

LEADERSHIP STYLES AND ENTREPRENEURIAL PERFORMANCE OF SELECTED SMALL AND MEDIUM ENTERPRISES IN KADUNA STATE

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<https://doi.org/10.70118/ajbam-02-2025-122>

ABSTRACT

Small and medium enterprises (SMEs) are widely recognized as critical contributors to economic growth, job creation, and innovation, particularly in developing economies like Nigeria. In Kaduna State, SMEs have played a pivotal role in driving economic development, significantly contributing to employment generation and the state's GDP. This study explored the relationship between leadership styles and entrepreneurial performance among SMEs in Kaduna State, Nigeria. A descriptive research design was employed, utilizing stratified sampling to collect data from respondents. Questionnaires were administered to employees of selected SMEs, with a total population of 452. Stratified and simple random sampling techniques were applied within each stratum, and a sample size of 212 was determined, with an additional 20% margin of safety included. Data were analyzed using inferential statistics and regression analysis at a 5% significance level to test the study's hypotheses in alignment with its objectives. The findings indicated a statistically significant and positive correlation between transformational leadership and business growth among the selected SMEs in Kaduna. The study concluded that leadership styles play a crucial role in influencing the performance of SMEs in the region. It was recommended that SME management adopt transformational leadership practices to promote innovation, enhance employee engagement, and ensure long-term business growth. By inspiring and motivating employees to align with a shared vision, leaders can cultivate a culture of creativity and strategic thinking. Training programs and workshops on transformational leadership practices should be implemented to equip leaders with the skills necessary to foster innovation and adaptability within their organizations.

Keywords: Leadership Styles and Entrepreneurial Performance

INTRODUCTION

Leadership style is a pivotal factor in determining the success and sustainability of Small and Medium Enterprises (SMEs), which are widely recognized as essential contributors to global economic growth. Among the various leadership models studied, transformational and transactional leadership styles stand out for their significant influence on employee behavior and organizational outcomes. Transformational leadership, marked by a leader's ability to inspire, motivate, and intellectually engage employees, has been

consistently associated with higher levels of innovation, job satisfaction, and long-term business success (Bass & Avolio, 1994; Avolio et al., 2004). Conversely, transactional leadership emphasizes structured processes, clearly defined roles, and performance-based rewards, making it effective for achieving stability and short-term goals but less suited to fostering creativity and adaptability in dynamic environments (Burns, 1978).

In today's complex and rapidly changing business landscape, the leadership approaches adopted by SME leaders play a critical role in

determining firm performance. This is particularly relevant given that SMEs account for approximately 90% of businesses globally and generate over 50% of employment worldwide (World Bank, 2023). In Africa, SMEs contribute roughly 80% of jobs and about 50% of GDP in many countries (African Development Bank, 2022). Despite their importance, African SMEs face persistent challenges, including limited access to funding, poor infrastructure, and inadequate managerial skills. In this context, leadership style becomes a strategic lever that can either mitigate or exacerbate these obstacles.

Empirical research underscores the significance of leadership in enhancing SME performance. For instance, Iyaji and Bakare (2023) examined the impact of leadership styles on sustaining employee performance in SMEs in North-Central Nigeria. Their findings revealed that transformational leadership positively influenced long-term employee performance, highlighting the value of leaders who foster innovation and provide clear direction. In contrast, autocratic leadership was found to negatively affect performance, suggesting that overly rigid leadership may hinder growth and employee development.

In Nigeria, SMEs are vital to economic progress, contributing nearly 48% to GDP and employing over 60% of the workforce (National Bureau of Statistics, 2023). However, the sector grapples with high failure rates and inconsistent performance, often attributed to weak leadership and poor management practices. Kaduna State, a major commercial hub in Nigeria, offers a compelling context for exploring this issue. While the state's SME sector is diverse and dynamic, business performance varies significantly, with some enterprises thriving while others struggle or fail. These disparities can be partly attributed to differences in leadership approaches.

Recent studies in Kaduna State highlight the critical role of leadership in SME success. Yahaya, Abu-Abdissamad, and Malachy (2023) investigated the relationship between transactional leadership and employee turnover intentions at Access Bank in Kaduna. Their research found that transactional leadership significantly increased turnover intentions, indicating that while this style ensures short-term compliance, it may fail to cultivate lasting

employee loyalty. This suggests that an over-reliance on transactional leadership could lead to higher staff turnover, potentially undermining sustainable growth.

The connection between leadership style and SME performance can be analyzed through the lenses of business growth and employee productivity. Transformational leadership, which focuses on articulating a vision, fostering personal development, and encouraging intellectual engagement, has been shown to boost employee morale and commitment (Avolio et al., 2004; Iyaji & Bakare, 2023). This heightened engagement translates into improved productivity and better organizational outcomes. On the other hand, transactional leadership reinforces discipline and achieves immediate targets but may lack the motivational depth required for sustained innovation, especially in uncertain or resource-constrained settings.

For SMEs in Kaduna State, which operate amidst infrastructural and regulatory challenges, transformational leadership could provide a competitive advantage. Leaders who empower employees, articulate a compelling vision, and promote continuous improvement are better equipped to overcome systemic barriers and achieve success. By adopting transformational leadership, SMEs can not only strengthen internal capabilities but also align themselves with broader economic goals at both the state and national levels.

Recent studies further reinforce the critical impact of leadership on SME performance. Abdul-Azeez, Ihechere, and Idemudia (2024) explored how transformational leadership drives innovation, employee engagement, and business success in SMEs. Their review found that transformational leaders, by inspiring their teams, foster creativity and commitment, leading to enhanced performance. Similarly, Olasehinde (2024) examined the effect of transformational leadership on employee engagement in SMEs, concluding that it significantly boosts motivation and goal alignment. These findings suggest that SME leaders in Kaduna State could benefit from adopting transformational practices to enhance engagement and drive growth.

The leadership style of SME operators in Kaduna State is fundamental to organizational

outcomes. While both transformational and transactional leadership have their merits, the dynamic SME environment in Nigeria necessitates an approach that addresses immediate needs while fostering long-term innovation and dedication. Transformational leadership offers a sustainable pathway to improved performance, productivity, and economic development within the SME sector.

Existing research provides valuable insights into the link between leadership styles and SME success. Studies such as Mamza, Innocent, and Elkanah (2019); Oyelade and Akpa (2022); Chukwuka and Dibie (2024); Abdul-Qadir (2019); and Okeke (2019) consistently demonstrate that transformational leadership enhances performance by encouraging innovation and commitment. For example, Oyelade and Akpa (2022) found that SMEs led by transformational leaders in Lagos State were more profitable due to their ability to inspire and adapt. Meanwhile, transactional leadership-maintained efficiency but often failed to drive long-term innovation (Mamza et al., 2019). Despite these insights, there remains a gap in understanding how these leadership styles can be effectively applied in resource-constrained settings like Kaduna State.

Current research has several limitations. First, many studies focus on large corporations or developed economies, neglecting SMEs in regions like Kaduna State. Second, there is a lack of localized research addressing the unique challenges Nigerian SMEs face, such as funding shortages, poor infrastructure, and regulatory hurdles. Third, existing studies rarely provide practical strategies for SME leaders to transition from transactional to transformational leadership. These gaps highlight the need for localized research tailored to the SME context in Kaduna State.

To address these gaps, this study proposes a comprehensive strategy combining leadership training, mentorship, and policy support for SMEs in Kaduna State. Training programs can equip leaders with transformational skills such as effective communication, vision-setting, and employee empowerment. Mentorship initiatives can offer ongoing guidance, while policy measures—such as improved financing and infrastructure—can create a supportive business environment. By addressing these issues, this research aims to provide actionable

solutions to enhance leadership effectiveness and drive SME success in Kaduna State.

Research Questions

This study provides answers to the following research questions:

- i. How does transformational leadership influence business growth in SMEs in Kaduna State?
- ii. What is the impact of transactional leadership on employee productivity in SMEs in Kaduna?

Objectives of the Study

The general objective of the study is to examine the relationship between leadership styles and entrepreneurial performance of SMEs in Kaduna State, Nigeria. The specific objectives of the study are to:

- i. To examine the influence of transformational leadership on business growth of selected SMEs in Kaduna.
- ii. To evaluate the impact of transactional leadership on employee productivity in selected SMEs in Kaduna.

LITERATURE REVIEW

Conceptual Framework

Concept of Leadership Styles

A leader's approach to influencing the attitudes, behaviors, feelings, and ideas of their team members or subordinates is referred to as their leadership style. It reflects the leader's ability to motivate, inspire, and guide employees toward achieving organizational goals (Choudhary, Akhtar, & Zaheer, 2013). Leadership style is a critical managerial trait that impacts decision-making and evaluates a leader's capacity to effectively communicate vision and execute strategies within the organization (Northouse, 2019). Various factors, including personality traits, emotional intelligence, educational background, organizational culture, and team dynamics, influence leadership styles (Limbare, 2012). These styles significantly affect employee motivation, job satisfaction, and overall organizational effectiveness. Leadership approaches are broadly categorized into behavioral and situational styles. While behavioral styles emphasize consistent actions

across contexts, situational styles adapt to specific circumstances for optimal results (Hersey, Blanchard, & Johnson, 2013).

Common leadership styles include authoritarian, democratic, laissez-faire, transformational, transactional, and servant leadership (Robbins & Judge, 2017). Each style has strengths and weaknesses depending on the context, nature of work, and team maturity. According to Northouse (2019), effective leaders skillfully adopt and integrate appropriate styles to inspire employees and achieve organizational objectives.

Transformational Leadership Style

Transformational leadership focuses on inspiring and motivating employees to exceed expectations by fostering dedication to the organization's values and goals (Bass & Riggio, 2006). This style encourages creativity, problem-solving, and self-improvement among followers (Chiş-Manolache, 2022). It is defined by four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1999). Transformational leaders act as role models, align employee efforts with strategic objectives, and cultivate ethical and positive work environments (Novak, Breznik, & Natek, 2020). Through coaching and mentoring, they support employee development, enhancing trust and engagement within teams. This approach is particularly effective in dynamic industries where continuous learning and adaptation are essential.

However, critics argue that transformational leadership may lead to over-reliance on the leader or mask authoritarian tendencies under the guise of empowerment if misapplied (Christian, Natalia, Bangun, & Hadijah, 2022). Despite these concerns, empirical studies consistently link transformational leadership to improved innovation, employee satisfaction, and organizational performance (Choudhary et al., 2013).

Transactional Leadership Style

Transactional leadership is based on structured activities, performance evaluations, and reward-based motivation. This approach relies on contingent rewards (e.g., bonuses, promotions) and management-by-exception,

where leaders intervene only when standards are unmet (Bass, 1985). According to Odero (2023), transactional leaders prioritize defining roles, setting clear expectations, and ensuring strict adherence to organizational procedures and goals.

This style is effective in stable environments with routine, measurable tasks and works well for maintaining discipline and achieving short-term objectives, especially in hierarchical organizations (Quinn, 2023). Industries like manufacturing and construction benefit from transactional leadership due to its emphasis on compliance and structure (Olasunkanmi, Ikediashi, & Ajiero, 2023).

Nevertheless, this style has limitations, particularly in creative or flexible settings. Research also shows that its effectiveness is influenced by the leader's emotional intelligence; without it, over-reliance on rules and incentives can diminish intrinsic employee motivation (Thapa & Parimoo, 2022).

Concept of Entrepreneurial Performance

Entrepreneurial performance refers to the evaluation of the success or failure of entrepreneurial ventures. It is a central concept in entrepreneurship research, assessed through various indicators such as profitability, efficiency, innovation, and growth (Murphy, Trailer, & Hill, 1996). Metrics include financial indicators, operational measures, and stakeholder satisfaction. Entrepreneurial success is often categorized based on objectives like firm survival, sustainability, and development (Lumpkin & Dess, 1996). Variations in entrepreneurial performance significantly impact national competitiveness and economic development (Wiklund & Shepherd, 2005). Researchers have identified both firm-level and individual-level factors influencing performance, such as company size, entrepreneur age, gender, education, and experience (Unger, Rauch, Frese, & Rosenbusch, 2011; Lawal and Ndaman, 2024). Thus, entrepreneurial performance is a complex construct shaped by organizational, environmental, and human factors.

Previous studies have explored various dimensions of entrepreneurial performance. For instance, Man, Lau, and Chan (2002) highlighted entrepreneurial competencies like opportunity recognition, strategic thinking, and

operational execution as key drivers of business success. Some scholars advocate incorporating non-financial metrics, such as organizational learning and customer loyalty, to better capture long-term performance (Venkatraman & Ramanujam, 1986). Research on human and social capital suggests that entrepreneurs with prior experience, industry knowledge, and professional networks are more likely to succeed (Davidsson & Honig, 2003). Innovation is another critical factor, supporting competitiveness, adaptability, and sustainable growth (Rosenbusch, Brinckmann, & Bausch, 2011). Additionally, industry dynamics, resource allocation, and strategic decisions mediate the relationship between entrepreneurial experience and business outcomes, underscoring the importance of contextual factors (Unger et al., 2011).

Business Growth

Business growth encompasses organizational development, market expansion, and financial success, particularly in Small and Medium-sized Enterprises (SMEs). Financial performance is measured using indicators like revenue growth, profitability, and return on investment (Achtenhagen, Naldi, & Melin, 2010). Market expansion involves increasing market share, entering new geographic regions, or diversifying product and service offerings (Storey, 2016). Organizational development focuses on improving managerial capabilities, fostering innovation, and strengthening internal processes, which are vital for SMEs to achieve sustainable growth (Blackburn, Hart, & Wainwright, 2013). Collectively, these interconnected factors determine the trajectory and longevity of small business growth.

Employee Productivity

Employee productivity measures the efficiency and effectiveness with which workers complete tasks aligned with organizational objectives. It is often expressed as output relative to input, such as production units per employee or labor hours (Koopmans et al., 2014). According to De Grip and Sauermann (2013), productivity is crucial for SMEs to maintain competitive advantage and sustainability, given their limited resources compared to larger firms benefiting from economies of scale. Factors such as organizational culture, leadership style, job satisfaction, and training significantly

influence employee productivity (Bloom & Van Reenen, 2007). To enhance productivity in SMEs, organizations must adopt strategic approaches combining performance management systems with employee development programs.

Theoretical Framework

Path-Goal Theory

Robert House introduced the Path-Goal Theory in the 1970s, emphasizing the leader's role in helping employees succeed by clarifying goals, removing obstacles, and providing necessary support. This theory suggests that effective leadership depends on adapting to team needs and situational demands (House & Mitchell, 1975). House identified four key leadership behaviors: directive, supportive, participative, and achievement-oriented. The choice of leadership style is influenced by factors like task complexity, workplace culture, and employee characteristics, with the ultimate aim of enhancing motivation and productivity by making the path to success clearer (Bans-Akutey, 2021).

In practice, Path-Goal Theory offers valuable insights into how leaders can adjust their approaches to address various workplace challenges. For instance, a directive leadership style can provide structure and clear expectations when employees face complex or ambiguous tasks, reducing uncertainty (Baroudi & Al-Othman, 2021). Conversely, a supportive or participative approach may be more effective for highly skilled and self-motivated employees who benefit from autonomy and collaboration. The theory's flexibility allows leaders to continuously assess and respond to evolving team needs and organizational changes (Malik et al., 2014).

Despite its strengths, Path-Goal Theory has faced criticism for its complexity and practical implementation challenges. One critique is that its emphasis on situational adaptability makes it difficult for leaders to maintain consistent practices, as they must constantly evaluate and adjust their styles based on changing conditions and individual employee needs (Northouse, 2022). This level of adaptability can be particularly taxing in large or dynamic organizations, complicating efforts to sustain uniform leadership approaches (Northouse, 2016). Additionally, Silverthorne (2001) argues

that the theory assumes leaders have sufficient control over the work environment to influence employee outcomes effectively. However, many leaders operate within rigid organizational structures, limited resources, or external constraints that hinder their ability to remove barriers or provide adequate support, questioning the theory's applicability in such contexts.

Another criticism is that the theory's focus on leader-driven goal-setting and guidance may inadvertently reduce employee autonomy. By prioritizing problem-solving and leadership-directed support, the model risks fostering dependency on leaders, potentially stifling employees' decision-making abilities and creativity. This issue is especially relevant in knowledge-based and creative industries where empowerment and independence are crucial for driving innovation and continuous improvement.

For SMEs in Kaduna State, Nigeria, Path-Goal Theory provides a useful framework for addressing specific challenges such as limited financial resources, intense competition, and economic unpredictability. Employees in Nigerian SMEs often work in uncertain environments with inadequate resources or training. Leaders can help mitigate these challenges by adopting directive or supportive leadership styles to offer clear guidance and encouragement. In fast-changing business environments, an achievement-oriented approach may be beneficial, motivating teams to strive for excellence and adaptability. The theory's flexibility makes it particularly valuable for SME leaders seeking to enhance productivity and align goals despite constraints. By proactively addressing logistical, financial, and motivational hurdles, leaders can cultivate a positive work environment where employees remain focused on organizational objectives. Ultimately, the theory underscores the importance of leadership that actively supports employee achievement rather than merely setting goals, thereby boosting productivity and business growth in Kaduna State's SME sector.

Review of Empirical Studies

Syahrani and Mesra (2024) explored how transactional leadership impacts work performance, with organizational commitment acting as a mediating variable, at BPJS

Ketenagakerjaan Branch Office Se-Medan Raya. Using a quantitative approach and saturated sampling, data were collected from all 82 employees via questionnaires and analyzed using Partial Least Squares (PLS) with SmartPLS version 3.3.3. The findings revealed that transactional leadership significantly enhances both organizational commitment and work performance, with organizational commitment mediating the relationship between leadership and performance. However, the study's narrow geographical scope limits the generalizability of its results.

Hutama et al. (2024) investigated the impact of transactional leadership on employee performance, mediated by job satisfaction, stress, and trust, among 69 employees at PT. Dok dan Perkapalan Surabaya. Employing explanatory research with a quantitative methodology, data were collected through surveys and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results indicated that transactional leadership improves employee performance by increasing job satisfaction and trust while reducing stress. A limitation of the study was its focus on a specific sector, restricting broader applicability.

Nthiga et al. (2023) examined the influence of transformational leadership on the performance of microfinance banks in Kenya. Using stratified proportionate random sampling, data were collected from 366 respondents across 14 banks and analyzed inferentially. The study found a strong positive correlation between transformational leadership and bank performance. However, its cross-sectional design limited its ability to establish causal relationships over time.

Tentama et al. (2020) studied the mediating role of job satisfaction in the relationship between transformational leadership and the performance of educational staff at a university in Yogyakarta. Using stratified random sampling, the study involved 50 staff members and collected data through performance, job satisfaction, and transformational leadership scales. Path regression analysis highlighted the significant mediating role of job satisfaction in enhancing performance. However, the localized nature of the study restricted its broader relevance.

Nelly et al. (2024) assessed the mediating role of competency in the relationship between transformational leadership and lecturer performance in Jakarta universities. Surveying 223 lecturers from ten high-ranking private institutions, the study used Structural Equation Modeling (SEM) for analysis. The findings emphasized the critical role of competency in mediating the relationship between transformational leadership and lecturer performance. However, the study's exclusive focus on private institutions limited its generalizability to other educational settings.

Daniyanti et al. (2023) evaluated the effects of transformational, transactional, and digital leadership styles on employee performance during the new normal era at Anna Medika Madura Hospital. Using multiple regression analysis on data from 65 respondents, the study found that transactional and digital leadership significantly impacted employee performance. However, focusing on a single institution constrained its broader applicability.

Ausat et al. (2022) explored how transformational leadership affects organizational commitment and work performance among SME employees in Indonesia. Data were collected through online questionnaires and analyzed using SEM-PLS. The findings revealed significant positive impacts of transformational leadership on both organizational commitment and work performance. However, the study acknowledged limitations related to the pandemic context, which may have influenced the results.

Bwambale et al. (2024) examined the impact of transactional leadership on the academic performance of primary school pupils in social studies in Munkunyu Sub County, Kasese District, Uganda. Combining quantitative and qualitative approaches, the study analyzed data using SPSS, revealing a significant correlation between transactional leadership and learners' performance. Despite these insights, challenges in stakeholder engagement strategies were identified as a limitation.

Literature Gap

While extensive research has been conducted globally on leadership styles and entrepreneurial performance, including studies by Syahrani & Mesra (2024), Hutama et al.

(2024), Nthiga et al. (2023), Tentama et al. (2020), Nelly et al. (2024), Daniyanti et al. (2023), Ausat et al. (2022), and Bwambale et al. (2024), several gaps remain.

First, much of this research focuses on large corporations or developed economies, with insufficient attention to SMEs in developing regions like Nigeria. Second, there is a lack of context-specific studies addressing the unique challenges faced by SMEs, such as infrastructure gaps, financial constraints, and regulatory barriers. Third, prior studies often fail to provide practical guidance for SME leaders transitioning from transactional to transformational leadership methods.

This study addresses these gaps by specifically examining leadership styles—particularly transformational and transactional approaches—and their influence on entrepreneurial performance within SMEs in Kaduna State, Nigeria. Performance was measured through business growth and employee productivity. By focusing on this unique setting, the research offers tailored insights and actionable strategies to improve SME success in resource-limited environments.

METHODOLOGY

This section details the research methodology, including the study area, design, population, sampling technique, sample size, data collection and analysis methods, and instrument validation. Conducted in Kaduna State, Nigeria—a key economic hub with a thriving SME sector—the study employed a descriptive survey design to systematically gather data from diverse SME employees. The population consisted of 452 registered SMEs in Kaduna metropolis, with a sample size of 276 determined via Yamane's formula and adjusted by 30% to accommodate non-responses. A stratified sampling technique ensured sectoral representation, while structured 5-point Likert scale questionnaires served as the primary data collection tool. Data analysis utilized frequency tables, percentages, and regression analysis in SPSS Version 27.01, with instrument validity confirmed through a pilot study and reliability assessed via Cronbach's alpha (all constructs >0.70). The study modeled entrepreneurial performance (business growth [BG] and employee productivity [EP]) as functions of leadership styles (transformational [TLS] and

transactional [TRL]), expressed as $BG = \alpha_0 + \beta_1 TLS + \varepsilon$ and $EP = \alpha_0 + \beta_1 TRL + \varepsilon$, where α_0 represents the constant, β_1 the coefficients, and ε the error term. This rigorous framework

ensured robust, actionable insights into leadership styles' impact on SME performance in Kaduna State.

RESULTS AND DISCUSSION

Presentation of Data Analysis

Table 4.2.1 Response Rate.

Questionnaire Distributed	276
Returned Questionnaire	261
Percentage of returned Questionnaire	95%
Unreturned Questionnaire	15
Percentage of not returned Questionnaire	5%

Source: field Survey, (2024)

In distributing 276 questionnaires, 261 were returned, yielding a return rate of 95%. Conversely, 15 questionnaires were not returned, resulting in a 5% non-return rate. This data highlights a significant level of engagement with the survey, evidenced by the majority of recipients responding. However, there remains a portion of the sample who did

not participate, suggesting potential areas for improvement in future survey distribution strategies or questionnaire design to increase response rates. Understanding the reasons behind non-participation could provide valuable insights for enhancing engagement in subsequent surveys.

Testing of hypothesis

Testing of hypothesis one

H₀₁: Transformational leadership does not have a significant influence on business growth in selected SMEs in Kaduna.

$$BG = \alpha_0 + \beta_1 TLS + \varepsilon \dots \dots \dots 3.2$$

Table 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.675 ^a	.455	.453	.39280

a. Predictors: (Constant), TLS

Table 1 presented the model summary, indicating the relationship between Transformational Leadership Style (TLS) and the dependent variable. The R-value of 0.675 suggested a strong positive correlation between TLS and the outcome variable. The R Square value of 0.455 implied that TLS explained approximately 45.5% of the variation in the dependent variable, while the Adjusted R Square value of 0.453 accounted for any bias due to the number of predictors in the model,

reinforcing the model's reliability. The standard error of the estimate (0.39280) indicated the average deviation of observed values from the predicted values, suggesting a moderate level of accuracy in the model's predictions. Overall, the findings suggested that TLS played a significant role in influencing the dependent variable, though other factors outside the model might also contribute to the unexplained variance.

Table 2 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.369	1	33.369	216.276	.000 ^b
	Residual	39.961	259	.154		
	Total	73.330	260			

a. Dependent Variable: BG

b. Predictors: (Constant), TLS

Table 2 presented the ANOVA results, assessing the statistical significance of the regression model predicting Business Growth (BG) from Transformational Leadership Style (TLS). The regression sum of squares (33.369) indicated the variance explained by TLS, while the residual sum of squares (39.961) represented the unexplained variance. The F-statistic of 216.276 was highly significant (p =

0.000), suggesting that the model provided a good fit for the data. Based on the decision rule, since the p-value (0.000) was less than the standard significance level of 0.05, the null hypothesis was rejected, confirming that TLS had a significant impact on BG. This implied that transformational leadership played a crucial role in driving business growth within the studied SMEs.

Table 3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.939	.162		11.952	.000
	TLS	.590	.040	.675	14.706	.000

a. Dependent Variable: BG

Table 3 presented the coefficient estimates for the regression model predicting Business Growth (BG) from Transformational Leadership Style (TLS). The unstandardized coefficient (B) for TLS was 0.590, indicating that for every one-unit increase in TLS, BG increased by 0.590 units. The standardized coefficient (Beta) was 0.675, signifying a strong positive relationship between TLS and

BG. The t-value of 14.706 was highly significant (p = 0.000). Based on the decision rule, since the p-value (0.000) was less than the 0.05 significance level, the null hypothesis was rejected, confirming that TLS had a statistically significant effect on BG. This implied that transformational leadership played a vital role in enhancing business growth within the SMEs studied.

Testing of hypothesis two

H₀₂: Transactional leadership does not have a significant impact on employee productivity in selected SMEs in Kaduna.

$$EP = \alpha_0 + \beta_1 TRL + \epsilon \dots \dots \dots 3.3$$

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.797 ^a	.634	.633	.31740

a. Predictors: (Constant), TRL

Table 4 presented the model summary for the regression analysis examining the effect of Transactional Leadership (TRL) on Business Growth (BG). The R-value of 0.797 indicated a strong positive correlation between TRL and BG. The R-Square value of 0.634 showed that TRL explained approximately 63.4% of the variance in BG, demonstrating a substantial influence. The adjusted R-Square (0.633) confirmed the model's reliability by accounting

for potential sample bias. The standard error of the estimate (0.31740) suggested a moderate level of deviation in predicted values. According to the decision rule, since the R-Square value was significantly high, it was concluded that TRL had a strong explanatory power over BG, making it a critical factor in driving business growth within the SMEs studied.

Table 5 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.291	1	45.291	449.558	.000 ^b
	Residual	26.093	259	.101		
	Total	71.384	260			

a. Dependent Variable: EP

b. Predictors: (Constant), TRL

Table 5 presented the ANOVA results for the regression analysis examining the effect of Transactional Leadership (TRL) on Employee Performance (EP). The regression model had a total sum of squares of 71.384, with 45.291 attributed to the regression and 26.093 to the residual, indicating that a substantial portion of the variation in EP was explained by TRL. The F-statistic of 449.558 was significantly high,

with a p-value of 0.000, which was below the 0.05 threshold for statistical significance. According to the decision rule, since the p-value was less than 0.05, the null hypothesis was rejected, confirming that TRL had a statistically significant impact on EP. This result suggested that transactional leadership played a crucial role in enhancing employee performance within the SMEs studied.

Table 6 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.255	.132	9.515	.000
	TRL	.690	.033	.797	.000

a. Dependent Variable: EP

Table 6 presented the coefficient results for the regression analysis examining the effect of Transactional Leadership (TRL) on Employee Performance (EP). The unstandardized coefficient (B) for TRL was 0.690, indicating that for every one-unit increase in TRL, EP increased by 0.690 units. The standardized Beta coefficient of 0.797 suggested a strong positive relationship between TRL and EP. The t-value of 21.203 was significantly high, with a p-value of 0.000, which was below the 0.05 significance threshold. According to the decision rule, since the p-value was less than 0.05, the null hypothesis was rejected, confirming that TRL had a statistically significant positive impact on EP. This finding reinforced the importance of transactional leadership in enhancing employee performance in the studied SMEs.

Discussion of Findings

The study underscores the significant impact of transformational and transactional leadership styles on key performance metrics in SMEs in Kaduna.

H01: Transformational leadership does not have a significant influence on business growth in selected SMEs in Kaduna.

The regression analysis presented in Table 4.3.3 reveals a statistically significant and positive relationship between transformational leadership and business growth in selected SMEs in Kaduna, thereby rejecting the null hypothesis (H01). This is in line with Nthiga et al. (2023) and Tentama et al. (2020) whom analysis demonstrated a strong positive correlation between transformational leadership and bank performance and regression analysis highlighted the significant mediating role of job satisfaction in enhancing

performance. Theoretically, these findings align with the Resource-Based View (RBV) theory, which posits that leadership styles serve as valuable intangible resources that drive organizational growth and competitive advantage by fostering innovation, employee engagement, and strategic decision-making.

H02: Transactional leadership does not have a significant impact on employee productivity in selected SMEs in Kaduna.

The regression results in Table 4.3.6 demonstrate a statistically significant and positive relationship between transactional leadership and employee productivity, as evidenced by a Beta coefficient of .797 and a p-value of .000. This is in line with Syahrani and Mesra (2024) and Hutama et al. (2024) whom results showed that transactional leadership significantly enhances both organizational commitment and work performance and findings revealed that transactional leadership improves employee performance by boosting job satisfaction and trust while reducing stress. Theoretically, this relationship aligns with Transaction Cost Economics (TCE), which suggests that transactional leadership reduces inefficiencies by aligning employee efforts with organizational goals through explicit incentives and monitoring mechanisms.

CONCLUSION AND RECOMMENDATIONS

The study concluded that leadership styles significantly influence the performance of SMEs in Kaduna. Transformational leadership plays a key role in driving business growth by encouraging innovation, employee engagement, and strategic decision-making.

This aligns with the Resource-Based View (RBV) theory, which highlights the importance of intangible resources like leadership in achieving organizational success. Leaders who inspire and motivate their teams to align with a shared vision create an environment that supports long-term growth and competitiveness. This finding is supported by empirical studies that demonstrate a positive link between transformational leadership and outcomes such as innovation and team creativity.

Similarly, transactional leadership positively affects employee productivity through structured reward systems, clear expectations, and accountability mechanisms. This aligns with Transaction Cost Economics (TCE), which emphasizes the role of incentives and monitoring in reducing inefficiencies. By aligning employee efforts with organizational goals, transactional leaders ensure tasks are completed efficiently. Empirical evidence supports this, showing that transactional leadership, especially when combined with effective training programs, significantly enhances employee performance and productivity.

Recommendations

Given the findings of this research, recommendations are hereby proffer to enhance the leadership styles and entrepreneurial performance of SMEs in Kaduna State. The Kaduna State Government should:

- i. Management of SME should embrace transformational leadership to foster innovation, employee engagement, and long-term business growth. By inspiring and motivating employees to align with a shared vision, leaders can create a culture of creativity and strategic thinking. Training programs and workshops on transformational leadership practices can help leaders develop the skills needed to drive innovation and adaptability in their organizations.
- ii. Management of SME should adopt transactional leadership practices that emphasize clear expectations, structured reward systems, and accountability mechanisms. Leaders should establish

performance metrics and provide regular feedback to ensure employees remain focused and motivated. Combining transactional leadership with effective training programs (ETP) can further enhance productivity and operational efficiency.

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