership styles SMEs can employ to ensure the best performance?

END OF QUESTIONNAIRE

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