Effects of Leadership Style on Organizational Performance in Small and Medium Scale Enterprises (SMES) in Nigeria

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Abstract
This research seeks to determine the effect of leadership style on organizational performance in Small and Medium Scale enterprises in Makurdi metropolis of Benue State, Nigeria with reference to Water First Rehoboth Limited, Steam Fast Restaurant and Panet Technologies Limited. Data was collected from a population and sample of 70 staff of the organisations and analysed with Friedman’s Chi-Square statistics using the Statistical Package for Social Sciences. The results show that transformational leadership style exerts a positive but insignificant effect on employee performance while transactional leadership style has a positive significant effect on employee performance. It is concluded that transactional leadership style is more appropriate in inducing performance in small scale enterprises in Makurdi metropolis than transformational leadership style. It is recommended that small scale enterprises should adopt transactional leadership style at the initial stage of entry into business but should strategise to transit to transformational leadership style as the business grow and mature.

I. Introduction
A. Background of the Study
The word ‘leadership’ has been used in various aspects of human endeavour such as politics, businesses, academics, social works, etc. Previous literature about leadership show it as a personal ability. Messick and Kramer (2004) argued that the degree to which the individual exhibits leadership traits depends not only on his characteristics and personal abilities, but also on the characteristics of the situation and environment in which he finds himself. Since human beings could become members of an organisation in other to achieve certain personal objectives, the extent to which they are active members depends on how they are convinced that their membership will enable them to achieve their predetermined objectives. Therefore, an individual will support an organisation if he believes that through it his personal objectives and goals could be met if not, the person’s interest will decline. Leadership style in an organisation is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organisation. Thus, Glantz (2002) emphasises the need for a manager to find his leadership style.

Among the objectives of any small scale enterprise are profit making and attainment of maturity and liquidity status. In the pursuit of these objectives, enterprises allocate scarce resources to competing ends. In the process they provide employment, provide goods and services, purchase goods and services and, thus, contribute to the growth of the society and economy at large. Unamaka (1995) observes that in most Nigerian small-scale settings, the effectiveness of this process is greatly determined by the availability of and access to personnel, finance, machinery, raw material and possibility of making their goods and services available to their immediate community and the nation at large. The extent to which members of an organisation contribute in harnessing the resources of the organisation equally depends on how well the managers (leaders) of the organisation understand and adopt appropriate leadership style in performing their roles as managers and leaders (Obiwuru, Okwu, Akpa and Nwankwere, 2011). Thus, efficiency in resources mobilisation, allocation, utilisation and enhancement of organisational performance depends, to a large extent, on leadership style, among other factors. Akpala (1998) identifies attitude to work, leadership style and motivation as some of the factors that exert negative effect on organisational performance in Nigeria.

Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in 2008, reports that most small and medium scale businesses in Nigeria die before their fifth anniversary. Ashibogwu (2008) notes that one of the reasons for this high failure is lack of use of market research to confirm demand and assess suitability of offered services as well as maintaining high level of customer patronage. Inappropriate leadership style could be one of the reasons for high failure of small enterprises.

This study aligns with the concept of leadership as explained by Taffinder (2006) and, thus, considers leadership within the context of the action of managers of the enterprise to contribute their best to the purpose of the enterprise. A small scale enterprise is one with relatively small number of employees and low capital strength. This study considers a Small Scale Enterprise as one that has less than fifteen employees and whose capital outlay is less than three million naira.

From this consideration, this study is intended to evaluate the effect of leadership style on the performance of small scale enterprises, contribute to empirical studies on leadership style and business performance, proffer recommendations for policies and programmes to reposition the Small Scale Enterprises as integral part of the engine of economic growth and development in Benue State and in Nigeria at large.

B. Statement of The Problem
It is important for managers of Small Scale Enterprises to know the type of leadership style that is appropriate for a given Small Scale Enterprise to enhance sound managerial decisions. The problem of this study is, what are the effects of leadership style on organisational performance with particular interest on Small Scale Enterprises in Makurdi metropolis, Benue State, Nigeria?

C. Purpose of The Study
The purpose of the study is to examine the effects of leadership style on organisational performance of small scale enterprises in Makurdi metropolis with key objective of determining the preferred leadership style that can enhance organisational performance of Small Scale Enterprises in Makurdi Metropolis of Benue State. The variables used are profit level, market share and business survival.

D. Research Methodology
This study examines the effects of leadership style on organisational
performance of small scale enterprises. It seeks to show how leadership style influences organisational performance of small scale enterprises and also the leadership style that could be described as appropriate for small scale enterprises. The study relied on survey design and reliance is also placed on existing theories of leadership. The research made use of primary and secondary data. The primary data was collected from three small scale enterprises: Water First Rehoboth Limited, Steam Fast Restaurant and Panet Technologies Limited all in Makurdi metropolis, Benue State using questionnaires on a combined staff strength of seventy which is the total population of the study. The data is analysed with the help of Friedman Chi-Square using the Statistical Package for Social Sciences (SPSS).

E. Research Hypotheses
This study is hinged on the following propositions.
HO1: There is no significant relationship between inspirational motivation and profit level.
HO2: There is no significant relationship between employees’ commitment and market shares.
HO3: There is no significant relationship between management by exception and business survival

II. Review of Related Literature
This section of the study deals with the conceptual, theoretical and empirical framework of the study. An extensive review of related literature is carried out in order to ascertain the effect of leadership style on organisational performance with particular interest on small scale enterprises.

A. Conceptual Framework
1. Leadership style and performance
Leadership is identified as an important subject in the field of organisational behaviour. Leadership has the most dynamic effects during individual and organisational interaction. In other words, ability of management to execute “collaborated efforts” depends on leadership capability. Lee and Chuang (2009), explain that the excellent leader not only inspires subordinates potential to enhance efficiency but also meets their requirements in the process of achieving organisational goals. Stogdill (1957), defined leadership as the individual behaviour to guide a group to achieve the common target. Fry (2003) explains leadership as use of leading strategy to offer inspiring motive and to enhance the staff’s potential for growth and development. Several reasons indicate that there should be a relationship between leadership style and organisational performance. The first is that today’s intensive and dynamic markets feature innovation-based competition, price/performance rivalry, decreasing returns, and the creative destruction of existing competencies (Santora et al., 1999; Venkataraman, 1997). Studies have suggested that effective leadership behaviours can facilitate the improvement of performance when organisations face new challenges (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997).

On the other hand, organisational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival (Koontz and Donnell, 1993). Organisational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organisation.

Understanding the effects of leadership on performance is also important because leadership is viewed by some researchers as one of the key driving forces for improving a firm’s performance. Effective leadership is seen as a potent source of management development and sustained competitive advantage for improvement of organisational performance (Avolio, 1999; Lado, Boyd and Wright, 1992; Rowe, 2001). Visionary leaders create a strategic vision of some future state, communicate that vision through framing and use of metaphor, model the vision by acting consistently, and build commitment towards the vision (Avolio, 1999; McShane and VonGlinow, 2000). Zhu et al.(2005), suggest that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in new organisational environments.

Mehra, Smith, Dixon and Robertson (2006) argue that when organisations seek efficient ways to enable them outperform others; a long standing approach is to focus on the effects of leadership. Team leaders are believed to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader-centred perspective has provided valuable insights into the relationship between leadership and team performance (Guzzo and Dickson, 1996). Some studies have explored the strategic role of leadership to investigate how to employ leadership paradigms and use leadership behaviour to improve organisational performance (Judge, Bono, Ilies, and Gerhardt, 2002; Judge and Piccolo, 2004; Keller, 2006; McGrath and MacMillan, 2000; Meyer and Hepend, 2000; Purcell, Kinnie, Hutchinson and Dickson, 2004; Yukl, 2002). This is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in those firms that can combine people and processes and organisational performance (Purcell et al, 2004). Previous studies led the expectation that leadership paradigms will have direct effects on customer satisfaction, staff satisfaction, and financial performance. In general, however, the effects of leadership on organisational performance have not been well studied, according to House and Aditya’s review (1997), who criticised leadership studies for focusing excessively on superior-subordinate relationships to the exclusion of several other functions that leaders perform, and to the exclusion of organisational and environmental variables that are crucial to mediate the leadership-performance relationship. Another problem with existing studies on leadership is that the results depend on the level of analysis. House and Aditya (1997), distinguished between micro-level research that focuses on the leader in relation to the subordinates and immediate superiors, and macro-level research that focuses on the total organisation and its environment. Other scholars have also suggested that leaders and their leadership style influence both their subordinates and organisational outcomes (Tarabishy, Solomon, Fernald, and Sashkin, 2005).

Fenwick and Gayle (2008), in their study of the missing links in understanding the relationship between leadership and organisational performance conclude that despite a hypothesised leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret.

From this review of related literature, it is evident that although some scholars believe that leadership enhances organisational
performance while others contract this, different concepts of leadership have been employed in different studies, making direct comparisons virtually impossible. Gaps and unanswered questions remain. Consequently, this study is intended to re-examine the proposed leadership-performance relationship and, thus, contribute meaningfully to the body of growing literature and knowledge in this area of study.

2. Types of Leadership Styles

Among the various types of leadership styles and motivation relating to effective organisational management, we will limit our concern to transformational and transactional leadership styles. Transactional leadership is based on conventional exchange relationship in which followers’ compliance (effort, productivity, and loyalty) is exchanged for expected rewards. In contrast, transformational (extraordinary) leaders raise followers’ consciousness levels about the importance and value of designated outcomes and ways of achieving them. They also motivate followers to transcend their own immediate self-interest for the sake of the mission and vision of the organisation (Saowalux and Peng 2007; Burns 1978).

Such total engagement (emotional, intellectual and moral) encourages followers to develop and perform beyond expectations (Burns, 1978; Bass, 1985). Burns (1978), observed that transformational leadership involves the process of influencing major changes in organisational attitudes in order to achieve organisations objectives and strategies. Bass (1985), observed that transformational leaders work their organisational cultures following existing rules and procedures, while transformational leaders change their cultures based on a new vision and a revision of shared assumptions, values and norms. When an organisation must adapt to changes in technology, its leadership is a critical factor in its successful change.

3. Transformational Leadership

The difference between transformational and transactional leadership lies in the way of motivating employees. A transformational leader’s behaviour originates in the personal values and beliefs of the leader and motivates subordinates to do more than expected (Bass, 1985). Burns (1978), identified transformational leadership as a process where “one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality”. For transformational leadership style, the follower feels trust, admiration, loyalty and respect towards the leader, and is motivated to do more than what was originally expected to do (Bass, 1985; Katz & Kahn, 1978). The transformational leader motivates by making followers more aware of the importance of task outcomes, inducing them to transcend their own self-interest for the sake of the organisation or team and activating their higher-order needs. He encourages followers to think critically and seek new ways to approach their jobs, resulting in intellectual stimulation that results in an increase in level of performance, satisfaction, and commitment to the goals of their organisations (Podsakoff et al, 1996; Bass et al, 1994).

Bass (1990), proposed four behaviours or components of transformational leadership to include charisma, inspirational motivation, intellectual stimulation, and individual consideration. Charisma, or idealised influence or attributes, is characterised by vision and a sense of mission, instilling pride in and among the group, and gaining respect and trust (Humphreys & Einstein, 2003). Charismatic behaviour also induces followers to go beyond self-interest for the good of the group, providing reassurance that obstacles will be overcome, and promoting confidence in the achievement and execution influence (Conger and Kanungo, 1998; Howell and Frost, 1989) and followers place an inordinate amount of confidence and trust in charismatic leaders (Howell and Avolio, 1992).

Inspirational motivation is usually a companion of charisma and is concerned with a leader setting higher standards, thus becoming a sign of reference. Bass (1985), points out followers look up to their inspirational leader as one providing emotional appeal to increase awareness and understanding of mutually desirable goals. This is characterised by the communication of high expectations, using symbols to focus efforts, and expressing important purpose in simple ways. The leader always behaves by talking optimistically about the future, articulating a compelling vision for the future and providing an exciting image of organisational change (Bass and Avolio, 1994). The motivation occurs by providing meaning and challenge to the followers’ work; individual and team spirit were aroused and, enthusiasm and optimism are displayed. The leader encourages followers to envision attractive future states, for the organisation and themselves (Bass et al, 1997).

Individual stimulation provides followers with challenging new ideas and encourages them to break away from the old ways of thinking (Bass, 1985). The leader is characterised as one promoting intelligence, rationality, logical thinking, and careful problem solving. The attributes include seeking differing perspective when solving problems, suggesting new ways of examining how to complete assignments and encouraging re-thinking of ideas that have not been questioned in the past (Bass and Avolio, 1994). The leader encourages the followers to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways.

Finally, the fourth dimension of transformational leadership is “individual consideration” which is concerned with developing followers by coaching and mentoring (Bass, 1985; Bass & Avolio, 1990). The leader pays close attention to the inter-individual differences among the followers and act as mentor to the follower. He teaches and helps others develop their strengths, and listens attentively to others’ concerns (Bass and Avolio, 1994). Followers are treated individually in order to raise their levels of maturity and to enhance effective ways of addressing their goals and challenges (Bass, 1985).

4. Transactional Leadership

Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to task objective. The leader focuses on having internal actors perform the tasks required for the organisation to reach its desired goals (Boehnke et al, 2003). The objective of the transactional leader is to ensure that the path to goal attainment is clearly understood by the internal actors, to remove potential barrier within the system, and to motivate the actors to achieve the predetermined goals (House and Aditya, 1997).

Transactional leaders display both constructive and corrective behaviours. Constructive behaviour entails contingent reward, and corrective dimension imbibes management by exception. Contingent reward involves the clarification of the work required to obtain rewards and the use of incentives and contingent reward...
to exert influence. It considers follower expectations and offers recognition when goals are achieved. The clarification of goals and objectives and providing of recognition once goals are achieved should result in individuals and groups achieving expected levels of performance (Bass, 1985). Active management by exception refers to the leader setting the standards for compliance as well as for what constitutes ineffective performance, and may include punishing followers for non-compliance with those standards. This style of leadership implies close monitoring for deviations, mistakes, and errors and then taking corrective action as quickly as possible when they occur.

### B. Empirical Evidence

#### 1. Leadership and Organisational Performance

Leadership and Organisational performance has received substantial attention in the past studies due to its significance. To begin with, in the study of leadership and organisational performance by Obiwuru, Okwu, Akpa and Nwankere (2011), the study followed a survey design and employed evaluative quantitative analysis method, performance was measured upon effort, productivity and loyalty. The result showed that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance.

Benkhoff (1997) investigated the relationship between leadership and organisational performance using correlation analysis. Performance was measured by sales targets and profit figures. It was found that leadership was significantly related to the financial success of bank branches. Furthermore, Ryan and Tipu (2013) analysed 548 participants in Pakistan to study the impact of leadership on organisational performance using correlation analysis. Their study identified two types of leadership behaviour. These are relational leadership and task leadership. Further in their studies, organisational performance was measured upon innovation propensity, development and expansion. Their study found that task leadership behaviour is directly related to innovation propensity, development and expansion.

### C. Data Presentation, Analysis And Interpretation

The data collected from the field is presented in tables showing the various percentages to each item under investigation.

#### 1. Data Presentation and Analysis

<table>
<thead>
<tr>
<th>QUESTIONNAIRE</th>
<th>NUMBER/PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>70</td>
</tr>
<tr>
<td>Sample</td>
<td>70</td>
</tr>
<tr>
<td>Filled and returned</td>
<td>68(97.1%)</td>
</tr>
<tr>
<td>Not returned</td>
<td>2(2.9%)</td>
</tr>
</tbody>
</table>


Table 2.1 shows that, 70 copies of questionnaire were administered to the respondents, out of which 68 representing 97.1 percent were correctly filled and returned and 2 representing 2.9 percent were not returned. The percentage of the unreturned copies of questionnaire (2.9%) is considered insignificant, therefore, the researcher deems it fit to make do with the large percentage of questionnaire filled and returned.

Objective One: To ascertain the relationship between inspirational motivation of employees and profit level of small scale enterprises.

#### 2. The communication of higher expectation to workers by leaders using inspirational motivation of increased awareness and understanding lead to mutually desirable goals of business expansion and seeking for new business grounds.

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>SD</th>
<th>D</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Charismatic behaviour of a leader induces followers to go beyond self-interest for the good of the organization that enhances the attainment of organizational objectives.</td>
<td>25</td>
<td>26</td>
<td>4</td>
<td>5</td>
<td>8</td>
<td>3.8088</td>
<td>1.32999</td>
</tr>
<tr>
<td>2. The communication of higher expectation to workers by leaders using inspirational motivation of increased awareness and understanding lead to mutually desirable goals of business expansion and seeking for new business grounds.</td>
<td>34</td>
<td>22</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>4.1618</td>
<td>1.11449</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2015

Decision rule:
If mean <3.0 the respondents Disagree
If 3.5≤mean≤3.0 the respondents are Undecided
If mean ≥3.5 the respondents Agree

Table 2.2 shows the responses to the likert-scale question, the sample mean (x), and the sample standard deviation (8) score. The associated sample mean of the responses is 3.8088 with a sample standard deviation of 1.32999. This shows that, most of the respondents agreed that charismatic behaviour of a leader induces followers to go beyond self-interest for the good of the organization that enhances the attainment of organizational objectives; hence the mean is ≥ 3.5. Furthermore, giving a sample mean of 4.1618 and a sample standard deviation of 1.11449 most of the respondents agreed that the communication of higher expectation to workers by leaders using inspirational motivation of increased awareness and understanding leads to mutually desirable goals of business expansion and seeking for new business grounds, hence the mean is ≥ 3.5.

Objective Two: To ascertain the relationship between employees’ commitment and market share of a small scale enterprise.
Table 3: Relationship between employees’ commitment and market share of SMEs

<table>
<thead>
<tr>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>SD</th>
<th>D</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transactional leadership style promotes effort, productivity and employee commitment thus enhancing business growth</td>
<td>30 (44.1%)</td>
<td>25 (36.8%)</td>
<td>4 (5.9%)</td>
<td>5 (9.4%)</td>
<td>4 (5.9%)</td>
<td>4.0588</td>
</tr>
<tr>
<td>2. The use of contingent reward which involves the clarification of work required to obtain rewards and case of incentives helps to exert influence on workers to higher productivity.</td>
<td>32 (47.1%)</td>
<td>28 (41.2%)</td>
<td>2 (2.9%)</td>
<td>2 (2.9%)</td>
<td>4 (5.9%)</td>
<td>4.2059</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2015

Table 2.3 shows the responses to the likert-scale question, the sample mean (x), and the sample standard deviation (8) score. The associated sample mean of the responses is 4.0588 with a sample standard deviation of 1.15749. This shows that, most of the respondents agreed that transactional leadership style promotes effort, productivity and employee commitment thus enhancing business growth; hence the mean is ≥ 3.5.

Furthermore giving a sample mean of 4.2059 and a sample standard deviation of 1.05885 most of the respondents agreed that the use of contingent reward which involves the clarification of work required to obtaining rewards and use of incentives helps to exert influence on higher productivity of workers hence the mean ≥ 3.5.

Objective Three: To ascertain the relationship between management by exception and business survival of a small scale enterprise.

Table 2.4: Relationship between Management by Exception and Business survival of SMEs

<table>
<thead>
<tr>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>SD</th>
<th>D</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The setting of standards by leaders through management by exception enhances compliance and employee commitment to work</td>
<td>22 (32.4%)</td>
<td>30 (44.1%)</td>
<td>3 (4.4%)</td>
<td>8 (11.8%)</td>
<td>5 (7.4%)</td>
<td>3.8235</td>
</tr>
<tr>
<td>2. The willingness of employees to put extra efforts towards accomplishing tasks is determined to a large extent to the style of leadership adopted by the leader</td>
<td>27 (39.7%)</td>
<td>32 (47.1%)</td>
<td>2 (2.9%)</td>
<td>4 (5.9%)</td>
<td>3 (4.4%)</td>
<td>4.1176</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2015

Table 2.4 shows the responses to the likert-scale question, the sample mean (x), and the sample standard deviation (8) score. The associated sample mean of the responses is 3.8235 with a sample standard deviation of 1.22098. This shows that, most of the respondents agreed that the setting of standards by leaders through management by exception enhances compliance and employee commitment to work; hence the mean is ≥ 3.5.

Furthermore, giving a sample mean of 4.1176 and a sample standard deviation of 1.02984. This shows that, most of the respondents agreed that the willingness of employees to put extra efforts towards accomplishing tasks is a function of the style of leadership adopted by the leader; hence the mean is ≥ 3.5.

2. Test of hypotheses

The hypotheses formulated at the beginning of this work were tested using Friedman Chi-square test statistics. These hypotheses were tested under 0.05 asymptotic significance values using Statistical Package for Social Sciences (SPSS) software data analysis. The outcomes of the test are thus:

Ho1: There is no significant relationship between inspirational motivation and profit level

Test Statistics

<table>
<thead>
<tr>
<th>Chi-Square</th>
<th>Df</th>
<th>Asymp. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.382²</td>
<td>4</td>
<td>.000</td>
</tr>
<tr>
<td>56.265²</td>
<td>4</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.6.
Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>HYP1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>56.941a</td>
</tr>
<tr>
<td>Df</td>
<td>7</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.5.

From the above table, the \( \chi^2 = 56.941 > \chi^2 = 14.067, p < 0.05 \). Therefore, the null hypothesis is rejected as there is a significant relationship between inspirational motivation and profit level.

**H01:** There is no significant relationship between employees’ commitment and market share

**Test Statistics**

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>HYP2</td>
<td>The use of contingent reward which involves the clarification of work required to obtain rewards and use of incentives helps to exert influence on workers to higher productivity</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>48.324a</td>
<td>66.706a</td>
</tr>
<tr>
<td>Df</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.6.

Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>HYP3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>88.176a</td>
</tr>
<tr>
<td>Df</td>
<td>8</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.6.

From the above table, the \( \chi^2 = 88.176a > \chi^2 = 15.507, p < 0.05 \). Therefore, the null hypothesis is rejected as there is a significant relationship between management by exception and business survival.

**E. Conclusion And Recommendations**

This study has evaluated the effect of leadership styles on organisational performance in three selected small scale enterprises in Makurdi Metropolis of Benue State. The analysis has shown that charisma trait of transformational leadership style exerts positive but insignificant effect on employees performance. On the other hand, each trait of transactional leadership style considered in this study, contingent reward and management by exception has significant positive effect on employees’ performance, and both jointly explained very high proportion of variations in performance. The study concludes that transactional leadership is more appropriate in inducing performance in small scale enterprises than transformational leadership style. Consequently, the study is in agreement with the findings of Obiwuru et al, 2011 and recommends that small scale enterprises should adopt transactional leadership style at point of entry into business but strategize to transit to transformational leadership style as their enterprises develop, grow and mature.

**References**


Sage.


