

Nexus among Leadership Styles, Strategy Implementation and Performance of Small and Medium Manufacturing Firms in Thika, Kenya

ABSTRACT

This study aimed at establishing the nexus among leadership styles, strategy implementation and performance of small and medium manufacturing firms (SME's) in Thika Sub-County in Kenya. The Leadership styles investigated included the transformational, transactional and the passive-avoidant based on Avolio and Bass definitions. The theoretical frameworks used to underpin variables in this study included the General Systems Theory, the RBV and the Dynamic Capabilities View of the firm. These theories respectively views leadership styles as one of the key components in an organization's system, an important resource and a strong dynamic capability required by the firm to achieve superior performance and sustain a strong competitive advantage among the rival firms. To achieve the set objectives, the study employed a combination of both qualitative and quantitative designs. Part of these designs was exploratory design operating under the philosophy of logical positivism which argues that a statement is only meaningful if it can be proven to be true or false. Primary data was collected using a questionnaire method from a sample of 115 small and medium manufacturing firms obtained from a population of 165 SME industrial firms in Thika town and within 15 Kms radius from the town. Hypotheses in this study were tested using the bivariate linear correlations and multiple linear regression analysis. The study results statistically indicated that the leadership styles practiced during strategy implementation positively and significantly influences SME's performance ($r = .259^{**}$, $P = .005$). Secondly, the study found that most of the owners/CEOs of SME manufacturing firms practiced transactional leadership (composite mean score, 3.54), followed by transformational leadership style (composite mean score, 3.42) and lastly the passive/avoidant leadership behavior (composite mean score, 3.12). Thirdly the study found that the transformational leadership style has a positive and statistically significant relationship with the manufacturing SME's firm performance ($r = .297^{**}$, $P = .001$; $\beta_1 = .208$, $P = .013$). The transactional leadership style ($r = .180$, $P = .054$) and the passive/avoidant leadership behaviour ($r = .169$, $P = .071$) have an insignificant positive relationships with the manufacturing SME's firm performance respectively.

Key Words, Leadership styles, Strategy implementation, Performance, Dynamic Capabilities, SME

1. INTRODUCTION

A leader in strategy implementation is someone who is able to own up, steer and drive forward the organization's strategy implementation efforts towards accomplishment of the set goals and objectives. He provides vision and strategic direction, supports the strategy implementation efforts by marshalling, mobilizing and allocating the requisite resources in a competitive manner, creates an enabling environment which is governed by strong rules, policies and procedures and promotes a strong culture in

an organization where employees work without fear or intimidation. He is also responsible for creating a strong platform, in an organization, where strategy implementation efforts are viewed by all stakeholders as a winning formulae and a process that drives and confers a competitive edge among the key rival firms in the industry.

Past scholars in strategic management literature have underscored the importance of strong leadership style in an organization as a strong ingredient towards better and superior performance and competitive advantage [1], [2], [3], [4], [5], [6], [7], [8] and [9]. Teece [10] emphasized the importance of strong leadership in an organization by stating that a good leader must possess some superior skills required to effectuate high performance through sensing, seizing and transformation. He views a strong leadership as an important dynamic capability required to drive superior performance in organizations operating in a dynamic environment that characterizes organizations today. It is a dynamic capability in that a strong leadership style is difficult for the rival firms to acquire, transfer or imitate. It, therefore, follows that an organization with strong leaders has a valuable resource that is tacit and difficult for the other firms to acquire. Leadership style is a dynamic capability because it keeps on changing from time to time as a result of changes in the turbulent environment.

Van Maas [11] identified leadership as an important variable affecting organization performance. Consequently, he stated that strategy implementation and superior performance requires a leader who drives the implementation effort successfully by motivating employees, by providing the overall direction for the implementation effort, by creating strategic vision and communicating that vision to organizational members, by actively leading the implementation effort as an example or a role model, by radiating and building confidence of the organizational members implementing the strategy, by taking decisive stand when confronted with problems of resistance to change or when they are forced to take tough decisions during implementation effort and by maintaining integrity, honesty and making just decisions during the strategy implementation effort. Ling, Siek, Lubatkin and Veiga [1] identified that there is a significant relationship between transformational CEOs and the performance in SMEs. Their findings tended to confirm the Upper Echelons theory's argument that CEO characteristics affect organizational performance

Aziz, Mahmood and Abdullah [2] tested three leadership styles commonly practiced by SMEs. These styles are the transactional, transformational and passive avoidant (Laissez-faire). The study found out that among the three leadership styles, the transformational leadership has the highest influence and is directly related to the performance in SMEs. These findings are in consistent with a study by Naeem and Tayyeb [3] in Pakistan who found a positive correlation between the transformational leadership style and SMEs performance and a weak positive correlation between transactional leadership style and SMEs performance. The study concluded that transformational leadership style positively and significantly influences performance in SMEs in Pakistan. Ojokuku, Odetayo and Sajuyigbe [4] examined the impact of

the leadership style on organizational performance in selected banks in Nigeria and found that there is a strong relationship between leadership style and organizational performance. The study also found out that the transformational leadership style is positively related to the bank's performance. Transactional leadership style is negatively related to performance but insignificant. Okwu, Obiwuru, Akpa and Nwankwere [5] tested the application of transformational and transaction leadership styles in Nigerian SMEs and found out that transformational leadership traits (charisma, intellectual stimulation/individual consideration, inspirational motivation) are weak in explaining variations in performance. On the other hand, the transactional leadership traits (constructive/contingent reward, corrective and management by exception) have a significant positive effect on followers and performance and both jointly explain very high proportion of variations in performance. The study concluded that transactional leadership style is more appropriate in inducing performance than transformational leadership. Udoh and Agu [6] investigated the impact of transformational and transactional leadership styles on performance of manufacturing organizations in Nigeria found that there is a positive and significant relationship between transformation and transactional leadership and organizational performance. In a similar study Ejere and Ugochuku [12] empirically studied the effect of transformational and transactional leadership styles on organizational performance in Nigeria and found that transformational leadership style is positively and highly related to organizational performance while transactional leadership style has a positively but weak relationship with organizational performance.

Koech and Namsonge [7] investigated the effects of leadership styles on organizational performance of state owned corporations in Kenya and found a high correlation between transformational leadership, a low but significant correlation between transactional leadership style and performance and no correlation between the passive avoidant leadership (Laissez-faire) style and performance. Okwachi *et al.*, [13] studied Kenyan SMEs and found out that leadership practice has a direct relationship with strategy implementation. The study concluded that managerial practices greatly affect implementation of strategic plan in Kenya. Zumitzavani and Udchachone [8] examined the influence of leadership styles on organizational performance in hospitality industry in Thailand and found out that transformational leadership style has a positive relationship with organizational performance; Transactional leadership style has a weak positive relationship while passive avoidant leadership style has a negative relationship with organizational performance. All these studies on leadership styles reinforce the idea that leadership style positively or negatively affects performance in organizations.

While all the empirical evidence from the previous studies point out that leadership styles positively and significantly influences organization's performance, the strategy implementation process/stage still remains the most difficult and challenging task to undertake in the strategic management process [14]. The strategic management process contains three related processes/stages namely the strategy

89 formulation stage sometimes referred as strategic planning, strategy execution and implementation and
90 strategy evaluation and control which is the last stage. SME leaders need to pay close attention and
91 provide good leadership in all these stages in order to translate strategy implementation efforts to better
92 results. In Kenya today, the small and medium manufacturing firms (SMEs) are becoming highly
93 competitive especially with the continued growth and expansion of the middle income group in the country
94 who buy products from these firms. The business environment has also become highly competitive with
95 new firms joining while others leave the market on a daily basis. Quite a number of these SMEs are
96 producing or buying products in the increasingly competitive global markets. This calls for these firms to
97 engage in the practices of strategic management more seriously and embrace global standards of
98 production in this era of globalization and information communication technology.

99 Strategic management literature has also documented that, even with good and well thought of strategies
100 in place, a good number of organizations all over the world still struggles with strategy implementation
101 efforts to the extent that between 60 – 80% of all strategies are partially or remain unimplemented in most
102 organizations on a global scale [15]. This implies that it does not always follow that the organization that
103 has crafted the best strategy in the industry will always succeed and get a competitive edge over the rival
104 firms. Success in an organization depends on how well a firm is committed and carries her strategic
105 management processes especially by providing good leadership, mobilizing and allocating resources,
106 motivates staff and pays closer attention to strategy implementation to the point that all strategies are well
107 and fully implemented as intended by the strategic plan.

108
109 The main aim of this study was to determine the nexus among leadership styles, strategy implementation
110 and the performance of manufacturing SME firms, as platforms of value creation and value delivery, in
111 Thika Sub-County in Kenya. The three main leadership styles identified by literature as commonly
112 practiced in most organizations today based on Avolio and Bass [16] that is the transformational
113 leadership, transactional and passive/avoidant leadership style formed the main basis for this study. The
114 results indicated that leadership, as an important component in an organization, indeed influences small
115 and medium manufacturing firm's performance positively and significantly. Further analysis of the results
116 from this study show that most of the owners or CEO's of the SME manufacturing firms practiced

transactional leadership style. A good number of the owners/CEOs practiced transformational leadership style while the last group among this category practiced the passive/avoidant leadership behavior according to Avolio and Bass leadership definitions [16]. There is statistical evidence from this study that transformational leadership style significantly and positively influences the performance of SME manufacturing firms. The transactional and passive/avoidant leadership styles relate positively to the performance of these firms, however, these relationships are not statistically significant.

This study also has evidence that quite a number of manufacturing small and medium firms indeed are engaged in strategic management practices but what remains unclear in these SME's businesses is the facts that over 70% of these firms in Kenya do not live to celebrate their fifth birthday [17] or why majority of them choose to remain small. If, indeed, these firms are engaged in strategic management processes that involve strategic planning, strategy implementation and strategy evaluation and control which are supposed to improve the way they manage their activities, then it implies that probably the strategy implementation process still remains a big problem in these firms. The owners or the CEO's of these manufacturing SME firms should always remain committed to strategic management practices, provide vision and strategic direction, provide adequate resources and more so be committed to their strategic plans to the point that they are fully implemented.

1.2 Statement of the problem

Implementation of a chosen strategy requires the managers to break down that strategy into a series of activities and actions that leads to the achievement of the intended goals and objectives [18]. In the strategic management process, the second stage that involves operationalizing the strategic plans into work activities that will lead to the realization of the organization's vision and mission is referred to as strategy implementation process which the literature has documented that it is the most important and most difficult stage in the entire strategic management practices [14, 15 and 19]. According to sage [14] Strategy Implementation process is an important stage in an organization even more important than strategy formulation itself.

The literature of the past scholarly works in strategic management indicated a high failure rate in strategy implementation in most organizations all over the world. Carter and Pucko [15] noted that 60 to 80 % of

147 organizations all over the world perform well in strategic formulation process but either fails or seriously
148 struggles during the strategy implementation process. A high failure rate in strategy implementation
149 process does not only discourages all the stakeholders involved in an organization but also makes it
150 difficult for these firms to fully achieve better results or realize their goals [14, 15]. The Kenyan Vision
151 2030 envisages a vibrant manufacturing sector which is one of the key sectors under the economic pillar
152 meant to make Kenya an industrialized state by the year 2030 [20]. However, the manufacturing sector
153 has continued to record poor performance over the years with only dismal growth. The dismal
154 performance of the large and medium manufacturing firms paints a grim picture of the sector being one of
155 the key pillars of economic growth as envisaged by the Kenyan strategic development blue print. The
156 micro and the SME's manufacturing firms outperformed the large scale firms in terms of growth and job
157 creation [20]. It is documented by the Kenyan Economic Report [21] that the manufacturing sector has
158 tremendously declined over the years only contributing a dismal 14.2% to the country's gross domestic
159 product. This performance is not only discouraging to one of the economy's key pillars for growth and
160 development but also threatens to slow down the realization of a globally competitive and prosperous
161 country's dream by the year 2030.

162
163 The Kenyan Economic Report [21] indicated that SME manufacturing firms outperformed the medium and
164 large scale firms in the country on the two key indicators of growth and development. This implies that
165 these firms have a high chance of growth and development. To realize this, the manufacturing SME firms
166 should fully embrace strategic management practices. This calls for an increased focus on strategic
167 planning activities, increased commitment to strategy implementation efforts and a continuous review and
168 evaluation of the performance of these strategies alongside the set goals and objectives. However,
169 studies conducted here locally in Kenya has documented that some of the SME firms does not engage in
170 strategy management practices [17]. While researchers in the Western world have documented the
171 existence of a significant and positive nexus between leadership styles strategy implementation and
172 performance of organizations across divides [9] information on such relationships is scanty or completely
173 unavailable among Kenyan firms. There also exists scanty information in the literature on the impact of
174 strategy implementation on the performance of small and medium scale firms in developing countries.
175 Although several scholars in Kenya have conducted researches on the strategic management among
176 SME firms [13, 17, 22, and 23], these studies concentrated on strategic planning and none of these
177 studies documents the relationship between strategy implementation and manufacturing SME's
178 performance. This study attempted to fill this gap by investigating the relationship or the nexus among
179 leadership styles, strategy implementation and performance of manufacturing SME firms in Thika Sub-
180 county which one among the four main industrial towns in Kenya. Thika town and its environs is ranked
181 number three, apart from Malaba town and Narok town which are ranked number one and two
182 respectively in the country, in terms of the easiness to do business according to World Bank Report [24].

1.3 Purpose of the study

The main aim of this study was to establish whether the attention to leadership styles during strategy implementation efforts in the manufacturing small and medium firms in Thika Sub-County in Kenya influences the overall firm's performance.

1.4 Specific Objectives

In order to achieve the purpose of this study, the following specific objectives were set;

1. To establish the influence of leadership styles on performance of the manufacturing SME firm in Thika, Kenya
2. To find out whether transformational leadership style influences performance of the manufacturing SME firm in Thika, Kenya
3. To determine whether transactional leadership style influences performance of manufacturing SME firm in Thika, Kenya
4. To establish whether passive/avoidant leadership behaviour influences performance of the manufacturing SME firm in Thika, Kenya

1.5 Research Questions

This study attempted to answer the following research questions;

1. What relationship does attention to leadership style has on the performance of manufacturing SME firm in Thika, Kenya?
2. Does the practice of transformational leadership style have any influence on the performance of manufacturing SME firm in Thika, Kenya?
3. Does the practice of transactional leadership style have any influence on the performance of manufacturing SME firm in Thika, Kenya?
4. Does the practice of passive/avoidant leadership behavior have any influence on the performance of manufacturing SME firm in Thika, Kenya?

2. REVIEW OF THE RELATED LITERATURE

This study focused on the three main leadership styles according to Avolio and Bass definitions [16]. The transformational leadership style is the process in which leaders create new awareness among their followers of the important areas they need to focus on and also induce them to see the world from a different perspective in terms of the opportunities they need to seize on and how to tackle challenges that come along their world in a better fashion. These leaders proactively seek to optimize organizational innovation and development at individual, group and organizational levels. Secondly, the transactional leadership style exhibits behaviors associated with constructive and corrective transactions. The constructive style is labelled Contingent Reward while the corrective style is labelled Management-by-Exception. Transactional leadership defines expectations and promotes performance to achieve these levels and thirdly, the passive/avoidant leadership style is more passive and non pro-active to situations. Most of the times the leaders reacts to what is happening in their environment as opposed to the transformational leaders who are highly pro-active and challenges the status quo. This leadership does not respond to situations and problems systematically and has a negative effect on desired outcomes. It is often associated with the laissez-faire leadership styles where the leader expects that the followers will always drive themselves and there is no need for him to interrupt. He is laid back and only intervenes when the situation warrant it. Teece [10] underscored the importance of leadership styles by stating that a leader must possess superior skills required to effectuate high performance through sensing, seizing and transformation. According to him, leadership in an organization is an important dynamic capability that keeps on changing with the changes in the dynamic and competitive environment of an organization as opposed to an ordinary resource postulated by the Resource Based View of the firm [25]. Strong leaders possesses strong skills, mental capacities and capabilities that drives their organizations to perform better than their rivals and confers these firms a competitive edge in a dynamic and competitive environment organizations find themselves today. Thompson and Strickland [26] further stated that strategic leadership keeps organizations innovative and responsive by taking special plans to foster, nourish and support people who are willing to champion new ideas, new products and product applications. Griffins [27] identified leadership in an organization as one of the main factors influencing strategy implementation by providing a clear direction, up to date communications, motivating staff and setting up culture and values that drives organizations to better performance. Heracleous [28] identified various roles played by

leaders during strategy implementation process and classified them as a commander (a leader who attempts to formulate an optimum strategy), an architect (a leader who tries to designs the best way to implement a given strategy), a coordinator (a leader who attempts to involve other managers to get committed to a given strategy, a coach (a leader who attempts to involve everybody in the strategy implementation efforts) and a premise-setter (a leader who encourages other managers to come forward as champions of sound strategies). Based on the foregoing, the following null and alternative hypotheses were set to test the relationship between attention to leadership styles during strategy implementation and performance of manufacturing small and medium firms in Thika, Kenya;

H₀₁ There is no significant relationship between attention to leadership styles practiced during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

H₁ There is a significant relationship between attention to leadership styles during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

A study in South Africa concluded that leadership and especially strategic leadership's role of providing direction during strategy implementation is important in influencing organization performance [18]. Noble and Mokwa [29] found out that manager's commitment to strategy (which refer the extent to which a manager comprehends and supports the goals and objectives of a strategy) and individual manager's role performance (the degree to which a manager achieves goals and objectives of a particular role) positively influences the success of strategy implementation effort and performance in an organization. Bourgeois and Brodwin [30] identified a variety of leadership styles which are practiced by leaders during strategy implementation and found out that leadership approaches to strategy implementation varies from being an autocratic leader to a more participative style that involves active engagement of various stake holders in the implementation process. According him, the five main categories of leadership styles practiced during strategy implementation include commander, collaborative, coercive, cultural and organizational change. Ling *et al.* [1] identified that there is a significant relationship between transformational CEOs and the performance in SMEs. In order to test the significance of various leadership styles based on the above findings on transformational leadership, the following null and alternative hypotheses were developed;

H₀₂ There is no significant relationship between transformational leadership practices during strategy

implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

H₂ There is a significant relationship between the transformational leadership practices during strategy

implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

Aziz et al. [2] tested the three most common leadership styles commonly practiced by SMEs which include the transactional, transformational and passive avoidant (Laissez-faire) leadership styles and found out that among the three leadership styles, the transformational leadership has the highest influence and is directly related to the performance in SMEs. His findings are consistent with a study by Naeem and Tayyeb [3] in Pakistan which found a positive correlation between the transformational leadership style and SMEs performance and a weak positive correlation between transactional leadership style and SMEs performance. The study concluded that the transformational leadership style positively and significantly influences performance in SMEs in Pakistan. Based on the need to test the relationship between the transactional leadership style and performance of manufacturing SME firm in Thika Sub-County in Kenya, the following null and alternative hypotheses were developed;

H₀₃ There is no significant relationship between transactional leadership style practices during strategy

implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

H₃ There is a significant relationship between transactional leadership practices during strategy implementation

and performance of manufacturing SME firm in Thika Sub-County, Kenya

Okwu et al. [5] tested the application of transformational and transaction leadership styles in Nigerian SMEs and found out that transformational leadership style is weak in explaining variations in performance while the transactional leadership style has a significant positive effect on performance and both jointly explain very high proportion of variations in SME's performance. The study concluded that transactional leadership style is more appropriate in inducing performance than transformational leadership and recommended that SME firms should adopt transactional leadership style but strategize to transit to transformational leadership style as their enterprises develop, grow and mature. In order to test the relationship between passive/avoidant leadership behaviour and performance of the manufacturing SME firm in Thika Sub-County in Kenya, the following null and alternative hypotheses were developed;

H₀₄ There is no significant relationship between passive/avoidant leadership behaviour during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

H₄ There is a significant relationship between passive/avoidant leadership behaviour during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

3. THE CONCEPTUAL FRAMEWORK

The linear relationship existing between the dependent and independent variables in this study were conceptualized and presented in Figure 1 below. The arrow shows the link between the two variables, the direction of this relationship and the hypotheses that were tested. The independent variable (leadership styles) is further broken down into specific leadership styles which are commonly practiced in organizations today based on Avolio and Bass definitions [16]. The dependent variable in this study is performance of the manufacturing SME firm which was measured by different indicators such as profitability of the firm, the sale growth, Returns on Assets (ROA) and Returns on Equity (ROE), and an indirect measure of performance based on the perceptions of the respondents on returns on assets (ROA) and returns on equity (ROE) and other indicators of performance.

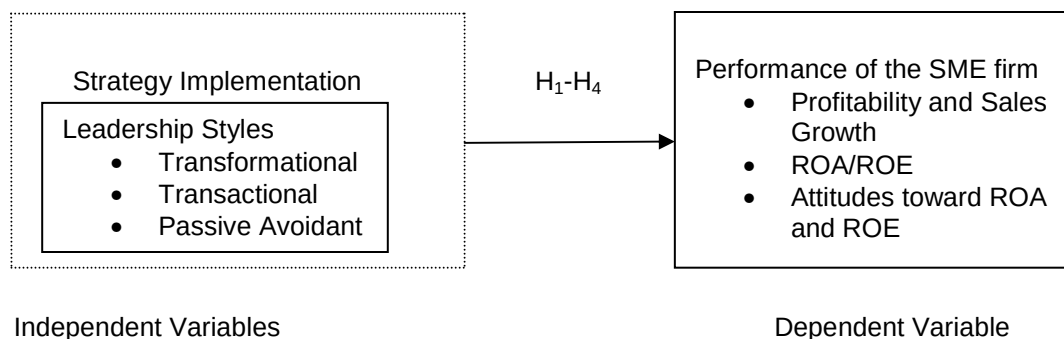


Fig. 1. Relationship between Leadership Styles and manufacturing SME's Performance

4. THEORETICAL ORIENTATIONS

4.1 The General Systems Theory (GST)

According to Chen and Stoup [31], the General Systems Theory (GST) emerged from the works of an Austrian biologist Ludwig von Bertalanffy in 1930's. The theory studies the structure and properties of a system in terms of relationships and interdependencies among various components from which the

properties of the whole emerge. The system theory also views the world in terms of relationships and integration and emphasizes the principle of organization. Bank, Carson and Nelson [32] define a system as a group of objects that are joined together in some regular interaction or interdependence toward the accomplishment of some purpose. This implies that a system is made up of different components that work together in a regular relationship to accomplish a common goal.

The system components include entities, objects of interest within the system, attributes, or defining properties of entities, states of the system's collective descriptive variables at a given time, activities taking place at a given time, and events that have the potential to change the state of the system [33]. Modern organizations qualify as open systems and within an organization as a system; there exist subsystems like human resource, administrative, management information systems, social-technical, structural and others [33, 34]. The common features of a system include the systems boundary, its external environment, and sensitivity to disturbances both within and outside the system.

The foundation of systems theory is that all the components of an organization are interrelated, and changing one variable brings changes to other variables. Organizations are viewed as open systems where they are continually interacting with their environment. They are in a state of dynamic equilibrium as they adapt to environmental changes. A central theme of systems theory is that sometimes nonlinear relationships might exist between variables where small changes in one variable can cause huge changes in another and large changes in another variable might only have a nominal effect on another.

French, Kast and Rosenzweig [35] underscored that the systems theory views organizational structure as the established pattern of relationships among different parts of the organization. The most important according to the theory are the patterns in relationships and duties which includes integration (the way activities are coordinated), differentiation (the way tasks are divided), the structure of the hierarchical relationships (authority systems), and the formalized policies, procedures, and controls that guide the organization (administrative systems).

The relationship between the environment and organizational structure is especially important in the system theory. Organizations are open systems and always depend on their environment for support. Generally, the more complex environments which characterizes today's organizations lead to greater differentiation. The trend in organizations is currently away from stable (mechanistic) structures to more adaptive (organic) structures [36]. The advantage is that organizations become more dynamic and flexible while the disadvantage is that integration and coordination of activities require more time and effort. The system theory has helped to demystify change, translating disorder, chaos and helplessness into distinguishable patterns and explicit change management strategies. Moreover, as indicated by Swanson and Holton [34], systems are demonstrably more effective when undergoing some degree of tension from competing elements than when in a peaceful, predictable equilibrium.

From a systems theory point of view, successful strategy implementation requires a well-coordinated effort and harmonious interactions among various components of an organization. The leadership component in an organization alone may not succeed in strategy implementation effort without creating proper structures and ensuring active participation of other subsystems like human resources (people), social-technical and information subsystem (technology). Moreover, organizations must also continuously interact with the dynamic environment to obtain the required resources that drive implementation of a strategy to success.

The systems theory underpins both the independent variable (leadership styles) and the dependent variable (performance) in this study. Among other components, the administrative component of the system mentioned in this theory takes care of the leadership variable under investigation in this study. According to the General Systems Theory, all components interact in a harmonious relationship in order to achieve the system's objectives (performance). This implies that the dependent variable in this study which is the SME's firm performance is also well taken care of by the General Systems Theory (GST).

4.2 The Dynamic Capability View of the Firm (DCV)

The Dynamic Capabilities View framework was developed by David Teece in 1990s. This framework, which is based on the works of Barney [37] Rumelt [38] and Wernerfelt [39], provides a better explanation of how organizations gain competitive advantage through acquiring and developing their unique dynamic capabilities as opposed to the view advanced by the proponents of the Resource Based View of the firm [25] who argues that the resources an organization possesses plays an important role in determining her success and competitive advantage. The Dynamic Capability View (DCV) framework perceive changes taking place in the firm's environment as an impetus for a continuous renewal and regeneration of their resources in a way that matches the dynamics taking place in the organic environment where the firm operates [40]. Teece, Pisano and Shuen [41], observed that the DCV framework explores various ways a firm is able to consolidate, grow, configure and re-configure their unique internal and external processes and competencies into a new set of processes and competencies that are well aligned to the environmental changes taking place in an increasingly a turbulent world [42]. According to the DCV framework, any firm that possesses strong and greater dynamic capabilities will always outperform the firms with weaker and smaller dynamic capabilities. It therefore follows that any firms operating in a dynamic environment will always attempt to continuously renew, re-configure and re-build unique firm

specific capabilities (both internal or external) in order to remain competitive [43]. The theory argues that the dynamic capabilities are hard to imitate, transfer or develop since they are tacit and often embedded in the firm in a unique set of relationships and histories [43]. A firm with ordinary capabilities will always do things right according to Resource Based View (RBV) while a firm with dynamic capabilities will do the right things at the right time based on her unique processes, the prevailing firm's culture and correct judgement and knowledge of the happenings in the firms competitive environment and the opportunities derived from superior technology the firm has according to DCV [43]. Teece [44] gives examples of strong dynamic capabilities in a firm that include unique processes, advanced technology, strong and flexible structures, strong leadership skills and strong business models required by organization's leadership to effectuate high performance sensing, seizing and transforming an organization. Strong dynamic capabilities provide an easy path for the firms to achieve superior results, outperform rivals and acquire and sustain a competitive advantage over the rival firms in the industry.

The Dynamic Capability View of the firm is important in this study because organization's leadership (the administrative component as postulated by the General Systems Theory) is not only a valuable resource but it is also is an important dynamic capability as postulated by the DCV framework. Strong leadership skills are developed through practice and experience and are an important dynamic capability that should be varied from time to time with the needs of a dynamic and turbulent environment. A leadership practice varies from one firm to another and is one of the key dynamic capabilities that confer these firms their uniqueness and competitive advantage. The literature of strategic management has documented that those firms that has strong leadership practices experiences superior performance and has a competitive advantage [9].

5. RESEARCH METHODOLOGY

5.1 Population and Sample of the Study

This study adopted a mixed research design that incorporated the qualitative and quantitative research designs that operated under the philosophy of logical positivism [45], [46]. The main aim of triangulating these designs is to improve the weaknesses of one design and increase accuracy of data and

information. A mixed research design approach has been employed before by a number of researchers in similar studies [47, 48 and 49]. The current study focused on the manufacturing firms in Thika town and its environs within a radius of 15 kms in order to maintain a homogeneous population. The manufacturing sector in the town comprised of 165 SME manufacturing firms [50] which were stratified into two categories resulting into medium and small manufacturing firm's classification. From this population, a sample of 115 firms that participated in this study was drawn from a simple random procedure. The sample size calculation formulae provided by Mugenda and Mugenda [51] was applied to determine the actual size of the sample. Data was collected using a questionnaire method where the owner manager or the CEO or lead manager was interviewed and issued with a questionnaire which contained both open and close ended questions to respond to. Due to the difficulty of getting the CEOs to respond and return the filled questionnaire in good time, data collection took a period of eight months to complete that is from the month of August 2015 to February 2016. All the intended questionnaires were correctly filled and returned. The response rate for this study was 100%.

5.2 The Reliability Test

The psychometric constructs in this study were tested for internal consistency. Cronbach's alpha was then used to test reliability of these constructs based on the dependent variable (performance) and the independent variable (leadership styles). The dependent variable obtained an alpha of 0.815 while the independent variable returned an alpha of 0.800. The acceptable level of Cronbach alpha, as a measure of reliability of test instrument, is when the alpha value lies in between 0.700 -1.00 [52]. The results obtained from this test indicated that the constructs based on both variables passed the reliability test.

5.3 Data Analysis

Summary statistics comprising of the mean scores and standard deviations were obtained for both variables. These summaries provided information on how the respondents scored on the Likert based psychometric instruments [53] indicating the extent to which they agreed or disagreed with each question presented to them. A mean score which is above 3.40 shows that the respondents agreed with a given

construct while a mean score below 3.40 indicated that the respondents disagreed with the construct given. A bivariate linear correlation was then obtained to show how the dependent variable relates to the independent variable. The strength of this relationship is given by the Spearman's Rho (r) while the significance of the relationship is shown by the corresponding p-values. The p-values that fall below 0.05 indicate that the variable is statistically significant while p-values above 0.05 indicate that the variable is statistically insignificant. The bivariate linear correlation results were also used to either reject the null hypothesis or fail to reject it depending on its corresponding p-values. The linear regression analysis (univariate and multiple) was then performed in order to obtain the coefficient of determination (R^2) which is used to determine how well the proposed model fits the data collected and the F-statistics value in the ANOVA table that shows the validity of the proposed model. The unstandardized beta values gives the regression weights and the direction of each variable while its corresponding p-values show whether the variable is statistically significant or not. The results of both the bivariate linear correlations and the regression analysis output were also used to test the null and alternative hypotheses in this study.

5.4 Research Models

The relationship between the dependent variable (Y) and the independent variable (X_i) in this study was represented in a function form as shown in equation 1. The functional relationship showing the relationship among various leadership styles based on Avolio and Bass definitions [16] (Transformational, Transactional and Passive/Avoidant) was also derived and shown in equation 2. From each of these functional relationships, an econometric model showing the relationship between/among the dependent variable (Y) and the independent variable (s) (X_i) was then developed as shown in equation 3 and 4 respectively;

$Y_f(X_1) + \varepsilon \dots\dots\dots$ (1) Where Y is the manufacturing SME's performance, X_1 is the attention to leadership styles and ε is the stochastic disturbance error term

$Y_f(X_{11}, X_{12}, X_{13}) + \varepsilon \dots\dots$ (2) Where Y is the manufacturing SME's performance, X_{11} is the transformational leadership style, X_{12} is the transactional leadership style, X_{13} is the passive/avoidant leadership behaviour and ε is the stochastic disturbance error term

The following univariate and multiple regression econometric models were derived from equation 1 and equation 2 respectively;

$Y = \beta_0 + \beta_1 X_1 + \varepsilon \dots\dots\dots$ (3) Where β_0 is the constant/slope and β_1 is the coefficient for X_1

$$Y = \beta_0 + \beta_1 X_{11} + \beta_2 X_{12} + \beta_3 X_{13} + \varepsilon \dots\dots (4) \text{ Where } \beta_i \text{ is the coefficient/slope of } X_i \text{ for } i = 1, 2, 3$$

6. MEASUREMENT OF VARIABLES

6.1 Performance of the SME manufacturing Firm

The manufacturing SME's performance was measured using various general performance indicators. This included the respondent's perception of the financial indicators like the level of profitability of the firm for the past five years, perceptions on ROA/ROE and growth of sales. To obtain the sensitive information on the financial performance that the respondents will ordinarily not disclose easily due to sensitivity or confidentiality, the study used a 5 point Likert scale questions [53] aimed at eliciting respondent's perceptions of performance in the past five years based on a more indirect financial measurements. The scale ranged from 1 – 5 (strongly agree – strongly disagree). The mean scores was then computed on each item and a mean score above 3.4 indicated that respondents agreed with the statement while a mean score below 3.4 indicated that the respondents disagreed with the given statement. The mean scores were then aggregated and a composite mean score was obtained. Higher scores indicated superior perceived performance while low composite mean score indicated poor perceived performance.

6.2 Leadership Styles

This study adopted the Multi-factor Leadership Questionnaire short form, 6-S :MLQ – 6S [54] to measure the three dominant leadership styles commonly practiced in organizations today namely the transformational leadership, transactional leadership and passive/avoidant leadership behavior. The tool consisted of 21 items which are marked from 1-5 rating scale where 1 = not at all, 2 = once in a while, 3 = sometimes, 4 = fairly often, 5 = frequently if not always. The factors of MLQ 6-S are grouped according to Avolio and Bass definitions [19]. The transformational leadership style includes: Factor 1. Idealized influence (item 1, 8 & 15), Factor 2. Inspirational motivation (items 2, 9 & 16), Factor 3. Intellectual stimulation (item 3, 10 & 17), Factor 4. Individualized consideration (item 4, 11 & 18). The Transactional leadership style include: Factor 5. Contingent reward (item 5, 12 & 19) and Passive/Avoidant leadership behavior include: Factor 6. Management-by-Exception Passive (MBEP) (item 6, 13 & 20) and Factor 7. Laissez-faire (items 7, 14 & 21). According to Avolio and Bass [16], the MLQ 6-S short form is scored as

follows: Summing three scores of specified factor 1, 2, 3 & 4 gives the total score of transformational leadership. The total score of transformational leadership is divided by four to give the composite mean score of transformational leadership style. Total score of factor 5 gives the total score of transactional leadership. The total score of transactional leadership divided by one gives the composite mean score of transactional leadership style. Summing scores of factor 6 and 7 gives the total score of passive/avoidant leadership behavior while total score of passive/avoidant behavior is divided by two to give the composite mean score of passive/avoidant behavior.

7. RESEARCH FINDINGS AND DISCUSSIONS

According to the findings of this study as shown in Table 1, the owners/CEOs of the manufacturing SME firms in Thika Sub-County agreed with majority of the psychometric constructs based on the performance of their firms. The results show that the mean score for most of the psychometric constructs on performance of the firm were above 3.4, on a scale ranging from 1-5, indicating that they agreed with these statements. However, these leaders did not agree with two main constructs which indicated that they are highly satisfied with the returns on assets (ROA) (mean score, 3.37) and that the employee numbers has been increasing each year for a period of five years (mean score, 3.18). These two constructs obtained a mean score which is below 3.4.

Table 1. Summary Statistics: Performance of the SME manufacturing Firm

Performance Construct	N	Mean	Std. Dev
Our Total Profits (Total sales – Costs) have been increasing yearly	115	4.139	.475
The volume of sales has been increasing ever yearly	115	4.078	.664
The number of employees has been rising every year	115	3.183	1.064
The geographical market size of our products has been expanding	115	3.635	.921
We are highly satisfied by the returns from assets invested (ROA)	115	3.374	1.013

We are highly satisfied by the returns from borrowed money (ROE)	115	3.504	.921
Number of customers satisfied by our products has been rising each year	115	3.913	.695
The size of our organization has been expanding for the last five years	114	3.895	.643
The quality of our products has improved considerably	114	3.851	.755
Efficiency of our internal work processes has improved tremendously	115	3.965	.576
Valid N (listwise)	113		

Note: Reliability α – Performance = 0.815

Ranked on a scale where 1=Strongly Disagree, 2= Disagree, 3=Not Sure, 4=Agree, 5=Strongly Agree

Likert-Based Psychometric Constructs on Manufacturing SME's Performance [55]: Kihara, P. et al., (2016), British Journal of Applied Science & Technology 17(1)

According to Avolio and Bass definitions [16] of transformational, transactional and passive/avoidant leadership styles as shown in Table 2, majority of the leaders in SME manufacturing firms in Thika Sub-County practiced transactional leadership style (composite mean score, 3.54), followed by transformational leadership style (composite mean score, 3.42) and lastly passive/avoidant leadership behavior (composite mean score, 3.12).

Table 2. Summary Statistics based on Avolio & Bass's [16] MLQ 6-S Short Form Leadership Constructs of the manufacturing SME firm in Thika Sub-County, Kenya

MLQ 6-S Short Form Statement on Leadership Styles	N	Mean	Std. Dev
I make employees feel good to be around me	115	2.835	1.059
I tell others in a few simple words what need to be done	115	3.844	1.204

I help others to think about old problems in new ways	115	3.400	.896
I help other employees to develop themselves	113	3.398	.797
I tell employees what to do if they want to be rewarded for their work	115	3.244	1.014
I am satisfied when employees meet the agreed targets	114	4.877	.356
I am contented to let others to continue working in the same ways always	115	2.145	1.258
Other people have complete faith in me	114	3.290	.938
I use tools, images, stories and models to help other people understand	115	3.044	.862
I provide employees with new ways of looking at complex or difficult issues	114	3.333	.984
I give employees feedback to let them know how they are doing	113	4.177	.804
I reward employees when they achieve their targets	113	3.336	1.040
As long as things are working, I do not try to change anything	112	2.286	1.352
I give employees freedom to do whatever they want	115	1.730	1.029
Other people are proud to be associated with me	115	3.574	3.978
I help the employees to find meaning in their work	113	3.814	.892
I help others to rethink about issues that they had never thought of or questioned before	115	3.130	.822
I give personal attention to others when they are in need	114	3.254	1.037
I let employees to know what they are entitled to after achieving their targets	114	4.053	.967
I remind employees the standards they need to maintain while doing their work	114	3.649	1.137
I do not ask anything more from others than what is absolutely necessary	114	3.939	1.271

Note: Reliability α – Attention to leadership styles = 0.800

Table 3 shows the bivariate linear correlations between leadership styles and performance of a manufacturing SME firms in Thika Sub-County in Kenya. This study provides a statistical evidence from the results obtained in table 3 that a positive and significant relationship exists between the dependent variable (performance of the manufacturing SME firm) and the independent variable (leadership styles) ($r = .259^{**}$, $P = .005$). These results are consistent with the findings of earlier scholars in management [1], [2], [3], [4], [5], [6], [7], [8] and [9] who documented that leadership styles influences performance of an organization positively. The implication of this finding is that the SMEs manufacturing firms will always

experience a significant positive improvement in their performance with adoption of better leadership styles.

Table 3. Bivariate Linear Correlations between Leadership Styles and SME's Performance

		Y	X ₁
Manufacturing SME's Pearson Correlation		1	
Performance Sig. (2-tailed)			
(Y) N		115	
Manufacturing SME's Pearson Correlation		.259**	1
Leadership Styles Sig. (2-tailed)		.005	
(X ₁) N		114	114

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

The univariate regression analysis was further used to analyze and confirm the results in Table 3 and the results are presented in Table 4. The relationship between leadership styles and manufacturing SME's performance was presented using a univariate linear regression model $Y = \beta_0 + \beta_1 X_1 + \epsilon$ where Y stands for the manufacturing firm's performance, β_0 represents the constant, β_1 is the slope or coefficient of X₁ and ϵ is the stochastic disturbance error term. The results in Table 4 indicated that this regression model is valid ($F_{(1, 112)} = 8.062, P = .005$). The implication is that the independent variable (leadership styles represented by X₁) plays an important role in predicting performance of the SME manufacturing firm in Thika Sub-County.

Table 4. Relationship between Leadership Styles and SME Performance: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.745	1	1.745	8.062	.005 ^b
Residual	24.245	112	.216		
Total	25.990	113			

a. Dependent Variable: Performance

b. Predictors: (Constant), Leadership Styles (X₁)

This study results in Table 5 indicated that independent variable (leadership styles) alone accounts for 6.9% of the total variations in performance of the manufacturing SME firm. The value of β_0 indicates that leadership styles will always be present in the SME firm at a certain significant minimum ($\beta_0 = 3.754$, $P < .001$). The results also confirms the results from the bivariate linear correlations that a positive and significant relationship exists between leadership styles and the manufacturing SME's performance ($\beta_1 = .284$, $P = .005$). This finding is in line with other scholars who observed that a leadership style is an important variable and a good predictor of performance in organizations [1], [2], [3], [4], [5], [6], [7], [8] and [9].

Table 5. Relationship between Leadership Styles and SME Performance: Regression Weights

Model	Unstandardized Coefficients		Standardized Coefficients	R^2	t	Sig.
	B	Std. Error	Beta			
Constant	3.754	.044			85.988	.000
X ₁	.284	.100	.259	.067	2.839	.005

a. Dependent Variable: Performance

The results in Table 3 and Table 5 indicated that the relationship between the dependent variable (performance) and independent variable in this study (leadership styles) is positive and significant as shown by the Spearman's Rho (r) and its corresponding p-value and the value of β_1 and its corresponding p-value ($r = .259^{**}$, $P = .005$), $\beta_1 = .284$, $P = .005$) respectively. The first alternative hypothesis (H_{1a}) in this study predicted that a significant relationship exists between leadership styles and manufacturing SME's performance. The findings from bivariate linear correlations in Table 3 ($r = .259^{**}$, $P = .005$) and from univariate regression analysis in Table 5 ($\beta_1 = .284$, $P = .005$) indicated that a positive and significant relationship exists between the two variables in this study. Based on these findings, the null hypothesis (H_{01}) was rejected in favour of H_{1a} and the study concluded that the relationship between attention to leadership styles and manufacturing SME firm's performance in Thika Sub-County is positive and statistically significant.

In order to test the three dominant leadership styles identified by the literature as commonly practiced in organizations and based on Bass and Avolio definitions [54], a bivariate linear correlations analysis was performed to establish how each of the three variables are related to one another. The results from these correlations in Table 6 revealed that the transformational leadership style has a significant positive relationship with performance of the manufacturing firm ($r = .297^{**}$, $P = .001$) while the transactional and passive/avoidant leadership styles have an insignificant positive relationships with the firm's performance ($r = .180$, $P = .054$), ($r = .169$, $P = .071$) respectively.

Table 6. Bivariate Correlations of Specific Leadership Styles and SME's Performance

		Y	X ₁₁	X ₁₂	X ₁₃
Performance (Y)	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	115			
Transformational (X ₁₁)	Pearson Correlation	.297 ^{**}	1		
	Sig. (2-tailed)	.001			
	N	115	115		
Transactional (X ₁₂)	Pearson Correlation	.180	.395 ^{**}	1	
	Sig. (2-tailed)	.054	.000		
	N	115	115	115	
Passive/Avoidant (X ₁₃)	Pearson Correlation	.169	.494 ^{**}	.480 ^{**}	1
	Sig. (2-tailed)	.071	.000	.000	
	N	115	115	115	115

^{**}. Correlation is significant at the 0.01 level (2-tailed).

A multiple linear regression model was then developed containing these three dominant leadership styles. This resulted to the econometric model $Y = \beta_0 + \beta_1 X_{11} + \beta_2 X_{12} + \beta_3 X_{13} + \epsilon$ Where Y represents SME's performance, β_0 is the constant, β_1 , β_2 , β_3 are the slope coefficients of X_{11} , X_{12} and X_{13} respectively. X_{11} , X_{12} and X_{13} represent Transformational, Transactional and Passive/Avoidant leadership style respectively while ϵ is the stochastic disturbance error term. Results in Table 7 shows that the econometric model showing the relationship between the three dominant leadership styles was valid for further analysis ($F_{(3, 111)} = 3.788$, $P = .012$). This implies that the combined leadership styles (Transformational, Transactional

and Passive/Avoidant) are significant and good predictors of variations that take place in manufacturing SME's performance in Thika Sub-County in Kenya.

Table 7. Relationship between Specific Leadership Styles and SME performance: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.466	3	.822	3.788	.012 ^b
Residual	24.087	111	.217		
Total	26.553	114			

a. Dependent Variable: Performance

b. Predictors: (Constant), X_{13} , X_{12} , X_{11}

The combined leadership styles in Table 8 were found to explain 9.3% of the total variations in SME manufacturing firm's performance ($R^2 = .093$). The value of β_0 show that a form of combined of leadership styles in the manufacturing SME firm during strategy implementation will always exist at a certain significant minimum even when the overall leadership variable is not statistically significant ($\beta_0 = 2.864$, $P < .001$). The findings of this study also provides a statistical evidence that the relationship between the transformational leadership style (X_{11}) and the performance of small and medium manufacturing firm in Thika Sub-County is positive and statistically significant (X_{11} , $\beta_1 = .208$, $P = .013$) while the transactional leadership style (X_{12} , $\beta_2 = .049$, $P = .481$) and passive avoidant leadership behavior (X_{13} , $\beta_3 = .001$, $P = .012$) have positive but insignificant relationships with the manufacturing SME firm's performance. This implies that the transformational leadership style is the best predictor of performance in the SME manufacturing firms followed by the transactional leadership and lastly the passive/avoidant behavior.

Table 8. Relationship between the Specific Leadership Styles and Performance of the Manufacturing SME Firm: Regression Weights

Model	Unstandardized Coefficients		Standardized Coefficients	R^2	t	Sig.
	B	Std. Error	Beta			
Constant	2.864	.289			9.914	.000
X_{11}	.208	.083	.267		2.512	.013
X_{12}	.049	.069	.074		.706	.481
X_{13}	.001	.091	.001	.093	.012	.990

a. Dependent Variable: (Y) Performance

This study had proposed three null and alternative hypotheses based on the three main leadership styles. The results from the bivariate linear correlations in Table 6 and the output of the multiple linear regression analysis in Table 8 provided the basis on which these hypotheses based on specific leadership styles were tested. This study had proposed the following alternative hypotheses on these leadership styles;

H₂. There is a significant relationship between the transformational leadership practices during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

H₃. There is a significant relationship between transactional leadership practices during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

H₄. There is a significant relationship between passive/avoidant leadership behaviour during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya

This study found some statistical evidence as shown in Table 6 and Table 8 that the relationship between the transformational leadership style (X_{11}) and the manufacturing SME performance in Thika Sub-County is positive and statistically significant ($r = .297^{**}$, $P = .001$; $\beta_1 = .208$, $P = .013$). Based on these findings, the null hypothesis (H_{02}) was rejected in favour of the alternative hypothesis H_2 and the study therefore concluded that there is a significant relationship between the transformational leadership practices during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya. This means that leaders in the manufacturing SME firms who are able to practice the transformational leadership style during strategy implementation efforts help their organizations to achieve better performance. The findings also revealed that the transactional leadership style (X_{12}) has an insignificant positive relationship with the manufacturing SME's firm performance ($r = .180$, $P = .054$). This study, therefore, failed to reject the null hypothesis (H_{03}) and concluded that there is no significant relationship between transactional leadership style practices during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya. The study also provided statistical evidence that the relationship between the passive/avoidant leadership behaviour and the manufacturing SME Performance is positive but statistically insignificant ($r = .169$, $P = .071$). This study was, therefore, failed

to reject the null hypothesis (H_{04}) and concluded that there is no significant positive relationship between the passive/avoidant leadership behaviour during strategy implementation and performance of manufacturing SME firm in Thika Sub-County, Kenya.

8. DISCUSSION OF FINDINGS

The results from both the bivariate linear correlation in Table 6 ($r = .259^{**}$, $P = .005$) and univariate regression analysis in Table 8 ($\beta_1 = .284$, $P = .005$) indicated that leadership styles has a positive and significant relationship with the performance of the SME manufacturing firms in Thika Sub-County. This means that the choice of a leadership style affects how manufacturing firms performs during strategy implementation process. These findings concurred with observations and conclusions made by earlier scholars that organization's leadership is an important factor that leads to superior performance in a dynamic environment [1], [2], [3], [4], [5], [6], [7], [8] and [9]. The role of organization's leadership in owning up, steering and driving forward strategy implementation efforts is a critical factor to the success of a firm. A further analysis on the specific types of leadership styles in Table 8 revealed that transformational leadership style has a positive and significant relationship with the performance of manufacturing SME firms ($r = .297^{**}$, $P = .001$; $\beta_1 = .208$, $P = .013$) while transactional leadership styles ($r = .180$, $p = .054$; $\beta_2 = .049$, $P = .481$) and passive/avoidant leadership behavior ($r = .169$, $p = .071$; $\beta_3 = .001$, $P = .990$) have an insignificant positive relationship with the manufacturing SME firm's performance. These findings are consistent with the works of Aziz *et al.* [2] who found out that among the three most common leadership styles practiced by SMEs, the transformational leadership had the highest influence and is directly related to the firm's performance. Udoh and Agu [6] who studied the transformational and transaction leadership styles on performance of manufacturing organizations in Nigeria and found a significant positive relationship between transformational and transactional leadership styles and the organizational performance. However, the current study has found out that transactional leadership style is positively related to performance but it is insignificant. Ejere and Ugochuku [12] in an empirical study of transformational and transactional leadership styles in Nigeria found that transformational leadership style is positively and highly related to organizational performance while transactional leadership style has a positive but weak relationship with organizational performance. Naeem and Tayyeb [3] in Pakistan found

a positive correlation between transformational leadership style and SMEs performance and a weak positive correlation between transactional leadership style and SME performance.

9. CONCLUSION

This study found statistical evidence that a positive and significant relationship exist between leadership styles practiced during strategy implementation and performance of manufacturing SME's firms. The study also found that the CEOs and the owners of these firms practiced more of transactional leadership styles followed by transformational style and lastly passive/avoidant leadership behavior. Among the three main leadership styles commonly practiced in organizations today, the study found out that transformational leadership style is positively and significantly related to performance of the small and medium manufacturing firms. Transactional leadership style and passive/avoidant leadership behaviour are positively related to SME manufacturing firm's performance but their relationship is not statistically significant. The study concluded that manufacturing SME owners and CEOs should begin by practicing transactional leadership style and progressively advance to transformational leadership style which this study found to be the best among the three leadership styles per the Avolio and Bass definitions [16].

10. RECOMMEDATIONS

According to the findings in this study it is recommended that the owners and CEOs of the manufacturing SME firms should pay close attention to their leadership styles and always endeavor to practice good leadership. Leadership styles have been found out in this study to have a positive effect on successful strategy implementation and the firm's performance. A leader in strategy implementation is someone who is responsible for owning up, steering and driving forward the implementation efforts towards achievements of the set objectives. He is responsible for fully supporting strategy implementation efforts by providing the necessary resources, giving directions and creating an enabling environment for the employees to perform without fear or intimidation.

The CEO's and the owners of these SME manufacturing firms should start by practicing the transformational leadership style and as the firm grow and progresses forward, they should slowly change from transactional leadership and adopt the transformational leadership style. There is statistical evidence

from this study that the transformational leadership style has a significant positive effect on the performance of small and medium manufacturing firms.

11. COMPETING INTERESTS

Authors have declared that no competing interests exist.

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