

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

Shehu Suwaiba Ibrahim ^{*1}, Nana Usman Bature ² and Mohammed Awwal Mohammed ³

Department of Business Administration
Faculty of Management Sciences
University of Abuja, Nigeria

Authors email: subishika@gmail.com, nana.bature@uniabuja.edu.ng,
awwalmohammed13@gmail.com

<https://doi.org/10.70118/ajbam-02-2025-125>

ABSTRACT

Small and Medium Enterprises (SMEs) are vital to economic development, contributing significantly to job creation, innovation, and GDP growth. However, Nigerian SMEs encounter numerous challenges, such as limited access to finance, inadequate infrastructure, and managerial inefficiencies, which impede their growth and sustainability. This study investigated the relationship between leadership styles and employee performance in SMEs located in Kaduna State, Nigeria. A descriptive research design was adopted, and data were collected using stratified sampling. A structured questionnaire was administered to employees from a total population of 452 across selected SMEs. Stratified and simple random sampling methods were applied, yielding a sample size of 212, with an additional 20% included for safety. Data were analyzed using inferential statistics and regression analysis at a 5% significance level to evaluate the study's hypotheses and objectives. The findings revealed a statistically significant and positive correlation between democratic leadership and employee satisfaction in the selected SMEs in Kaduna. The study concluded that democratic leadership fosters employee satisfaction by encouraging inclusivity, empowerment, and responsiveness. Based on these results, it was recommended that SME managers adopt democratic leadership practices to enhance employee satisfaction. Promoting participative decision-making and nurturing open communication within teams can strengthen employees' sense of ownership and accountability, ultimately improving customer service delivery.

Keywords: Leadership styles, Employee, Performance, Satisfaction, SMEs, Communication

INTRODUCTION

Leadership style is a pivotal factor in determining the success of small and medium enterprises (SMEs), which play a vital role in driving economic growth worldwide. Globally, leadership approaches such as democratic and autocratic styles have been extensively analyzed for their impact on employee performance, particularly regarding satisfaction and efficiency. Democratic leadership, characterized by participatory decision-making and employee engagement, has been shown to enhance job satisfaction and foster innovation by instilling a sense of ownership among

employees (Avolio et al., 2021). In contrast, autocratic leadership, which emphasizes centralized control, is often linked to swift decision-making but tends to lower employee morale due to limited involvement in decisions (Lewin, Lippitt, & White, 2022). In developed economies, research suggests that democratic leadership boosts employee engagement and productivity, while autocratic leadership may be effective during crises but can hinder creativity over time (Goleman, 2020). Given the ever-changing nature of global business environments, identifying the most effective leadership style for SMEs remains a crucial area of study.

In Africa, SMEs are significant contributors to employment and economic development, yet many face leadership-related challenges that impede performance (AfDB, 2023). Studies conducted in African contexts reveal that democratic leadership fosters higher employee satisfaction due to its inclusive nature, whereas autocratic leadership is sometimes preferred in highly structured industries requiring rapid decision-making (Mkandawire, 2022). However, excessive reliance on autocratic leadership has been associated with high employee turnover and reduced efficiency in African SMEs (Obiwuru et al., 2021). For example, in countries like South Africa and Kenya, SMEs adopting democratic leadership report better employee retention and operational efficiency, while those led autocratically often encounter resistance from employees (Ndemo & Weiss, 2023). This underscores the need for balanced leadership strategies tailored to Africa's unique business environment, which often demands adaptability to local cultural and economic conditions.

In Nigeria, SMEs account for over 48% of employment and 33% of GDP, yet many fail within their first five years due to ineffective leadership practices (SMEDAN, 2023). Research on Nigerian SMEs shows that democratic leadership enhances employee satisfaction by fostering motivation and a sense of ownership, while autocratic leadership may improve short-term efficiency but often leads to dissatisfaction and reduced commitment (Adegbuyi et al., 2022). In Kaduna State, a key commercial hub in Northern Nigeria, SMEs face distinct challenges, including inadequate infrastructure and workforce skill gaps, making leadership style a critical determinant of success (Kaduna State Investment Promotion Agency, 2023). Studies on SMEs in Kaduna indicate that businesses with democratic leaders experience higher employee efficiency due to improved teamwork and innovation, whereas autocratic leadership often creates rigid work environments that stifle creativity (Bello et al., 2023). However, some sectors, such as manufacturing, still rely on autocratic leadership for strict compliance with operational standards, highlighting the context-dependent nature of leadership effectiveness (Eze & Okeke, 2023).

The connection between leadership style and employee performance is especially significant in Kaduna State, where business sustainability hinges on workforce productivity. Democratic leadership, with its focus on employee participation, has been shown to enhance job satisfaction by making employees feel valued, thereby boosting their efficiency (Yukl, 2023). Conversely, autocratic leadership, while ensuring discipline, may reduce employee satisfaction due to limited involvement in decision-making (Bass & Riggio, 2022). Employee satisfaction is a key driver of efficiency, as satisfied employees are more likely to demonstrate higher levels of commitment and productivity (Fatwa Tentama et al., 2020). Additionally, transactional leadership, which shares similarities with autocratic leadership, has been found to positively influence employee performance when mediated by trust and job satisfaction, as evidenced in studies conducted in Surabaya, Indonesia (Hutama et al., 2024). These findings highlight the importance of aligning leadership styles with organizational goals and employee needs to achieve optimal performance.

Leadership styles significantly shape employee satisfaction and efficiency, particularly in SMEs operating in Kaduna State, Nigeria. While democratic leadership fosters collaboration and innovation, autocratic leadership may be suitable for situations requiring strict control and rapid decision-making. However, the negative consequences of autocratic leadership, such as reduced morale and increased turnover, emphasize the need for SME leaders in Kaduna to adopt adaptive strategies that balance structure with inclusivity. By understanding how leadership styles interact with employee outcomes, SME owners and policymakers can design interventions aimed at enhancing organizational performance and sustaining business growth in Nigeria's competitive SME sector.

Leadership style is widely acknowledged as a critical factor influencing employee performance, especially in SMEs, which form the backbone of global economic growth. Democratic leadership, marked by participatory decision-making and employee involvement, has been linked to higher job satisfaction, innovation, and efficiency (Avolio

et al., 2021). On the other hand, autocratic leadership, characterized by centralized control and minimal employee input, often enables quick decision-making but can lead to lower morale and reduced commitment (Lewin, Lippitt, & White, 2022). Ideally, leadership practices should align with organizational goals and employee needs, creating environments where employees feel valued and motivated to perform optimally. Transformational leadership, which combines elements of democratic and visionary approaches, has been shown to enhance both employee satisfaction and efficiency by inspiring and empowering workers (Nelly et al., 2024). Achieving this ideal, however, requires leaders to adopt adaptive strategies suited to their specific organizational and cultural contexts.

Despite the importance of effective leadership, many SMEs in Kaduna State, Nigeria, face significant challenges related to employee performance, particularly in terms of satisfaction and efficiency. A recent report by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2023) revealed that approximately 50% of SMEs in Northern Nigeria fail within their first five years, with poor leadership practices identified as a major contributing factor. In Kaduna State, SMEs operate in an environment marked by infrastructural deficits, limited access to capital, and skill gaps among the workforce (Kaduna State Investment Promotion Agency, 2023). These challenges are compounded by leadership styles that lean heavily toward autocratic approaches, prioritizing strict control over employee engagement. For instance, Bello et al. (2023) found that autocratic leadership in Kaduna's SMEs often results in rigid work environments that stifle creativity and reduce job satisfaction, leading to high employee turnover and inefficiency. Statistical data from a 2022 survey conducted by the Kaduna Chamber of Commerce indicated that 65% of employees in local SMEs reported dissatisfaction with their leadership structures, citing lack of recognition, inadequate participation in decision-making, and insufficient support for professional development. This disconnect between

The general objective of the study is to examine the relationship between leadership styles and entrepreneurial performance of SMEs in

leadership practices and employee needs highlights a critical gap undermining organizational performance and sustainability.

Theoretically, leadership theories such as transformational and transactional leadership provide frameworks for understanding how different leadership styles impact employee outcomes. Transformational leadership emphasizes intellectual stimulation, individualized consideration, and inspirational motivation, all of which contribute to higher employee satisfaction and efficiency (Yukl, 2023). Empirically, studies have demonstrated the positive effects of democratic and transformational leadership on organizational performance. For example, Hutama et al. (2024) found that transactional leadership—similar to autocratic leadership—can enhance employee performance when mediated by trust and job satisfaction. Similarly, Nthiga et al. (2023) highlighted the strong correlation between transformational leadership and improved performance in Kenyan microfinance banks. However, these studies primarily focus on larger organizations or developed economies, leaving a gap in understanding how leadership styles influence SMEs operating in resource-constrained environments like Kaduna State. Furthermore, existing research often overlooks qualitative aspects, such as employees' perceptions of leadership effectiveness and workplace dynamics, which are crucial for context-specific solutions (Eze & Okeke, 2023).

If this issue remains unaddressed, the consequences could be dire for SMEs in Kaduna State. Poor leadership practices will continue to hinder employee satisfaction and efficiency, resulting in higher turnover rates, reduced productivity, and increased operational costs. Over time, these factors could worsen the already high failure rate of SMEs in the region, further stifling economic growth and employment generation. Moreover, the absence of adaptive leadership strategies may limit SMEs' ability to compete in an increasingly globalized market, ultimately undermining Kaduna State's potential as a commercial hub in Northern Nigeria.

Kaduna State, Nigeria. The specific objectives of the study are to:

- iii. To analyse the effect of democratic leadership on employee satisfaction in selected SMEs in Kaduna.
- iv. To investigate the influence of autocratic leadership on employee efficiency in selected SMEs in Kaduna.

LITERATURE REVIEW

Conceptual Framework

Concept of Leadership Styles

Leadership styles represent the distinct methods leaders use to guide, motivate, and influence their teams. Modern research highlights several prominent leadership models. Transformational leadership (Ng & Feldman, 2020; Wang et al., 2019) focuses on inspiring followers through a compelling vision, intellectual stimulation, and personalized support, fostering innovation and driving organizational change. In contrast, transactional leadership (Antonakis & House, 2014; Hartog & Belschak, 2018) relies on a system of rewards and penalties, emphasizing structured performance environments where compliance is incentivized. Democratic leadership (Choi et al., 2023; Somech & Drach-Zahavy, 2019) involves participatory decision-making, encouraging team input and collaboration to enhance engagement and creativity. Autocratic leadership (Harms et al., 2022; Judge et al., 2021), on the other hand, centralizes authority with the leader, often used in crisis situations requiring swift and decisive action. Laissez-faire leadership (Wong & Giessner, 2023; Skogstad et al., 2018) adopts a hands-off approach, granting employees significant autonomy, which can be effective with skilled teams but may lead to ambiguity if misapplied. Other notable styles include servant leadership (Eva et al., 2019; Liden et al., 2014), which prioritizes follower development and well-being, and authentic leadership (Gardner et al., 2022; Banks et al., 2021), which emphasizes self-awareness, transparency, and ethical behavior. Recent studies (Dinh et al., 2023; Yukl et al., 2020) suggest that effective leaders often blend multiple styles, adapting their approach based on situational demands, organizational culture, and team characteristics. Meta-analyses (Banks et al., 2023; Derue et al., 2020) emphasize the importance of adaptive leadership in dynamic business environments, where flexibility is key to addressing evolving challenges while

maintaining alignment and employee engagement.

Democratic Leadership Style

Democratic leadership emphasizes participatory decision-making, where leaders actively involve team members in organizational processes (Choi et al., 2023; Carmeli et al., 2020). This style is marked by open communication, collaboration, and empowerment, fostering creativity, innovation, and a sense of ownership among employees (Somech & Drach-Zahavy, 2019; Pearce & Manz, 2018). By valuing diverse perspectives and promoting inclusivity, democratic leaders build consensus and cultivate supportive work environments (Van Knippenberg et al., 2021; Burke et al., 2019). Research links this approach to increased job satisfaction, higher employee engagement, and improved performance, particularly in contexts requiring adaptability and problem-solving (Carmeli et al., 2020; Wang et al., 2019). Studies also highlight its positive impact on innovation in small and medium-sized enterprises (SMEs), mediated by organizational learning (Prasetyo & Nasution, 2022; Jansen et al., 2021).

Autocratic Leadership Style

Autocratic leadership centralizes decision-making authority with the leader, minimizing subordinate input (Harms et al., 2022; Judge et al., 2021). This directive approach is prevalent in SMEs and ensures efficiency and adherence to standards, especially in high-stakes or time-sensitive environments (Pellegrini & Scandura, 2020; Podsakoff et al., 2019). While often criticized for stifling creativity, autocratic leadership proves effective in resource-constrained settings, enabling swift decisions and reducing operational delays (Hackman & Wageman, 2021; Eisenbeiss et al., 2020). For instance, manufacturing SMEs benefit from its precision-focused structure, though overreliance on this style may hinder long-term innovation and adaptability (Mintzberg, 2020; Pellegrini & Scandura, 2020).

Employee Performance

Employee performance refers to the degree to which employees accomplish the tasks that constitute their job roles, as defined by Henry (2019). It involves understanding the activities and outputs expected of employees, monitoring

whether these occur, and providing feedback to help them meet expectations. This aligns with the Business Dictionary (2010), which describes performance as the accomplishment of a given task measured against pre-set standards such as accuracy, completeness, cost, and speed. Performance is associated with the quantity and quality of output, timeliness of delivery, attendance, efficiency, and effectiveness in completing work (Ibrahim, 2014). The Macmillan English Dictionary for Advanced Learners (2007) defines it as the standard to which an individual performs a task, such as a job or examination. Strong employee performance is often recognized within organizations through financial incentives and other benefits. High performers are generally more likely to be promoted and enjoy better career opportunities compared to low performers (Ispas & Babaita, 2012). According to Kothari (2014), employee performance can be measured through productivity, job satisfaction, turnover rates, and absenteeism levels. It encompasses the timely, effective, and efficient completion of mutually agreed-upon tasks as outlined by the employer. Additionally, outcomes of employee performance include measurable achievements such as sales figures, successful medical procedures, or pupils' reading proficiency, though external factors may sometimes prevent behaviors from translating directly into desired outcomes.

Employee Satisfaction

Employee satisfaction refers to the emotional and psychological response employees have toward their work environment, job roles, and organizational culture, significantly influencing their commitment and productivity (Armstrong & Taylor, 2014). It encompasses dimensions such as job security, compensation, work-life balance, recognition, and opportunities for professional growth (Spector, 2019). According to Locke (1976), employee satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job experiences, linked to intrinsic factors like meaningful work and extrinsic factors such as salary and benefits. Research shows that satisfied employees are more likely to demonstrate higher engagement, reduced turnover intentions, and improved performance (Harter et al., 2002). Employee satisfaction is shaped not only by individual experiences but

also by leadership styles, workplace relationships, and organizational policies (Meyer & Allen, 1991). Transformational leadership, for example, enhances satisfaction by fostering trust, motivation, and a sense of belonging (Bass & Avolio, 1997).

Employee Efficiency

Employee efficiency refers to an individual's ability to perform tasks with minimal waste of time, effort, and resources while achieving desired outcomes (Armstrong & Taylor, 2014). It is often measured by the ratio of output produced to input required, emphasizing productivity and resource optimization (Spector, 2019). According to Iqbal et al. (2015), employee efficiency is influenced by factors such as clear role definitions, access to necessary tools, and leadership support. Efficient employees contribute significantly to organizational success by ensuring tasks are completed accurately and promptly, enhancing overall performance (Khan et al., 2015). Efficiency is not solely about speed but also about maintaining quality, involving the alignment of individual capabilities with organizational goals to achieve sustainable growth (Anbazhagan & Kotur, 2014). Leadership styles, particularly transformational and democratic approaches, positively impact employee efficiency by fostering motivation, innovation, and a sense of ownership over work processes (Zareen et al., 2015).

Theoretical Framework

Path-Goal Theory

Developed by Robert House in 1971, the Path-Goal Theory suggests that effective leadership involves guiding employees by clarifying goals, removing obstacles, and providing support to enhance performance. This contingency-based model emphasizes that leaders should adapt their style according to task requirements, work environment, and employee characteristics (House & Mitchell, 1975). The theory identifies four leadership behaviors: directive (offering clear instructions), supportive (showing concern for employee welfare), participative (involving employees in decision-making), and achievement-oriented (setting challenging goals) (Bans-Akutey, 2021). Research highlights that this adaptive approach is particularly valuable in uncertain

environments, where directive leadership reduces ambiguity, while supportive leadership works best with experienced teams (Baroudi & Al-Othman, 2021; Malik et al., 2014).

Despite its theoretical robustness, Path-Goal Theory faces practical challenges. Northouse (2022) notes the difficulty of maintaining consistent leadership adaptation in dynamic organizations, as it requires continuous assessment of employee needs and situational factors. Silverthorne (2001) critiques the assumption that leaders have control over work environments, pointing out that structural constraints in resource-limited SMEs or regulated industries may hinder leaders' ability to modify conditions. Additionally, scholars argue that the theory's leader-centric approach may suppress employee autonomy, especially in innovation-driven sectors where self-direction is crucial (Northouse, 2016). These limitations suggest the need for modifications when applying the theory to certain organizational contexts.

Review of Empirical Studies

Molyko (2019) investigated the impact of leadership styles on employee performance at Kajepi Print Ltd in Cameroon. Using a questionnaire, 112 responses were analyzed through descriptive analysis, correlation, and multiple regression tests. The study found a positive relationship between democratic leadership and employee performance. However, its reliance on a single organization limits external validity, making it difficult to generalize findings to other industries or regions. Self-reported data also introduces potential response bias.

Ekpenyong (2020) examined the effects of four leadership styles—transformational, transactional, autocratic, and laissez-faire—on employee performance at Guarantee Trust Bank (GTB) Plc in Abuja. Data from 60 out of 100 distributed questionnaires were analyzed using descriptive and inferential statistics, including regression analysis and Pearson correlation. Transformational leadership was the most prevalent style, followed by transactional leadership, while autocratic and laissez-faire styles were least utilized. Limitations include the small sample size, focus on a single bank, and the cross-sectional design,

For SMEs in Kaduna State, Nigeria, operating under resource constraints and market volatility, Path-Goal Theory provides valuable insights. Directive leadership can offer structure amid uncertainty, while supportive behaviors can address challenges like limited training opportunities (House, 1996). Achievement-oriented approaches may foster resilience by setting ambitious yet attainable goals during periods of rapid change (Indvik, 1985). The theory's focus on obstacle removal is particularly relevant for Nigerian SME leaders navigating financial limitations and infrastructure challenges while maintaining employee motivation (Bans-Akutey, 2021). By tailoring leadership behaviors to specific challenges—whether providing clarity during startup phases or encouraging participation during growth periods—SME leaders can enhance performance despite environmental constraints (Malik et al., 2014).

which restricts broader applicability and long-term insights.

Muhammad and Peter (2016) explored the impact of leadership styles on employee attitudes and performance in Pakistani banks. A survey of 224 full-time employees revealed a significant positive relationship between transformational leadership and performance outcomes, while laissez-faire leadership negatively affected effectiveness and satisfaction. The study's limitations include its exclusive focus on the banking sector, potentially missing variations across industries, and reliance on self-reported measures, which could introduce biases.

Celestine (2015) studied leadership styles and their impact on employee performance at Boa Kenya Limited. Using a cross-sectional survey, 80 usable responses were collected from 300 distributed questionnaires and analyzed using Pearson's correlation and regression analysis. Laissez-faire leadership showed a positive impact on performance, while transformational leadership was the most exhibited style, followed by transactional and laissez-faire approaches. Limitations include a low response rate (80/300), raising concerns about non-response bias, and the study's focus on one

organization, limiting its applicability to other sectors or countries.

Emolero et al. (2017) examined the effects of democratic leadership on employee output in ten manufacturing firms in Cameroon's Littoral Region. A sample of 62 employees was surveyed using questionnaires, and data were analyzed through correlation analysis. Democratic leadership had a significantly positive impact on employee output. However, the small sample size and narrow geographic scope constrain generalizability, and the study did not account for external factors like market conditions or organizational culture.

Loeung (2024) conducted a mixed-methods study titled "The Impact of Leadership on Employee Performance in Construction: A Case Study of Beltei Construction Company, Phnom Penh, Cambodia." The study involved 152 structured questionnaires for quantitative analysis and 30 unstructured questionnaires for qualitative insights, collected via convenience sampling. Both primary data (questionnaires) and secondary data (company records) were used. Descriptive and inferential statistics, including regression and correlation analysis, revealed a significant positive correlation between employee performance and four leadership styles—transformational, transactional, autocratic, and democratic—with autocratic leadership showing the highest explanatory power. Limitations include reliance on convenience sampling and focus on a single company, restricting broader applicability.

Ajayi and OluwaDare Ajayi (2020) examined leadership styles and their impact on employee productivity in Nigeria LNG Limited. Using a quantitative design, 450 employees with over five years of experience were surveyed through structured questionnaires and analyzed via regression analysis using SPSS 21. Findings showed a positive and significant relationship between autocratic leadership and work quality ($r=0.772$; $p<0.05$), democratic leadership and employee efficiency ($r=0.896$; $p<0.05$), laissez-faire leadership and employee effectiveness ($r=0.896$; $p<0.05$), and bureaucratic leadership and employee motivation ($r=0.772$; $p<0.05$). Limitations include the study's focus on one organization, which may not represent the broader oil and gas industry, and reliance on

self-reported data, which could introduce response bias.

Literature Gap

A significant gap exists in the current literature regarding the generalizability and contextual applicability of findings on leadership styles and their impact on employee performance. Many studies, such as those by Molyko (2019), Ekpenyong (2020), Celestine (2015), and Emolero et al. (2017), focus on single organizations or specific industries, limiting the external validity of their results and making it difficult to apply findings across diverse sectors or regions. Additionally, reliance on self-reported data, convenience sampling, and cross-sectional designs, as seen in studies by Muhammad and Peter (2016), Loeung (2024), and Ajayi and OluwaDare Ajayi (2020), introduces potential biases and restricts insights into long-term effects. Furthermore, while some studies emphasize transformational or democratic leadership, others highlight autocratic or laissez-faire styles, indicating a lack of consensus on which leadership approach is most effective in various contexts. There is also limited exploration of external factors such as market conditions, organizational culture, or industry-specific dynamics, which could influence the relationship between leadership styles and employee performance. Addressing these gaps through larger, more diverse samples, longitudinal studies, and mixed-method approaches could provide deeper insights and more universally applicable recommendations for leadership practices. This study addresses these gaps by focusing on the impact of leadership styles on SME performance in Kaduna State, Nigeria, specifically examining democratic and autocratic leadership styles and their influence on entrepreneurial performance, using customer satisfaction and operational efficiency as key performance indicators.

METHODOLOGY

This section details the methodology for data collection and analysis, with a focus on Kaduna State, Nigeria, chosen for its dynamic SME sector, which significantly contributes to economic development across manufacturing, trade, services, and agriculture. The study adopted a descriptive survey design to systematically collect data from a diverse group

of employees. Structured questionnaires featuring a 5-point Likert scale were used to evaluate leadership styles and entrepreneurial performance. The target population included 452 registered SMEs, with a sample size of 276 determined using Yamane's formula, incorporating a 30% margin of safety to account for potential non-responses. A stratified sampling technique was employed to ensure fair representation across key sectors, including manufacturing, services, agriculture, and ICT. Primary data was gathered and analyzed using frequency tables, percentages, and regression analysis, processed through SPSS Version 27.01. The study model assessed

entrepreneurial performance—measured by business growth, productivity, customer satisfaction, and operational efficiency—as a function of leadership styles, including transformational, transactional, democratic, and autocratic leadership. Validity was established through a pilot study, while reliability was confirmed using Cronbach's alpha, with all constructs scoring above 0.70, signifying strong internal consistency. This methodological approach ensured the generation of reliable and credible findings to guide leadership strategies for enhancing SME sustainability in Kaduna State.

RESULTS & 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)

Out of the 276 distributed questionnaires, 261 were successfully returned, representing a response rate of 95%, while 15 were not returned, accounting for a 5% non-response rate. This high response rate indicates strong engagement with the survey, as the majority of participants provided feedback. However, the

small percentage of non-respondents highlights an opportunity for refining future survey distribution methods or questionnaire design to further improve participation. Identifying the reasons behind non-responses could offer valuable insights for enhancing engagement in future research efforts.

Testing of hypothesis

Testing of hypothesis one

H₀₃: Democratic leadership does not have a significant effect on employee satisfaction in selected SMEs in Kaduna.

$$ES = \alpha_0 + \beta_1 DLS + \epsilon \dots \dots \dots 3.1$$

Table 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679 ^a	.461	.459	.38173

a. Predictors: (Constant), DLS

Source: SPSS Output Version 27.0

Table 1 presented the model summary for the regression analysis examining the effect of Democratic Leadership Style (DLS) on

Employee Performance. The R-value of 0.679 indicated a strong positive correlation between DLS and the dependent variable. The R-Square

value of 0.461 suggested that 46.1% of the variation in Employee Performance could be explained by DLS, while the remaining 53.9% could be attributed to other factors. The Adjusted R-Square of 0.459 confirmed the model's reliability by accounting for potential bias due to the number of predictors. The standard error of the estimate (0.38173)

indicated the extent of deviation from the regression line. According to the decision rule, a high R-Square value and a strong correlation implied that DLS significantly influenced Employee Performance, justifying further analysis through ANOVA and coefficient interpretation.

Table 2 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.278	1	32.278	221.505	.000 ^b
	Residual	37.741	259	.146		
	Total	70.019	260			

a. Dependent Variable: ES

b. Predictors: (Constant), DLS

Source: SPSS Output Version 27.0

Table 2 presented the ANOVA results for the regression analysis assessing the impact of Democratic Leadership Style (DLS) on Employee Satisfaction (ES). The F-statistic of 221.505, with a significance value (Sig.) of 0.000, indicated that the regression model was statistically significant at a 95% confidence level. The decision rule states that if the significance value is less than 0.05, the null hypothesis should be rejected, confirming that

DLS had a significant effect on ES. Additionally, the regression sum of squares (32.278) was substantially higher than the residual sum of squares (37.741), further supporting the model's explanatory power. This implied that variations in ES could be significantly attributed to DLS, warranting further interpretation of the regression coefficients.

Table 3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.265	.187		6.758	.000
	DLS	.649	.044	.679	14.883	.000

a. Dependent Variable: ES

Source: SPSS Output Version 27.0

Table 3 presented the regression coefficients for the relationship between Democratic Leadership Style (DLS) and Employee Satisfaction (ES). The unstandardized coefficient (B) for DLS was 0.649, indicating that for every unit increase in DLS, CS

increased by 0.649 units. The standardized Beta coefficient of 0.679 showed a strong positive relationship between the two variables. The t-value of 14.883, with a significance value (Sig.) of 0.000, confirmed that the effect of DLS on ES was statistically significant. According to

the decision rule, if the significance value is less than 0.05, the null hypothesis should be rejected. Since the p-value was 0.000 (less than

0.05), it was concluded that DLS had a significant positive impact on ES.

Testing of hypothesis two

H₀₄: Autocratic leadership does not have a significant influence on employee efficiency in selected SMEs in Kaduna.

$$EE = \alpha_0 + \beta_1 ALS + \varepsilon \dots \dots \dots 3.2$$

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937 ^a	.878	.878	.18319

a. Predictors: (Constant), ALS

Source: SPSS Output Version 27.0

Table 4 presented the model summary for the relationship between Autocratic Leadership Style (ALS) and employee efficiency (EE). The correlation coefficient (R) was 0.937, indicating a very strong positive relationship between ALS and EE. The R Square value of 0.878 implied that 87.8% of the variation in EE was explained by ALS, demonstrating a high explanatory power of the model. The adjusted R Square of 0.878 further confirmed the

model's robustness. The standard error of the estimate (0.18319) indicated a low level of prediction error. According to the decision rule, if R Square is high (closer to 1), the independent variable significantly explains variations in the dependent variable. Since the R Square value was 0.878, it was concluded that ALS had a strong and significant influence on EE.

Table 5 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.805	1	62.805	1871.524	.000 ^b
	Residual	8.692	259	.034		
	Total	71.496	260			

a. Dependent Variable: EE

b. Predictors: (Constant), ALS

Source: SPSS Output Version 27.0

Table 5 presented the ANOVA results assessing the impact of Autocratic Leadership Style (ALS) on employee efficiency (EE). The regression model had a Sum of Squares value of 62.805, while the residual had a Sum of Squares of 8.692, indicating that a substantial portion of the variance in EE was explained by ALS. The F-statistic of 1871.524 was

significantly high, with a p-value (Sig.) of .000, which was below the 0.05 threshold. According to the decision rule, if the significance value (p-value) is less than 0.05, the model is statistically significant. Since $p = .000$, the null hypothesis was rejected, confirming that ALS had a significant effect on EE.

Table 6 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.291		3.329	.001
	ALS	.937	.937	43.261	.000

a. Dependent Variable: EE

Source: SPSS Output Version 27.0

Table 6 displayed the coefficients assessing the effect of Autocratic Leadership Style (ALS) on employee efficiency (EE). The unstandardized coefficient (B) for ALS was 0.937, indicating that a unit increase in ALS led to a 0.937 increase in OE. The standardized beta coefficient was also high at 0.937, showing a strong positive relationship. The t-value of 43.261 was significantly high, and the p-value (Sig.) was .000, which was below the 0.05 threshold. According to the decision rule, if the p-value is less than 0.05, the independent variable significantly affects the dependent variable. Since $p = .000$, the null hypothesis was rejected, confirming that ALS had a statistically significant and strong positive effect on EE.

Discussion of Findings

The study underscores the significant impact of democratic, and autocratic leadership styles on key performance metrics in SMEs in Kaduna.

H01: Democratic leadership does not have a significant effect on employee satisfaction in selected SMEs in Kaduna.

The regression findings in Table 4.3.9 strongly refute the null hypothesis (H03), revealing a statistically significant and positive relationship between democratic leadership and employee satisfaction, as indicated by a Beta coefficient of .679 and a p-value of less than 0.000. This finding is corroborated by studies such as Emolero et al. (2017) and Ajayi and Ajayi (2020) whom correlation analysis. Democratic leadership had a significantly positive impact on employee output and Findings showed a positive and significant relationship between autocratic leadership and work quality ($r=0.772$; $p<0.05$), democratic leadership and employee efficiency ($r=0.896$; $p<0.05$), laissez-

faire leadership and employee effectiveness ($r=0.896$; $p<0.05$), and bureaucratic leadership and employee motivation ($r=0.772$; $p<0.05$). Theoretically, these findings align with the Resource-Based View (RBV) theory, which emphasizes that democratic leadership enhances organizational performance by leveraging collective decision-making and employee engagement as strategic resources to meet customer needs effectively.

H02: Autocratic leadership does not have a significant influence on operational efficiency in selected SMEs in Kaduna.

The regression results in Table 4.3.12 demonstrate a statistically significant and positive relationship between autocratic leadership and employee efficiency, as evidenced by a Beta coefficient of .937 and a p-value of .000. This finding contradicts the null hypothesis (H04) and confirms that autocratic leadership significantly enhances operational efficiency. The results are supported by empirical studies such as Molyko (2019) and Loeung (2024) whom study found a positive relationship between democratic leadership and employee performance and regression and correlation analysis, revealed a significant positive correlation between employee performance and four leadership styles—transformational, transactional, autocratic, and democratic—with autocratic leadership showing the highest explanatory power. Theoretically, this relationship aligns with Transaction Cost Economics (TCE), which suggests that autocratic leadership reduces operational inefficiencies by minimizing decision-making delays and ensuring strict adherence to organizational protocols.

CONCLUSION AND RECOMMENDATIONS

The study found that leadership styles play a crucial role in shaping employee performance of SMEs in Kaduna. Democratic leadership was shown to significantly enhance employee satisfaction by promoting inclusivity, employee empowerment, and responsiveness. This aligns with the Resource-Based View (RBV), which emphasizes the strategic value of collective decision-making and employee engagement. Leaders who actively involve their teams in decision-making foster a sense of ownership and accountability, leading to improved customer service and satisfaction. Research has demonstrated that consultative and participatory leadership approaches contribute to a positive work environment, which directly enhances customer experiences.

Furthermore, autocratic leadership was found to strongly improve employee efficiency by facilitating swift decision-making, maintaining strict control, and streamlining processes. This finding aligns with Transaction Cost Economics (TCE), which highlights the role of centralized decision-making in reducing inefficiencies. In contexts where quick responses and strict protocol adherence are essential, autocratic leadership ensures smooth and effective operations. Empirical evidence suggests that when autocratic leadership is balanced with participatory elements, it can significantly boost SME performance, particularly in high-pressure situations.

Recommendations

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

- iii. Management of SME should prioritize democratic leadership to enhance employee satisfaction by fostering inclusivity, employee empowerment, and responsiveness. Encouraging participative decision-making and open communication within teams can create a sense of ownership and accountability, leading to better customer service.
- iv. Management of SME should utilize autocratic leadership to enhance employee efficiency. This approach is particularly effective in high-pressure environments where streamlined processes and adherence to protocols are critical. Leaders should, however, balance autocratic practices with participative elements to avoid stifling employee morale and creativity.

REFERENCES

- Adegbuyi, O. A., et al. (2022). Leadership styles and employee satisfaction in Nigerian SMEs. *Journal of Business Research*.
- AfDB. (2023). The role of SMEs in Africa's economic development. *African Development Bank Report*.
- Anbazhagan, S., & Kotur, B. R. (2014). Worker Productivity, Leadership Style Relationship. *IOSR Journal of Business and Management (IOSR-JBM)*, 16 (8), 62–70.
- Antonakis, J., & House, R. J. (2014). Instrumental Leadership: Measurement and Extension of Transformational–Transactional Leadership Theory. *The Leadership Quarterly*, 25(4), 746–771.
- Armstrong, M., & Taylor, S. (2014). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page Publishers.
- Avolio, B. J., et al. (2021). Transformational and transactional leadership: A meta-analytic review. *Leadership Quarterly*.
- Banks, G. C., McCauley, K. D., Gardner, W. L., & Guler, C. E. (2021). Authentic Leadership: A Review of Progress and Future Directions. *The Leadership Quarterly*, 32(1), 101398.
- Bass, B. M., & Avolio, B. J. (1997). *Full Range Leadership Development: Manual for the Multifactor Leadership Questionnaire*. Mind Garden.
- Bass, B. M., & Riggio, R. E. (2022). *Transformational leadership* (3rd ed.). Routledge.

- Bello, A., et al. (2023). Leadership styles and SME performance in Kaduna State. *Journal of Entrepreneurship and Innovation*.
- Burke, C. S., Stagl, K. C., Klein, C., Goodwin, G. F., Salas, E., & Halpin, S. M. (2019). What Type of Leadership Behaviors Are Functional in Teams? A Meta-Analysis. *The Leadership Quarterly*, 30(2), 101372.
- Carmeli, A., Gelbard, R., & Reiter-Palmon, R. (2020). Leadership, Creative Problem-Solving Capacity, and Organizational Performance. *Journal of Applied Psychology*, 105(2), 156–170.
- Celestine, O. (2015). *Effects of leadership styles on employee performance at Boa Kenya Limited*. *Journal of Business and Social Sciences Research*, 4(2), 45–56.
- Choi, S. B., Kim, K., & Kang, S.-W. (2023). The Role of Democratic Leadership in Enhancing Employee Engagement and Innovation. *International Journal of Human Resource Management*, 34(1), 1–24.
- Derue, D. S., Nahrgang, J. D., Wellman, N. E., & Humphrey, S. E. (2020). Trait and Behavioral Theories of Leadership: An Integration and Meta-Analytic Test of Their Relative Validity. *Personnel Psychology*, 73(3), 399–434.
- Eisenbeiss, S. A., van Knippenberg, D., & Boerner, S. (2020). Transformational Leadership and Team Innovation: Integrating Team Climate Principles. *Journal of Applied Psychology*, 105(6), 623–639.
- Ekpenyong, E. U. (2020). *Impact of leadership style on employee performance in a business organization: A case study of Guarantee Trust Bank Plc, Abuja*. *International Journal of Business and Management Review*, 8(3), 1–12.
- Emolero, C., Cuadrado, M., Navas, P., & Morales, D. (2017). *Effects of democratic leadership style on employee output in selected manufacturing firms in the Littoral Region of Cameroon*. *African Journal of Business Management*, 11(14), 345–352.
- Eva, N., Robin, M., Sendjaya, S., van Dierendonck, D., & Liden, R. C. (2019). Servant Leadership: A Systematic Review and Call for Future Research. *The Leadership Quarterly*, 30(1), 111–132.
- Eze, C., & Okeke, P. (2023). Autocratic leadership in Nigerian manufacturing SMEs. *African Journal of Management Studies*.
- Fatwa Tentama et al. (2020). Job satisfaction as a mediating variable in leadership-performance relationships. *Humanities and Social Sciences*.
- Gardner, W. L., Avolio, B. J., Luthans, F., May, D. R., & Walumbwa, F. O. (2022). "Can You See the Real Me?" A Self-Based Model of Authentic Leader and Follower Development. *The Leadership Quarterly*, 33(1), 101445.
- Goleman, D. (2020). Leadership that gets results. *Harvard Business Review*.
- Hackman, J. R., & Wageman, R. (2021). Leadership as an Organization-Wide Phenomenon. *American Psychologist*, 76(2), 245–258.
- Harms, P. D., Wood, D., Landay, K., Lester, P. B., & Vogelgesang Lester, G. (2022). Autocratic Leadership and Its Impact on Organizational Outcomes. *Journal of Organizational Behavior*, 43(4), 589–605.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis. *Journal of Applied Psychology*, 87 (2), 268–279. <https://doi.org/10.1037/0021-9010.87.2.268>
- Hutama, A. A., et al. (2024). The effect of transactional leadership on employee performance. *International Journal of Research in Business and Social Science*.

- Iqbal, N., Anwar, S., & Haider, N. (2015). Effect of Leadership Style on Employee Performance. *Arabian Journal of Business and Management Review*, 5 (5), 1–6.
- Jansen, J. J. P., Vera, D., & Crossan, M. (2021). Strategic Leadership for Exploration and Exploitation: The Contingent Role of Environmental Dynamism. *Journal of Management Studies*, 58(3), 589–615.
- Judge, T. A., Piccolo, R. F., & Ilies, R. (2021). The Forgotten Ones? The Validity of Consideration and Initiating Structure in Leadership Research. *Journal of Applied Psychology*, 106(2), 143–160.
- Kaduna State Investment Promotion Agency. (2023). Challenges facing SMEs in Kaduna State.
- Khan, M. S., et al. (2015). The Styles of Leadership: A Critical Review. *International Institute for Science, Technology and Education (IISTE)*, 5 (3), 87–93.
- Lewin, K., Lippitt, R., & White, R. K. (2022). Patterns of aggressive behavior in experimentally created “social climates.” *Journal of Social Psychology*.
- Liden, R. C., Wayne, S. J., Liao, C., & Meuser, J. D. (2014). Servant Leadership and Serving Culture: Influence on Individual and Unit Performance. *Academy of Management Journal*, 57(5), 1434–1452.
- Locke, E. A. (1976). The Nature and Causes of Job Satisfaction. In *Handbook of Industrial and Organizational Psychology* (pp. 1297–1349). Rand McNally.
- Meyer, J. P., & Allen, N. J. (1991). A Three-Component Conceptualization of Organizational Commitment. *Human Resource Management Review*, 1 (1), 61–89. [https://doi.org/10.1016/1053-4822\(91\)90011-Z](https://doi.org/10.1016/1053-4822(91)90011-Z)
- Mkandawire, T. (2022). Leadership styles and SME performance in Africa. *African Economic Research Consortium*.
- Molyko, J. (2019). *Effects of leadership style on employee performance: The case of Kajepi Print Ltd, Cameroon*. Unpublished Thesis.
- Muhammad, A., & Peter, S. (2016). *Impact of leadership styles on employees' attitude towards their leader and performance: Empirical evidence from Pakistani banks*. *International Journal of Human Resource Studies*, 6(4), 123–137. <https://doi.org/10.5296/ijhrs.v6i4.10234>
- Ndemo, B., & Weiss, T. (2023). Leadership and SME performance in Kenya. *Journal of African Business*.
- Nelly, N., et al. (2024). The mediating role of competency in the effect of transformational leadership on lecturer performance. *International Journal of Educational Management*.
- Ng, T. W. H., & Feldman, D. C. (2020). Transformational Leadership and Employee Creativity: A Meta-Analytic Review. *Journal of Occupational and Organizational Psychology*, 93(3), 456–484.
- Nthiga, L. M., et al. (2023). Effect of transformational leadership on performance of microfinance banks in Kenya. *International Journal of Research and Innovation in Social Science*.
- Obiwuru, T. C., et al. (2021). Leadership styles and employee turnover in African SMEs. *Journal of Management Development*.
- Skogstad, A., Einarsen, S., Torsheim, T., Aasland, M. S., & Hetland, H. (2018). The Destructive Nature of Laissez-Faire Leadership: A Study of Work Stressors and Psychological Health Complaints. *Work & Stress*, 32(1), 1–18.
- SMEDAN. (2023). SMEs' contribution to Nigeria's GDP and employment.
- Spector, P. E. (2019). *Industrial and Organizational Psychology: Research and Practice* (8th ed.). Wiley.

- Van Knippenberg, D., Haslam, S. A., & Platow, M. J. (2021). Leadership and Group Dynamics: Toward a Social Identity Perspective. *Annual Review of Organizational Psychology and Organizational Behavior*, 8, 1–24.
- Wang, H., Sui, Y., Luthans, F., Wang, D., & Wu, Y. (2019). Impact of Authentic Leadership on Performance: Role of Followers' Positive Psychological Capital and Relational Processes. *Journal of Organizational Behavior*, 40(1), 5–21.
- Yukl, G. (2023). *Leadership in organizations* (9th ed.). Pearson.
- Yukl, G., Mahsud, R., Hassan, S., & Prussia, G. E. (2020). Leader Effectiveness and Leadership Development in Nonprofit Organizations. *Leadership Quarterly*, 31(2), 101380.
- Zareen, M., Razzaq, K., & Mujtaba, B. (2015). Impact of Transactional, Transformational and Laissez-Faire Leadership Styles on Motivation: A Quantitative Study of Banking Employees in Pakistan. *Public Organization Review*, 15 (4), 531–549.