

UNIVERSITY OF KWAZULU-NATAL

**The influence of managerial leadership styles on the sustainable growth of small and
micro enterprises in South Africa.**

By

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**A dissertation submitted in partial fulfilment of the requirements for the degree of
Master of Commerce - Coursework
(MANAGEMENT)**

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November 2020

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Alphonsine Mudahogora-Murekezi

November 2020

ACKNOWLEDGEMENTS

I thank my husband Dr Emmanuel Murekezi for his relentless support and encouragement. I also thank my children for their attentiveness and cooperation during my studies. My family and friends, I thank you for your morale support. A big thanks to all my lecturers for their dedication to improve our knowledge. God bless you all.

I would like to express my sincere gratitude to my supervisor, Dr Refiloe Gladys Khoase, for her guidance and patience throughout this study. All the support and assistance she granted me through this journey is highly appreciated. I also want to acknowledge Prof Phiri for organising and presenting research seminars. They added a lot of value to this dissertation.

Above all, I want to thank the LORD Who made it all possible for me to be where I am today. He always makes a way, where there seems to be no way. I would not have made it this far without his gracious love.

ACRONYMS

ANOVA:	Analysis of Variance
GEM:	Global Entrepreneurship Monitor
HSSREC:	Humanities and Social Science Research Ethics Committee
OECD:	Organisation for Economic Corporation and Development
PMB:	Pietermaritzburg
SA:	South Africa
SMEs:	Small and Medium Enterprises
SMMEs:	Small, Medium and Micro Enterprises
SPSS:	Statistical Package for the Social Sciences
UKZN:	University of KwaZulu-Natal

ABSTRACT

Communities are concerned about the sustainability of businesses. The determining factors for sustainable growth of businesses include experience, relationship with employees, supply and demand, and whether or not the key industry resources are available. The other key factor that contributes to the sustainability of businesses is managerial leadership style. There are different styles of managerial leaderships, and the aim of this research is to investigate the influence of three managerial leadership styles on the sustainable growth of small enterprises in South Africa (SA).

The primary data for this study was gathered through hand-delivered questionnaires sent to a sample of 384 small enterprise owners in Pietermaritzburg (PMB), South Africa. The sample size was chosen based on the survey calculations by Krejcie and Morgan (1970). Their survey calculations are similar to the calculations one gets from an online survey calculator. At a confidence level of 95 percent and a confidence interval of 5, a population value of 770,007 resulted in a sample size of 384 respondents. The researcher used a non-probability sampling method with convenience and snow-ball sampling methods to collect data. The Statistical Package for the Social Sciences (SPSS) for Windows Version 25 was used to analyse the responses obtained from structured and unstructured questions.

For any organisation to succeed and become profitable, it is imperative that the leadership have the necessary style, skills, and vision. Current research has shown that the two predominant styles of leadership that are well suited to small enterprises are transformational leadership and the transactional leadership. However, the study by Franco and Matos (2015) has evident that laissez-faire leadership style is appropriate for SMMEs as well. For the results of this study to perceive that laissez-faire leadership style has several gaps, could be because of the particular sector the business falls under. Based on the type of business, due to the involvement of monetary transactions in some business organisations, employees still need to be monitored and the decisions made mostly need to be shared, as the employees cannot make decisions on their own.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 Introduction

Small, Medium and Micro Enterprises (SMMEs) are globally considered to be the engines that drive economic growth across many countries in the world. However, a significant number of entities have experienced huge challenges which has led to many of them shutting down every year (Global Entrepreneurship Monitor report, 2017; Mahembe, 2011; Ramasobana and Fatoki, 2014). The closure of these entities is compounded by constant changes in the market. Leaders need to take bold steps to deal with these challenges. Transforming small and micro enterprises requires an understanding of the roles that its leaders have to play. The transformation needs to focus on the understanding of the responsibilities of leaders to pursue sustainable strategies. Studies reveal that a lack of sustainable strategies on the part of the entrepreneurs is one of the critical factors that has led to small and micro enterprises shutting down in emerging markets across the world (Global Entrepreneurship Monitor report, 2017; Bianchi, Campodall'Orto, Frattini and Vercesi, 2010; Ramasobana and Fatoki, 2014). Researchers have further highlighted that small and micro enterprises owners are reluctant to adopt systematic management methods to enhance innovation processes for sustainability of the organisation (Brunswicker and Vanhaverbeke 2011; Momba, 2016). A number of researchers have published work on the challenges associated with small and micro enterprises (Chikanda & Tawodzera, 2017; Machado, 2016; Khoase, 2015, Khoase, 2011).

Studies show that there is limited research that explores leadership styles that lead to sustainability in small and micro enterprises across South Africa (Kimanzi, 2015). The term *sustainability* is widely associated with different sectors of the economy across the world. Sustainability in business is interpreted in different contexts, including economic and social and environmental responsibility in the organisation (Tur-Porca, Roig-Tierno and Mestre, 2018). However, other business experts refer to it as the company's ability to be profitable in the long term (Wiklund, Patzelt and Shepherd, 2009). Given the different dimensions of business sustainability, this study will be guided by the latter definition as it seeks to understand sustainable growth in South Africa. The cornerstone of this research is to exclusively explore leadership styles that lead to sustainability in small and micro enterprises in PMB, South Africa. The main advantage of focusing on leadership styles and sustainability in the small and

micro enterprises sector is that it can help us understand how these entrepreneurs use their leadership styles and pursue strategies for sustained business growth.

Globally, it is widely acknowledged that entrepreneurs play an essential role in establishing and managing business ventures. The study investigates the influence of leadership styles on the sustainable growth of small enterprises in South Africa. The study explored the leadership styles and how they facilitate sustainable growth in small enterprises. The study's main aim is to investigate whether leadership style can facilitate sustainable growth in small and micro enterprises in Pietermaritzburg's Central Business District (CBD).

The study looks at transformational, transactional, and laissez-faire leadership styles. These three leadership styles were adopted to provide a theoretical framework for the study. The choice was made consistent with other studies which point out that these three leadership styles provide an important typology to the sustainability of small and micro enterprises (Elenkov and Manev 2005; Franco and Matos, 2015; Ling et al. 2008). This notion agrees with and supported by Franco and Matos (2015 and Langowitz (2010) who suggest that these styles of leadership encourage workers' "creativity and innovation". For example, transformational leadership style is relevant to small and micro enterprises as it plays a leading role on how employees can assist business owners. It deals with intrinsic stimulus which is especially important to the sustainability of small and micro enterprises (Franco and Matos, 2015). Similarly, it assists small and micro enterprise owners and managers to communicate their anticipations to the employees. Transformational leadership style is considered vital to small and micro enterprises because it relies heavily on its operating surroundings, like dynamism or aggression, in its operating environment (Ensley, Pearce, and Hmieleski, 2006; Franco and Matos, 2015).

1.2 Background of the study

Turning small enterprises into a sustainable venture has become a demanding issue in South Africa (Kimanzi, 2015). Fatoki and Garwe (2010) point out that from a South African perspective, new small and micro enterprises are reluctant to move from the initial growth phase to a maturity stage. Several of these enterprises fail to survive the initial first years of their existence. This scenario is mostly made worse by the failure to understand the leadership styles that lead to sustainable growth. Failure to understand the leadership characteristics of small and micro enterprises' owners and managers is a major issue. For example, prior studies show that small and micro enterprises have a poor understanding of how to integrate the

business functions of the company (Barreira, 2004). This is consistent with Urban and Naidoo (2012) who state that failure to align business functions within the organisation is due to lack of managerial acumen of small and micro enterprises' entrepreneurs in South Africa. Barreira (2004) highlights that small and micro enterprises require at least five years to establish functional operations and administrations skills for the business to be regarded as a sustainable venture. Sustainability of small and micro enterprises depends on a leader's ability to influence employees' understanding of the key sustainability characteristics that are critical for their survival.

Small enterprises have varying definitions based on the number of employees, annual turnover and total asset worth. The Department of Trade and Industry (2005:2) stipulates that "the number of permanent people employed is mainly used as a base in classifying businesses in different sectors between small, medium, and micro categories". The Department defines small businesses as companies with less than 50 employees and an asset value of between R2 million and R10 million. Medium-sized enterprises are those with 51-200 employees and yearly profits of not more than R20 million and gross asset value of R5 million across all industries in the country (Department of Trade and Industry, 2005). Micro businesses are entities that employ 1 to 5 people with a turnover of less than R0.5 million and gross asset value of not more than R0.15 million across all industrial sectors in the country (Department of Trade and Industry, 2005).

1.3 Research problem

Given the fact that small and micro enterprises are regarded as the engines that drive economic growth in South Africa, studies reveal that many entities are facing huge challenges and some are shutting down every year (Khoase, 2015; Global Entrepreneurship Monitor (GEM), 2017). Despite enormous considerable initiatives taken by the government to develop small and micro enterprises, these entities experience several challenges. The problems have resulted in a significant number of these businesses closing down every year (Chimucheka and Mandipaka, 2015; GEM, 2017; Khoase, 2015). The challenges are exacerbated by the shortage of skills among small and micro enterprises owners in terms of how to sustainably operate their businesses (De Lalaingstraat, 2013; Wiese, 2014; Wijbenga and van Witteloostuijn, 2007). Therefore, this study focused on three leadership styles that facilitate sustainable growth of small and micro enterprises, according to the study by Franco and Matos (2015). These leadership styles are transformational, transactional, and laissez-faire. The researcher aims at investigating if these three leadership styles contribute to the sustainable growth of small and

micro enterprises in the city of PMB, South Africa. Despite the important role played by small and micro enterprises, they are considered vulnerable entities who continue to experience challenges across the continent. Small and micro enterprises in SA are not spared, as they continue to face various challenges that affect their growth. The sustainability of small and micro enterprises in South Africa remains a major problem (Fatoki, Herbst and Roberts-Lombard, 2010; GEM, 2017). According to GEM (2017), since 2015, South Africa has experienced a decline of 26% in terms of new business establishment. The number of established businesses and the rate of business discontinuance provide some indication of the sustainability of entrepreneurship in any economy (GEM, 2017).

Over the years, leadership has been widely recognised and associated with success and failure of businesses across the world. However, some studies also indicate that there is still a need to investigate the impact of leadership styles in facilitating sustainable growth in small and micro enterprises sectors (Wakkee, van der Veen and Eurlings, 2015).

1.4 Research objectives

The main objective of the study is to understand the leadership styles that influence the sustainable growth of small enterprises. The literature confirmed that individual entrepreneurs can contribute either positively or negatively to the growth of a business, depending on the individual's type of leadership and other related factors. The secondary objectives are as follows:

1. To identify the leadership styles of small and micro enterprises managers.
2. To determine the factors associated with small and micro enterprises' sustainable growth.
3. To ascertain the influence of small and micro enterprises managers' leadership styles on sustainable growth.
4. To suggest effective leadership styles that could be adopted to enhance sustainable growth.

1.5 Research questions

The research questions of the study are:

1. What are the leadership styles of small and micro enterprises managers?
2. What are the determining factors of small and micro enterprises' sustainable growth?

3. What is the effect of small and micro enterprise managers' leadership styles on sustainable growth?
4. What would be the effective leadership styles to be adopted in enhancing sustainable growth?

1.6 Significance of the study

This research centres around bridging the knowledge gap between leadership styles and small and micro enterprises' sustainable growth. The study is prompted by the fact there are limited studies on leadership and sustainable growth of small and micro enterprises in South Africa. The study is considered significant as it aims to explore the usefulness of transformational, transactional, and laissez-faire leadership styles in small enterprises in PMB in the South African context. Furthermore, the study used three leadership typologies to understand the ability of small and micro enterprises' owners and managers to guide or provide direction to employees in successful management and sustainable growth of the business. The use of transformational, transactional and laissez-faire leadership styles was significant as they assist in understanding the leadership role and traits of small and micro enterprise owners and managers that are essential for sustainable growth of the business (Elenkov and Manev 2005; Franco and Matos, 2015; Ling et al. 2008). The study is also significant because according to the researcher, it has not been carried out in small and micro enterprises in South Africa. The findings will assist in closing the knowledge gap as regards the sustainability endeavours of these entities. Similarly, it will add to the body of literature on the relevance of the three typologies as regards the sustainability of small and micro enterprises in the South African context. If the research is not done, entrepreneurs might continue to implement unrealistic, unsystematic, and erratic innovation strategies that lead to slow growth and closure of their entities. Additionally, the study is significant as it seeks to understand the influence of small and micro enterprises owners and managers on the sustainable strategies they have adopted and their impact on employees' performance in the organisation.

1.7 Research Methodology

The study is exploratory in nature. A quantitative approach was used as an effective way of collecting data from a large sample. Based on study by Khoase (2015) in PMB, 770,007 SMMEs were registered in 2010. Thus, this was used as research population for this study. Using a Krejcie and Morgan (1970) sampling table, a sample size of 384 small and micro enterprises was established, as this study only focuses on the small and micro enterprises. The study was initially intended to cover the small, medium and micro enterprises, however, the

responses received by the researcher were only from the small and micro enterprises. The calculations reflected that a population value of 770,007 results in 384 at a confidence interval 5 and confidence level of 95%.

Data was collected using both primary and secondary data. For secondary data, a literature review was carried out where a wide range of information was obtained from secondary sources. Peer reviewed journal articles and non-peer reviewed periodicals were used as secondary sources to obtain more insights about the topic. For primary data, a self-designed questionnaire was used to get empirical data from a sample size of 384 small and micro enterprises in the city of PMB. Questionnaires were handed out personally by the researcher. Non-probability sampling strategies were used in the study, because the researcher had an opportunity to simply choose the sample from those locations that are accessible and easy to reach. The study used snowball and convenience sampling methods to identify research participants. With a snowball sampling strategy, the researcher depended on respondents to identify more respondents for the study (Saunders, Lewis, and Thornhill. 2019; Welman, Kruger and Mitchell, 2007). A convenience sampling approach was chosen because it is a reliable, and less expensive technique that allows the researcher to select people who are available and reachable (Sekaran and Bougie, 2016; Welman et al., 2007). The researcher sought the opinion of a statistician when designing the questionnaires, to enable the researcher to collect valid and reliable data for the study. A pilot test was conducted to determine if the questionnaire will assist in collecting suitable data. Identified errors on the questionnaire were rectified prior to collecting data from the respondent. The questionnaire contained both closed and open-ended questions.

When data collection was completed, responses were coded and captured. The responses were then analysed using the statistical package known as SPSS Version 25. Descriptive and inferential statistical tools were used to analyse data. Reliability analysis was done on research questions used in the questionnaire. Furthermore, factor analysis, analyses such as Critical Component analysis, Kolmogorov Smirnov test, and KMO and Bartlett's test were carried out. Correlation analysis and Optional Hypothesis testing were also conducted to ascertain relationships between research variables.

1.8 Synopsis of Chapters

Chapter 1 – Introduction and background

The chapter comprised the introduction, research problem, reasons for choosing the topic, research questions, scope, delimitations and definition of key terms.

Chapter 2 – Literature review

The literature that relates to the conducted study is fully discussed in this chapter.

Chapter 3- Research methodology

Research methodology chapter discusses the research design, paradigms, target population, sampling strategies, data collection method, and data analysis.

Chapter 4- Research Findings

This chapter presents the research results from the Central Business District PMB questionnaires. It discusses and analyses the study's findings.

Chapter 5 – Conclusions and recommendations

This chapter concludes the whole study and provides possible recommendations.

1.9 Summary

This chapter discussed the background of this study, together with the research problem, objectives and briefly the methodology adopted. In Chapter 2 the literature review on leadership styles and sustainable growth are discussed, together with the relationship between leadership styles and sustainable growth. The following chapter presents the literature review as a theoretical framework in helping to answer the research questions of the study.

CHAPTER 2

LITERATURE REVIEW: A THEORETICAL FRAMEWORK

2.1 Introduction

The introduction and background, research problem, and the research objectives of this study were introduced in the previous chapter. Chapter two discusses the three theories of leadership styles and how they influence the sustainable growth of an organization. The three identified leadership styles were transformational, transactional, and laissez faire. To align literature on leadership styles to the research objectives, the chapter firstly discusses the concept of leadership. The discussion was then followed by a review of the three leadership styles chosen to guide this study. A conceptual framework adopted for this study was then presented to give direction to the study. The conceptual model was then followed by literature on sustainable growth. The literature on sustainable growth focused on determining factors for sustainable growth of business. The factors include those that are associated with the individual entrepreneur, firm's resources, and industry settings. Lastly, the chapter discussed the relationship between leadership styles and sustainable growth.

2.2 The concept of Leadership

The leadership phenomenon has been a topic of inquiry for centuries. Alvesson and Einola (2019) say leadership refers to a person or group of people in management positions being able to influence and guide their subordinates and everyone in the organisation. On the other hand, Barth-Farkas and Vera (2014) emphasize that, to achieve goals, leadership influences the individual's attitudes and behaviours as well as the interaction within groups. While Hassan and Hatmaker (2014) argued that leadership is "a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task." Waris, Khan, Ismail, Adeleke and Panigrahi, (2018) define leadership as a process whereby managers influence employees to guide structure and ensure the smooth running of the organisation and group or organisational relationship. Tur-Porca et al. (2018), acknowledge the leader as an individual who motivates others by effectively carrying out tasks, and interacting with and encouraging others to achieve organisational goals. This shows that human relations is an important characteristic in an effective leader.

There is a debate about the difference between managers and leaders. According to Sindhuja (2020), to effectively manage, leadership is required. This author further states that leaders inspire confidence and trust in their subordinates, which brings maximum cooperation between the leader and the subordinates. Sindhuja (2020) argues that there are numerous forces influencing a type of a leader one can be, hence why, there are different types of leaders. These include forces in the manager, meaning the flexibility of a manager; forces in the subordinates, meaning taking into consideration the subordinates' freedom and allowing them to make decisions; and forces in the current situation the organisation is faced with, that is, organisational goals, time pressure and so on.

While according to Aishwarya (2020), leadership style signifies the way in which the leader influences followers. This author argues that there are positive and negative leaders. Positive leaders motivate their employees through financial or non-financial rewards, which leads to high contribution to organisational productivity. Negative leaders on the other hand use penalties and punishments to push the employees to get the job done. This author notifies that a leader could adopt both styles, meaning a leader can behave differently at different times.

Managers are often supervisors who delegate work to subordinates to get a job or a project done. From the above definitions of leaders it can be learnt that a leader sets directions and strives for doing the right things, while managers react to the changes and organise people. According to Surbhi (2018), managers must be leaders for them to be able to build trust and create engagement within an organisation to get to where they need to go. This is where the modern concept "managerial leadership" comes into being. Managerial leadership combines the skills of a manager and the qualities of a leader. Managerial leaders are more needed during this century to lead global organisations. Global organisations need leaders who know how to manage, and managers who know how to lead.

Prior studies revealed that leadership has manifested in different styles. Fleishman, Mumford, Zaccaro, Levin, Korotkin and Hein (1991) as cited in Franco and Matos (2015) identified sixty-five typologies. These include transformational, transactional, laissez-faire, bureaucratic, autocratic, coaching, charismatic, and visionary leadership. These theories define different styles of leadership and present unique characteristics of an individual. However, studies revealed that there is no universal agreement on the leadership styles (Franco and Matos, 2015; O'Regan, Ghobadian, and Sims, 2005). Over the decades, studies have indicated that business researchers have favoured the transformational leadership style (Franco and Matos, 2015;

Sakiru, D’Silva, Othman, DaudSilong and Busayo, 2013). It was later followed by transactional leadership which captured the minds of scholars (Bass 1985; Bass and Bass, 2008; Franco and Matos, 2015; Lowe, Kroeck, and Sivasubramanian., 1996). The two leadership styles were later followed by passive-avoidant leadership (also known as laissez-faire leadership) which gained recognition among scholars and now helps shape the current debate on leadership (Antonakis, Avolio, and Sivasubramaniam, 2003; Avolio and Bass, 2004; Franco and Matos, 2015).

Different leaders use different styles when leading the organisation (Alkahtani, 2016). As such, a discussion of the various leadership styles was provided in line with research question one of this study, which seeks to establish the kind of leadership style exercised by small and micro enterprise owners and managers. The literature reviewed outlined the effect that a particular leadership style can have on the employees’ performance as well as overall success and sustainability of the business. Although there are a wide range of leadership styles, the researcher chose transformational, transactional and laissez-faire (passive-avoidant) leadership styles to respond to the research questions of the study, also because according to Franco and Matos (2015) they seem to be the most applicable leadership styles for SMEs. The choice was consistent with prior studies (Bass and Avolio, 1997; Franco and Matos, 2015; Moriano et al., 2011) which acknowledged the unique attributes and strengths associated with them. These attributes include the ability to stimulate morality and motivation, performance related relationships, and self-empowerment towards decision-making, respectively. The three theories were also chosen because previous studies suggest that they are associated with stimulation of creativity, and innovation in small and micro businesses (Elenkov and Manev, 2005; Eyal and Kark, 2004; Franco and Matos, 2015; Jung et al., 2003; Ling et al., 2008; Langowitz, 2010). The chosen leadership styles are discussed in the subsequent sections.

The other diverse leadership styles that were not used in this study are outlined in **Table 2.1** below:

Table 2. 1 Leadership typologies

Leadership styles	Definition
Transformational leadership	Described as an interaction where “leaders and followers raise one another to higher levels of morality and motivation”. A leader-follower

	<p>relation is one in which leaders “take the initiative in mobilizing people for participation in the processes of change, encouraging a sense of collective identity and collective efficacy, which in turn brings stronger feelings of self-worth and self-efficacy” into people’s work and lives. It is also understood as the effect of the leader on his followers, and the behaviour shown by followers to attain that effect (Burns, 1978).</p>
Transactional leadership	<p>“Refers to the relationship of exchange between the leader and subordinates to respond to their own interests” (Bass 1999). Aims to create clear structures and roles that allow their subordinates to reach goals. The relationship between leader and subordinates is “transactional” (i.e. “if you give me that, I will give you this”), where the leader controls the rewards and contingencies (Bass 1999).</p>
Laissez-faire leadership (passive-avoidant)	<p>Laissez-faire is a French term meaning ‘leave it alone’ or ‘let it be’. Leaders are hands off and allow workers to make their own decisions (Waris et al., 2018:2). It provides leeway for the workers to exercise their own creativity and use their resourcefulness to achieve organisational goals (Lewin, Lippit and White, 1939). Managers who give subordinates little attention, or attention only when they have done something wrong – the passive avoidant style – are likely to experience higher costs in both absenteeism and presenteeism. Adopting the transformational style may help to reduce these costs. Instead of ‘laissez-faire’, the term ‘passive-avoidant’ can be used (Avolio and Bass (1999), Geyer and Steyrer (1998), Den Hartog et al. (1997), and Avolio and Bass (2004).</p>
Autocratic leadership	<p>It is a management style where one person controls all the decisions and considers very minimal inputs from other people. An autocratic leader makes choices and decisions based on their own beliefs and do not include other people’s suggestions or advice. Autocratic leaderships make choices based on their own ideas and judgments and rarely accept advice from followers. Autocratic leaders exercise absolute, authoritarian control over staff (Lewin, Lippit and White, 1939).</p>
Democratic leadership	<p>Also known as participative leadership or shared leadership, this is a type of leadership style in which members of the group take a more participative role in decision making (Lewin, Lippit and White, 1939).</p>

Charismatic leadership	This is described as leader influence, emanating not from formal authority but from follower perceptions of the leader being endowed with exceptional qualities. Charismatic leaders arouse enthusiasm and commitment in followers by articulating a compelling vision and increasing follower confidence about achieving it (Weber, 1947). By acting confidently in innovative and effective ways, the charismatic leader achieves radical change in the organization and is judged by its members to have achieved unusual success (Conger and Kanungo, 1987, 1998).
Coaching leadership	A leader is directly involved in the development of their people who are seeking to advance their personal and professional growth. A coaching leader helps people build on their strengths, recognise their weaknesses, and improve their skills (Bass and Avolio, 1994).
Bureaucratic leadership	This is a system of management whereby employees are made to follow specific rules and lines of authority created by the superiors. Leaders are subject to a system of behavioral and technical rules that define the scope of their authority, dictate certain actions, and constrain certain actions (Weber, 1947).
Visionary leadership	The leader communicates an image of the future for the team and organisation and persuades others to contribute to the realization of that future. It mobilises support for a collective cause, creates shared perceptions of followers' role in vision pursuit, and motivates them to pursue the vision. It is widely recognised as a process with specific steps: vision (idea) + communication (word) + empowerment (action) (Westley and Mintzberg, 1989).

Source: Author's own compilation from various scholars

2.3 Types of leadership

The influence of leadership styles on the success of a business is echoed by van Knippenberg and Sitkin (2013) who noted that every industry has acknowledged the importance of leadership style with all its dimensions.

Several types of leadership styles are used by leaders to achieve the goals of their organisations or firms. Taking into consideration the rapid change happening in the business world, it is evident that only effective leaders can cope with the environment and assist the firm to achieve its set goals. This study focused on only three leadership styles that have captured scholars' interest for decades, namely, transformational, transactional, and laissez-faire. According to Franco and Matos (2015), these three leadership styles seem to be the most applicable to SMEs, as these styles can help owners and managers of entities to achieve sustainable growth and competitiveness. These leadership styles are also perceived to stimulate employees' creativity and innovation.

These three leadership styles are discussed below:

2.3.1 Transformational leadership style

The term 'transformational leadership' was first coined by Burns (1978:20) who recognized it as an interaction where "leaders and followers raise one another to higher levels of morality and motivation". It focuses on a leader's ability to inspire the subordinates to follow the policies that guide the realisation of organisational vision. Researchers assert that within public and private sectors, the implementation of transformational leadership would be an effective strategy, that is, it is easy to understand and easy to apply the concept (Towler, 2019; Waris et al., 2018). They argue that this type of leadership helps in elevating the effectiveness and efficiency within organisations, and it is positively associated with performance (Bass and Avolio 2000; Tipu et al., 2012). According to Bass (1990) and Towler (2019), to implement change, transformational leaders involve their subordinates in all the activities. They are also very good at being role models. They guide change through inspiration, which motivates their followers to imitate their leaders' good actions and even exceed expectations. Burns (2003:26) acknowledges transformational leadership as "leader-follower relations where leaders take the initiate in mobilising people for participation in the processes of change, encouraging a sense of collective identity and collective efficacy, which in turn brings stronger feelings of self-worth and self-efficacy" as regards employees' duties and livelihoods. Transformational leadership is viewed as a positive force to mobilise organisations (Franco and Matos, 2015). Their behaviour and character reflect who they are, and not the formal positions they hold. Transformational leaders view issues differently. They lead their subordinates on new tracks, rather than traditional tracks as other managers do.

Transformational leaders show that they value of workers by motivating employees and concentrating on the team rather than individual benefits (Waris et al., 2018; Yukl, 1989). Transformational leadership style is used by leaders to empower workers in the organization. Thus, leaders use the transformational leadership approach to improve workers' self-confidence and motivate them to perform better. In transformational leadership, workers see superiors as role models in the organization (Franco and Matos, 2015; Towler, 2019).

According to Towler (2019), transformational leadership is mainly comprised of four components, known as the four "I's". Positively, each of these four "I's" are related to individual and organisation performance:

1. **Individualized consideration** – transformational leader is a mentor, a coach or a guide to the followers. Individualized consideration focuses on the extent to which a leader attends to each follower's needs. The leader has to listen to the concerns of each follower and provide support. This helps the leader to be aware of the unique talents that each follower possesses, therefore, the leader is able to support the followers in developing and demonstrating these unique skills and behaviours (Towler, 2019).
2. **Inspirational motivation** – transformational leaders with this character, inspire and motivate the subordinates to perform beyond expectations through creating an attractive vision for the organization. Their aim is to see their followers being able to meet the organizational goals. Therefore, they are committed in demonstrating the importance and enhancement of team spirit, including all responsibilities and duties (Towler, 2019).
3. **Idealized influence attributes** – a high standard of ethical behavior is important to transformational leaders who possess idealized influence attributes. They, therefore, always practice good morals and inspire their followers. They are highly trusted by their followers (Towler, 2019).
4. **Intellectual stimulation** – these leaders stimulate their subordinates and encourage them to be creative and innovative. New approaches are tried as the leaders and their followers collaborate. These leaders encourage their followers to think independently and develop innovative ways of tackling organizational issues (Towler, 2019).

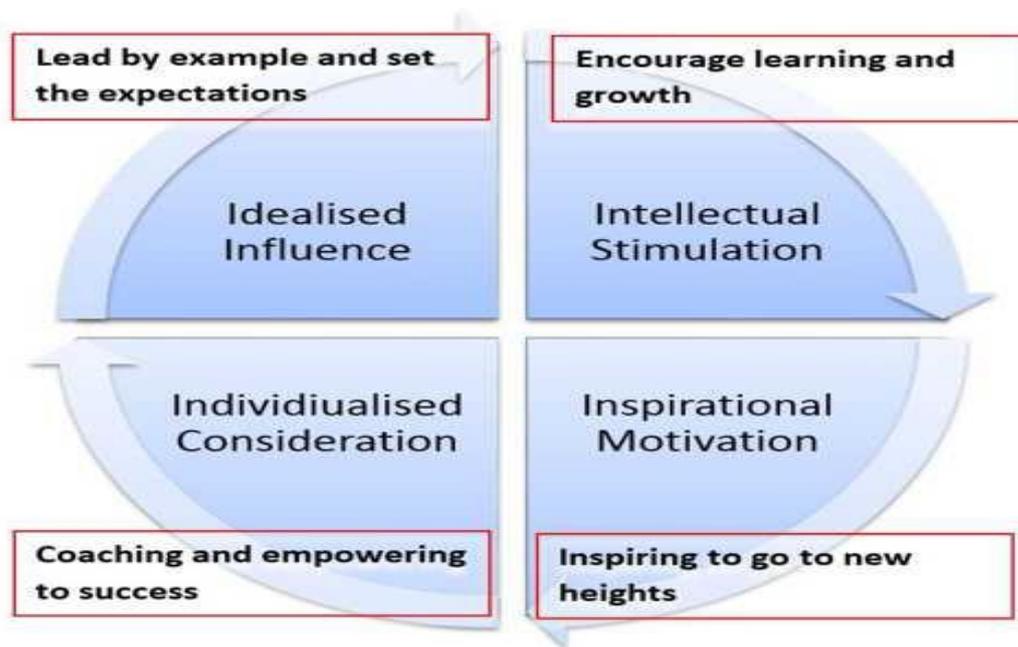


Figure 2. 1 Transformational Leadership Model

Source: Adopted from Burns (1978).

The transformational model in **Figure 2.1** shows the four concepts for leadership. These concepts include idealized influence, intellectual stimulation, individualized consideration, and inspirational motivation. These concepts work together to bring out the best attributes of a leader. They influence the leader to change to the culture of the organisation through introducing freshly accepted ideas. The model indicates how the leader stimulates intellectual capacity in the organisation and inspires motivation and moral standards in subordinates to achieve the goals of the organisation. It also allows the leader to use individual consideration to inspire workers. Theoretical model indicates that the transformational concepts work together to assist the leaders in transcending their own attributes in the interest of employees in the organisation (Bass, 1985).

2.3.2 Transactional leadership style

Transactional leadership points work within the established structure in the organisation to create proper systems and roles that facilitate the achievement of organisational goals (Franco and Matos, 2015). It relies on transactional pillars which state that “if you give me that, I will give you this” (Franco and Matos, 2015; Moriano, Molero, Topa, and Margin, 2011). For example, if the subordinates meet the performance standard that is agreed upon, the transactional leader happily rewards the subordinates. The focus here is on rewarding the effort, not mobilising followers to apply even more effort as transformational leaders do (Towler, 2019). It works on the existing organisational culture and the leader rewards and punishes

workers in accordance with the organisational principles. The leader is given power to evaluate, train, and discipline employees when the expected level of production is not met, and appropriately reward employees when the expected outcome is achieved (Alkahtani, 2016). Waris et al. (2018) opined that transactional leadership is mainly about rewarding or punishing employees based on performance, and that it is basically about the power to perform certain tasks. In essence, the leader rewards performing employees well and punishes employees whose performance is dismal.

A review of literature revealed that transactional leadership is based on the following assumptions:

- for employees to perform well, there should be a clear and fixed chain of command;
- that the performance of employees is influenced by rewards and punishments;
- that employees have an obligation to obey the commands and instructions of their leader;
- for employees to meet the business's expectations, monitoring them is very essential (Cherry, 2019).

Cherry (2019) further notes that transactional leadership differs from transformational leadership in several ways. Firstly, while transformational leaders focus on the future and are forward looking, transactional leaders are comfortable with maintaining the status quo. Secondly, transformational leaders rally their employees towards the vision and ideas for moving the business forward. However, transactional leaders instruct their employees on what to do and how to do it. This means that in a business that uses transactional leadership, employees perform their duties not because they own the vision of the business, but because they have to follow the instructions of the owner or manager.

Figure 2.2 illustrates the concepts of the transactional leadership style. The concepts include the use of contingent rewards, active and passive management, and laissez faire. According to Bass (1985), these concepts lead to job satisfaction (intrinsic and extrinsic results) when effectively used.

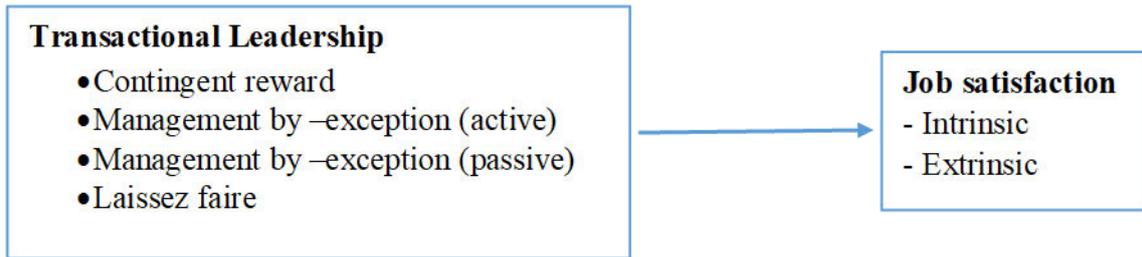


Figure 2. 2 Transactional leadership theoretical framework

Source: Adopted from Bass (1985).

2.3.3 Laissez faire leadership (Passive-avoidant leadership)

Laissez-faire (LF) is a French term meaning ‘leave it alone’ or ‘let it be’ (Waris et al., 2018:2). It is also commonly referred to as passive-avoidance. As such, laissez-faire leaders are hands-off and delegate tasks to employees. In essence, in this form of leadership, leaders allow their subordinates to take responsibility in a manner they choose, without imposing strict policies or procedures on them (Waris et al., 2018). Indeed, this form of leadership is regarded as the opposite of autocratic leadership.

Waris et al. (2018) noted that employees under laissez-faire leadership are at liberty to decide without referring to their leaders for decision making. However, employees are aware that the outcome of their decisions will impact their leaders. However, leaders are still accountable for the outcome. Simply put, in laissez-faire leadership style, subordinates are allowed the freedom to make decisions about their work and complete it. The leader just provides the resources required. Allowing employees to make decisions on how to realise their goal, empowers them with a sense of ownership of their work (Rubin, 2013).

This style becomes more effective when employees are more knowledgeable in their fields than their leader. Empowering employees with decision making allows them to work independently and display their in-depth knowledge and capability (Quintana et al., 2015). There are several benefits associated with adopting a laissez-faire style of leadership. These are:

- It gives experts the freedom to be productive, bearing in mind that they are personally responsible for any achievements or failures;
- This encourages employees to always do their best and come up with concrete decisions. This is rarely found in a structured environment; and

- It fosters creativity among employees in undertaking a particular task (St. Thomas University, 2019).

However, there are noticeable drawbacks of this leadership style, including for example low involvement in the organisation’s activities. Leaders might be perceived as uninvolved because there is poor, or a lack of, communication.

- Lack of role awareness - The hands-off approach exerted by the leader may result in a situation where employees are unaware of their roles due to lack of guidance. This may undermine the performance of the business.
- Lack of ownership of the business vision - the poor involvement in the operation of the business by the leader may result in a situation where the employees fail to own the business vision. This may result in an incoherent team that is not pursuing a common purpose.
- Low accountability - the fact that employees are left to work on their own means that in case of business failure, it is difficult to hold anyone accountable (Cherry, 2019).

2.4 Theoretical Framework

The integrative model by Wiklund et al. (2009) argues that growth is affected by human capital and attitudes, and this is referred to as an agent variable. It is also affected by the resources the enterprise has, which is referred to as a firm variable. Lastly, it is affected by the setting, which is referred to as an industry environment (Machado, 2016).

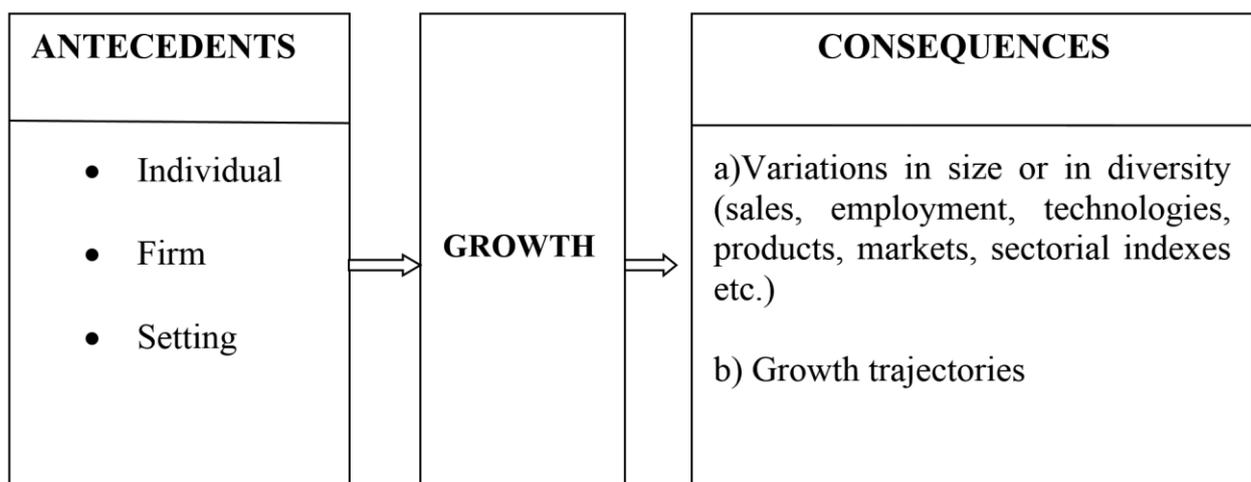


Figure 2. 3 The small enterprises’ growth process

Source: Machado (2016:428).

The above theoretical framework by Machado (2016) guides this study. He discussed the types of measurement that can be used to measure growth in the business. Furthermore, he considered the different types of growth. He argues that growth can be measured through sales volumes, number of employees, and profit variations, among other things. He further argues that growth may have differentiated in terms of types and levels, such as super absolute growth, irregular growth, and growth through acquisition. Some enterprises grow more or less than others. For example, some firms show very fast growth, even though they fail to maintain a consistent level of growth. He reveals that one of the benefits of growth is to enhance survival, and this may last for several years. However, it should be noted that growth indicates the increase of management and organizational complexity.

He indicated that entrepreneurs' schooling level and experience is one of the variables associated with an individual and may influence the firm's growth. This relates to this study as it is evaluating the influence of the leadership styles on the sustainable growth of small and micro enterprises. According to Machado (2016), besides the individual level, a firm's innovation and market structure may also influence the business growth. For example, innovating firms grow faster than firms who ignore innovation. Furthermore, service firms are more heterogeneous and grow less than industrial firms. The choice of a firm's site, age of the firm, and business strategies, among other things, also affect business growth. The third antecedent he mentioned is setting. He claims that setting may be favourable or unfavourable, however, several factors in the setting are important in affecting growth. Industry environment is an external variable, which comprises the economic, social, and political environment (Machado, 2016).

2.5. Conceptual leadership framework for this study

The researcher compiled the conceptual framework shown on **Figure 2.4**. It illustrates that the concepts of the identified leadership styles – transformational, transactional, and laissez-faire, lead to sustainable growth. The resultant growth is seen in the individual growth, firm growth, and industry's structural settings. This resultant growth is consistent with Avolio and Bass (1999), Burns (1978), Westley and Mintzberg, (1989) and Machado (2016) who state that sustainable growth results from the expansion of the organisation and its management needs. The sustainable growth is also evident from the individual growth of employees in the organisation. The growth also relates to firm growth, which is a result of increased innovative and performance attributes realized from the type of leadership styles adopted by managers in the organisation (Machado, 2016; Wiklund et al., 2009). Sustainable growth is also observed

in the positive setting structure that is adopted to accommodate growth emanating from the effective implementation of the antecedents (leadership styles) by the managers. This growth is normally observed from the firm's ability to expand to other geographical locations.

Figure 2.4 below shows the conceptual framework guiding this study.

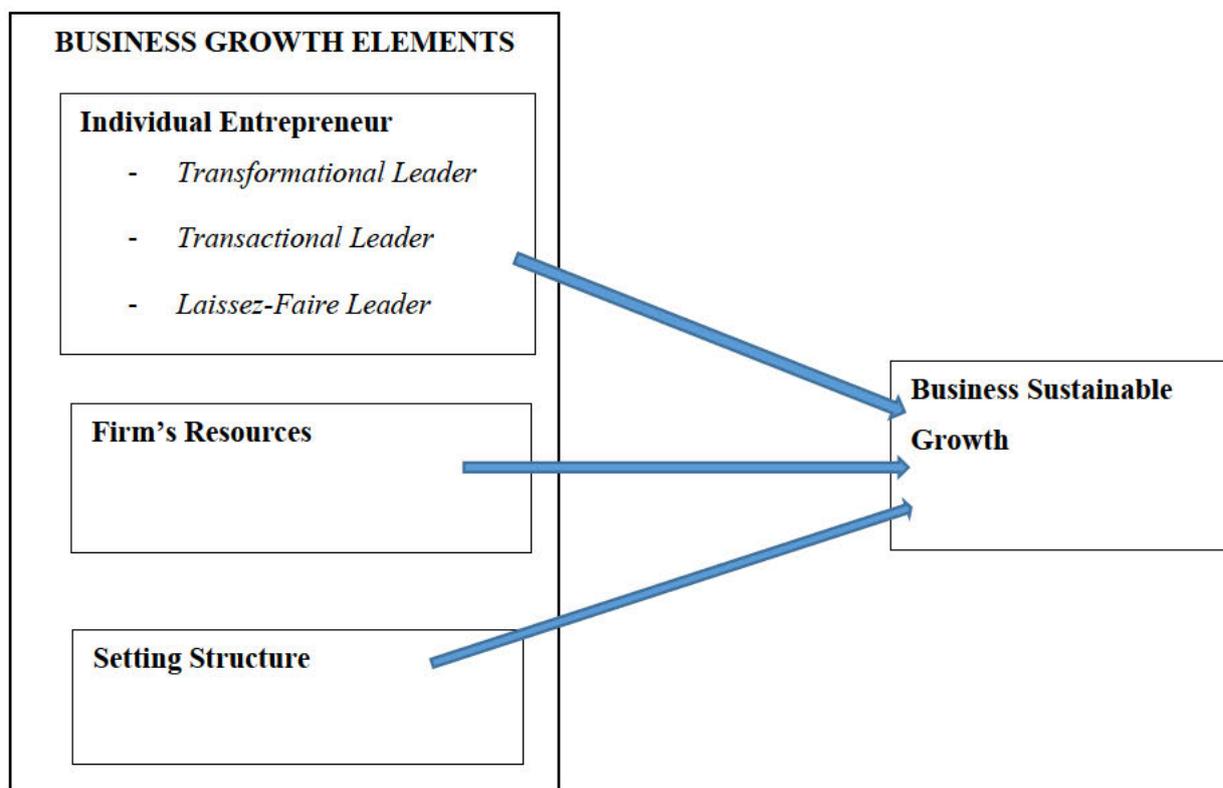


Figure 2. 4 Conceptual framework of the study

Source: Author's own compilation

2.6 Sustainable growth

According to Wiklund et al. (2009), there are various different available growth measures. The measures include amongst others, resources of the firm (growth of sales and employees), assets, profit, equity, and environmental dynamism.

For businesses to grow, entrepreneurs need to clearly understand the business operating environment. Businesses require different needs and experience challenges at different stages. To adequately respond to different situations, businesses appropriately develop and deliver the necessary products and services. It is perceived that business growth is determined by the

internal (controllable) and external (uncontrollable) environment of the business. For instance, the capability of the business owner to run a business can positively affect business growth.

Sustainability of small and micro enterprises in SA is centred around navigating hindrances such as financial constraints, a lack of managerial skills, insufficient information and time, and inadequate human resources (Fatoki et al., 2010; Mahembe, 2011).

2.6.1 Determining factors of business sustainable growth

2.6.1.1 Individual entrepreneur

It is important for small and micro enterprises owners to have entrepreneurial character which would include innovation acumen, risk orientation, and managerial skills that are essential for the growth of their businesses. Having appropriate management skills is central in propelling growth strategies for the organization (Grundling and Kaseke, 2010; Woldie, Leighton and Adesua 2008). This agrees with Wiese, (2014) who suggested that small enterprise owners with management skills and experience are more likely to have growth than those with none. Furthermore, O'Higgins (2012) points out that managerial skills could be fused with honesty and integrity to effectively achieve the growth ambitions of the organisation. This is important, because honesty and integrity are considered essential ingredients and foundations for growth in business (O'Higgins, 2012; Wiese, 2014). Over the years, workers have been recognised as the drivers of sustainable growth of small enterprises in South Africa (Fatoki and Garwe, 2010).

2.6.1.2 Firm resources

Resources are regarded as key determinants of a company's success. The type of products and service offerings of the organisation are recognised as important elements for growth (Bickle, 2012; Wiese, 2014). Products and services not only define the growth and future direction of the organisation, but also determine the sustainability of the company. That means the internal environment of the business can affect the sustainability of a business positively or negatively. Taking into consideration human capital for instance, leaders who lack managerial skills, can have a negative impact on their businesses' sustainability. They are unable to allocate their available resources and work harmoniously with their subordinates. That means small enterprises' sustainability is impacted by a failure to invest in the human capital of the organisation. Studies however reveal that small enterprises are more sustainable when they forge partnerships with other companies (Wiese, 2014;

Wijbenga and van Witteloostuijn, 2007). Such partnerships are established on the need to reduce operating costs, establishing networks, and share technologies.

Over the years, finance has been widely recognised as essential element for sustainability in small, medium, and micro enterprises across the world (De Lalaingstraat, 2013). The sustainability of small and micro enterprises in South Africa hinges on the critical financial challenges faced by these entities on a daily basis. According to Boysana and Ladzani (2011), small and micro enterprises' efforts are hampered by financial challenges. A lack of financial resources not only affects the daily operations of small enterprises in South Africa but also limits these entities when identifying growth strategies such as hiring qualified personnel. There is an inability to access the appropriate technology necessary to achieve the growth aspirations of the company (Eriksson, Katila, and Niskanen, 2009; Fatoki and Garwe, 2010).

Most businesses struggle with financial resources and have to approach financial institutions for assistance. In South Africa, there are many financial institutions that provide small enterprises with funding (Wiese, 2014). However, some of the funding requirements include collateral, a spouse or partner's salary, pension packages, and family contributions (Kraus, Reiche and Reschke, 2007; Wiese, 2014). These make it difficult for small and micro enterprise owners to access funding in the country.

2.6.1.3 Setting of the industry

Business environmental dynamics can have an impact on the sustainability of a firm. The environment in which businesses operate can either positively or negatively affect the operations or performance of such businesses. Business policies can negatively affect the growth of businesses, for example.

Furthermore, the financial institutions can impact businesses positively or negatively. Small and micro enterprises may close down due to a shortage of monetary support, for example. This lack of support could be because of the collateral requirements of the financial institutions, among other things. Small and micro enterprises may avoid approaching professional institutions for financial support and business advice. Failure to seek professional guidance makes it difficult to benefit from expert advice from outside professionals (Chimucheka and Mandipaka, 2015). Chimucheka and Mandipaka (2015) further pointed out that technology has become the key factor in business survival. These enterprises therefore, struggle with an inability to access and utilise the appropriate technology. In order to keep up with customers'

demands, some small enterprises opt to hire equipment and technology to boost productions. Studies reveal that a shortage of know-how affects the full utilisation of equipment, which costs the business time and money (Barreira, 2004).

2.7 Relationship between leadership styles and sustainable growth

Literature revealed that the sustainability of businesses relies on proper leadership in the organization (Tur-Porca et al., 2018). According to Tur-Porca et al. (2018) entrepreneurial characteristics promote innovative actions that allow entrepreneurs to exploit new opportunities and support their decision-making process. Leaders are considered motivators to their subordinates. They are expected to encourage their subordinates to act effectively and achieve specific goals. There is a perception that sustainable growth of the business is related to the type of leadership the manager is using. For instance, according to Machado (2016), the environment (industry setting) provides growth opportunities to small businesses. In order to achieve a sustainable competitive advantage, active leaders flexibly make use of firm's resources, which contributes to the sustainable growth of the business. Therefore, the growth of a small enterprise hinges on the owner's attitudes towards growth. Leadership styles also influence the growth strategy that is adopted. However, it is perceived that leadership styles could have a positive or negative effect on small business growth. The laws of the country may also affect the sustainability of a company. According to the GEM South Africa 2017 report, South African businesses are expected to adopt a minimum wage structure drawn up by government. However, small and micro enterprises in the country, especially at the start-up phase, find the minimum wages to be very high and costly for them. Such minimum wage structures are considered unsustainable and affect the growth of small and micro enterprises in the country. Hiring skilled people becomes a huge challenge for these entities.

2.8 Summary

Chapter two presented the literature review as a theoretical framework to help achieve the objectives of this study. It reviewed literature on three leadership styles (transformational, transactional, and laissez faire leadership) and some concepts of sustainable growth of businesses were used to answer the research questions of this study. The chapter also outlined the conceptual framework of the study. Finally, the chapter discussed the relationship between leadership styles and sustainable growth. The next chapter presents the research methodology of the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter discussed the literature relevant to the study in question. This chapter discusses the methodology that was followed by the researcher when collecting and analysing the data of this study.

3.2 Research design

Research designs are considered as an explanation of how the respondents will be chosen and how data will be collected for the study (Welman et al., 2007). Creswell (2015) defined research design as a description of the most satisfactory operations to be done in order to test a specific hypothesis under given situations. Coakes and Steed (2003) argue that surveys can be used to collect data. This is done through the use of questionnaires or interviews. However, there are advantages and disadvantages of using this research design. One of the advantages is that huge amounts of original data can be gathered in a very short time period. This proves to be quick and cheap (Mirzaee, 2014). All these factors are important in the proposed study, hence the decision to use a questionnaire survey.

For this study, descriptive research design was used. According to Mirzaee (2014), descriptive research helps to describe a characteristic of a phenomenon being studied. It describes what is currently happening.

3.3 Research approaches

There are three forms of research approaches, namely quantitative, qualitative, and mixed methods. This study used a quantitative approach, as it is effective in collecting data from a large sample. Based on a study by Khoase (2015), in PMB 770,007 SMMEs were registered in 2010. Thus, 384 questionnaires were used as the main instrument for collecting data from the small and micro enterprise owners and managers and employees. This is because the calculations at 95 percent confidence level and 5 confidence intervals resulted in 384 out of a population of 770,007. According to Bryman and Bell (2015), quantitative research entails the collection of data using a numerical system and reporting the relationship between variables under study.

3.4 Study site

A study location is regarded as an area where research is going to be conducted (Simons, 2009). For this study, the researcher conducted the research in the city of PMB, SA. Pietermaritzburg is a capital city of KwaZulu-Natal, where small and micro enterprises owners are more advanced in operating their businesses.

3.5 Target population

A target population is a group of objects that poses the information that is required by the research (Bajpai, 2011). Sekaran and Bougie (2013) define population as distinguishable institutions, objects, or groups of individuals with common characteristics. A target population will include a segment of the population selected to represent the study population in the research study (Saunders, Lewis and Thornhill, 2012). The target population for this study is owners or managers of formal small and micro enterprises from different sectors (retailers, service providers, and manufacturers) operating in PMB, SA. Previous sections of this study mentioned that the population of this study is estimated to be 770,007 registered small and enterprises in PMB, SA.

3.6 Sampling strategies

Sampling method is a way of identifying more suitable respondents to gather data for a research study (Saunders et al., 2012). There are two classifications of sampling methods, namely probability and non-probability sampling methods. Non-probability sampling strategies were used in this study, because the researcher had an opportunity to simply choose the sample from those locations that are accessible and easy to reach. The researcher also used the snowball method, and the researcher was referred to other businesses by the initial respondents. With this sampling strategy, the researcher depended on respondents to identify more respondents for the study.

The study used snowball and convenience sampling methods to identify research participants. The researcher used these approaches because they proved to be easy ways to identify a suitable way of locating and selecting participants for the study (Creswell, 2015). The researcher could locate other likely respondents for the study through referrals by the first identified research participant, thanks to the effective use of the snowball sampling method. Convenience sampling approach was chosen because it allowed the researcher to select people who were available and reachable at the time when the researcher arrived at their premises (Welman et al., 2007).

3.7 Sample size

A sample size is classified as the overall number of people or objects selected from the target population and used in the research work (Welman et al., 2007). The researcher used Krejcie and Morgan's (1970) table to decide or estimate the sample size. The researcher used the sample size of 384 small and micro enterprise owners and managers and employees in PMB, South Africa, based on a population of 770,007 small and micro enterprises. It is perceived that this number can be generalised.

3.8 Data collection methods

Primary data were collected through the use of self-administered questionnaires, while secondary information was obtained from reviewed literature. According to Streubert and Carpenter (2011), primary data is obtained first-hand by the researcher for a certain study. For the secondary data, the researcher made use of the existing literature. However, according to Sekaran and Bougie (2013), secondary data has the disadvantage of being outdated, which might affect the relevance feature of the study.

Data for this study was collected from both small and micro enterprise owners and managers and employees through the use of self-administered questionnaires which comprised both closed and open-ended questions. The questionnaire was self-designed and personally distributed by the researcher. The researcher left the questionnaires with the respondents to complete. The completed questionnaires were collected after a week, where the respondents were able to ask for clarity where they did not understand the content of the questionnaire. There was an 83% response rate as indicated in **Table 4.1**. The questionnaire is an appropriate instrument for this study because, compared to other instruments, it is quick and cost effective when collecting data from a large sample size (Creswell, 2015).

3.9 Data quality control

According to Welman et al. (2007), the chosen research methods should be able to meet both the internal and external validity requirements of the study. Validity involves the extent to which the research methods used in the study are able to provide expected results (Zikmund, 2003). Internal validity includes the ability of the research instruments to assess what they are expected to do, while external validity entails that data collected can be generalised across the entire population (Welman et al., 2007).

Reliability includes the ability of research procedures in giving dependable outcomes when done numerous times (Zikmund, 2003; Welman et al., 2007). The researcher sought the help of a statistician to carry out validity and reliability analyses on the research instrument used in the study. This was to identify available problems at early stage, so that such problems could be rectified in time, and prior to collecting data from the respondents.

Furthermore, the questionnaire was given to experts in the field under study for verification before they were taken to the research field. Ten questionnaires were distributed to the Master s students to check if the questionnaires were clear enough and easy to understand. Additionally, the pilot study was carried out to test research instruments and see whether they would be able to collect expected data when used in the main research study. A pilot study was done on three small and micro enterprises to determine both internal and external validity for the study. The validity test was conducted using the Chi Alpha Square.

3.10 Data analysis

Data was collected through questionnaires made up of closed and open-ended questions. Responses were coded and captured, and then SPSS Version 25 was used to analyse the data. It is worth bringing to the attention of the reader that, out of 322 questionnaires returned by the participants, only 320 were usable. Statistical analysis was carried out by means of descriptive statistical analysis to achieve an understanding of the perceptions of respondents with respect to the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in SA. The results are offered in the subsequent chapter in frequency tables and statistical analyses applicable to the data collected.

The Kolmogorov Smirnov test was used to determine whether the data comes from a normal distribution or not. The Kolmogorov Smirnov test results indicated that the variables did not come from a normal distribution. It was therefore established that the variables required a non-parameter test and not parameter tests.

Cronbach's Alpha was computed for the questions that have identical scales, to test the reliability of the questions. The results obtained were between 0.703-0.732 which indicated that there was good internal consistency on the research questions. These results are in line with Coakes and Steed (2003:140) who stated that a value of 0.7 or higher is a very good value that can lead to similar results when questions are used again on a larger sample size.

Correlation analysis and Optional Hypothesis testing were conducted to ascertain the relationship between research variables. The results indicated a correlation between leadership styles and sustainable growth in small businesses. Optional Hypothesis results indicated a p-value of less than 0, 05. Therefore, the H0 was rejected and it was concluded that individual entrepreneur factors are associated with sustainability growth in small enterprises.

3.11 Ethical Considerations

Following ethical conduct in a research study is very important (Welman et al., 2007). Paying attention to ethical principles and guidelines in research helps the researcher conduct it in a principled and honesty way. It also entails following proper guidelines that respect human and animal rights. The researcher complied with ethical requirements as the doctrine of the University of KwaZulu-Natal (UKZN). The researcher obtained permission from the Humanities and Social Science Research Ethics Committee (HSSREC) of the University before personally visiting research participants to collect data. Informed consent forms were issued to selected participants who wanted to participate in the study and they were asked to sign an agreement to participate in the research. The researcher personally contacted participants and handed the questionnaires.

All information regarding the objectives and critical issues of the study were explained to the participants. The researcher advised participants that participating in the study is voluntary and it is one's choice to withdraw at any favourable time deemed necessary. Personal details of participants for the research were not included in the study, so their anonymity is protected. The respondents were not forced to complete the questionnaire. The participants were made aware that in case they wish to access the final dissertation, it would be accessible at the UKZN library.

3.12 Summary

Chapter 3 discussed the research design, research approaches, target population, sampling strategies, and research instruments used in the study. The reliability and validity of the findings were also highlighted. How data was analysed, and the ethical conduct adopted in this study were discussed. The following chapter presents the empirical findings.

CHAPTER 4

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The methodology adopted in this research was debated in the preceding chapter. This chapter presents and analyses the major research findings of this study. Findings presented from the sections of the questionnaires, are linked to the research objectives, research questions, and the literature relevant to the influence of managerial leadership styles on the sustainable growth of small and micro enterprises.

To understand respondents' perceptions about the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in PMB, descriptive statistics, frequency tables and graphs were processed using SPSS (version 25). To prove the results of the frequency tables and graphical statistics, mean, mode, median and standard deviation were included in the descriptive statistics. That is how the respondents' scores were analysed.

It is essential to know if data comes from a normal distribution or not. To test this, the Kolmogorov Smirnov test was done. After that, the researcher was able to carry out statistical tests that the Kolmogorov Smirnov test permitted her to use. For example, an independent sample t-test, which is a type of parametric test that was used on male and female small enterprises owners was used to check for the mean scores and differences in connection with the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in PMB. The sample t-test was done as it allows the use of two categories. The Mann Whitney U test is one of the alternatives that can be used on males and females to check for significant differences, with respect to the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in South Africa, if the Kolmogorov Smirnov test reveals the data on the variables to be non-normal in nature. Similarly, the Kruskal Wallis test can be used to check for differences in the age group, education group, and race group with regards to the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in South Africa.

The hypotheses were tested using a Factor analysis. To decrease a group of items into natural groupings of comparable items which account for the most quantity of variation in the data, the factor analysis can be done with varimax rotation. Furthermore, hypotheses can be tested using the correlation analysis to ascertain the determinant factors of sustainable growth of small and

micro enterprises in the city.

It is important to check the quality of the data, in terms of its validity and reliability. To check the reliability of the data, the Cronbach's Alpha was worked out for the questions that have matching scales. There was a good internal steadiness and reliability amongst the questions as the results were 0.7 and higher.

4.2 Response rate

The response rate is depicted in **Table 4.1**:

Table 4. 1 Response rate

Research Activity	Participants	Number of Participants	Responses (n)	Response Rate (%)
Questionnaire survey	Owners/Managers/Employees	384	320	83
Total		384	320	83

Source: Author's own compilation

4.3 Data Analysis by Question

The sample comprised more females (54.1%) than males (45.9%) while the 40% of the respondents were in actual fact the owners and about 60% of the sample were managers (23.1%) and in other forms of employment (36.9%). The sample was dominated by young respondents in the age group 30-39 years (51.9%) followed by just over a ¼ of them being in the age group 40-49 years (25.9%). Hence, a sample is comprising mainly of respondents 30-49 years of age. About two-thirds of the sample were Black while the modal business sector was Retail (40.6%) followed by those in Service (39.7%). The results show that 90.9% of the participants had Diploma (60.6%) qualification and 30% had Matric certificates.

Table 4. 2 Gender

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Male	147	45.7	45.9	45.9
	Female	173	53.7	54.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

There were more females (54.1%) than males (45.9%) as per the table above. The women were more than the men, which signifies the adoption of gender equality.

Table 4. 3 Small enterprises Ownership

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Owner	128	39.8	40.0	40.0
	Manager	74	23.0	23.1	63.1
	Other (employee)	118	36.6	36.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

Most of the respondents were the owner (40%) followed by those in the other category (36.9%). This shows that data was gathered from the appropriate sources of information as needed in this study.

Table 4. 4 Age

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	20-29	70	21.7	21.9	21.9
	30-39	166	51.6	51.9	73.8
	40-49	83	25.8	25.9	99.7
	50+	1	.3	.3	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal age group was 30-39 years (51.9%) followed by 40-49 years (25.9%). The information from participants of this age may mean that it is valid as it comes from the groups that are perceived to be very active in running businesses.

Table 4. 5 Race

(n)		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Black	212	65.8	66.3	66.3
	White	16	5.0	5.0	71.3
	Indian	55	17.1	17.2	88.4
	Coloured	37	11.5	11.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

Most of the respondents were Black (66.3%), followed by Indian (17.2%) and other population groups. This could mean that people who were disadvantaged before are now taking a stand and actively engaging in managerial leadership. On the other hand, it could mean that other population groups were not interested in participating in the study.

Table 4. 6 Business Sector

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Service	127	39.4	39.7	39.7
	Retail	130	40.4	40.6	80.3
	Manufacturing	20	6.2	6.3	86.6
	Construction	43	13.4	13.4	100.0
	Total	320	99.4	100.0	
Total		322	100.0		

The modal business sector was Retail (40.6%) followed by those in Service (39.7%) as indicated in **Table 4.6** above. Views from different sectors were believed to bring a broader perspective to the study.

Table 4. 7 Highest Qualification

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Diploma	194	60.2	60.6	60.6
	Bachelor	21	6.5	6.6	67.2
	Honors	4	1.2	1.3	68.4
	Masters	1	.3	.3	68.8
	Doctorate	1	.3	.3	69.1
	Matric	99	30.7	30.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

Most of the sample were in possession of a Diploma (60.6%) and many had Matric (30.9%). The business world is changing rapidly, and the competition is always intense. Due to these conditions, entrepreneurs with the necessary level of education are able to cope and contribute to the growth and success of their businesses. Managerial leaders have to be acquainted with the current strategies needed for the sustainable growth of businesses (Mutuyenyoka and Madzivhandila, 2014:65-72).

4.4 Section B: leadership styles

4.4.1 Transformational leadership styles

There was an overwhelming collective agreement and strong agreement of 93.4% that within the organisation the leader motivates and encourages employees, while 88.5% agreed that the leader builds a supportive environment by listening to employees' needs. The research also shows that 80% of the sample agreed (45.6%) and strongly agreed (34.4%) that the leader allows employees to fully utilise their skills. The results confirm the effectiveness of the style of transformational leadership and its effectiveness within the current scientific setting (Franco and Matos, 2015).

Table 4. 8 Motivation

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Neutral	21	6.5	6.6	6.6
	Agree	121	37.6	37.8	44.4
	Strongly agree	178	55.3	55.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal response was strongly agree (55.6%) followed by agree (37.8%). This concurs with the views of Towler (2019); Waris et al. (2018) and Franco and Matos (2015), that transformational leaders motivate and encourage their employees to have self-confidence.

Table 4. 9 Supportive Environment

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	1	.3	.3	.3
	Disagree	7	2.2	2.2	2.5
	Neutral	29	9.0	9.1	11.6
	Agree	133	41.3	41.6	53.1
	Strongly agree	150	46.6	46.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

There was a collective agreement of 88.5% that the leader builds a supportive environment by listening to employees' needs. Towler (2019) and Franco and Matos (2015) are of the view that transformational leaders have to listen to their employees and give them the necessary support. This is perceived to create a conducive working environment for the employees.

Table 4. 10 Utilization of Skills

		Frequency (%)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	1	.3	.3	.3
	Disagree	7	2.2	2.2	2.5
	Neutral	56	17.4	17.5	20.0
	Agree	146	45.3	45.6	65.6
	Strongly agree	110	34.2	34.4	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 80% of the sample agreed (45.6%) and strongly agreed (34.4%) that the leader allows employees to fully utilise their skills. Towler (2019) and Franco and Matos (2015) also mentioned that the ability of a leader to allow his followers to demonstrate and make use of their unique skills, is one of the features of a transformational leader.

4.4.2 Transactional leadership

The research shows that just under 93%, that is, 92.5% collectively strongly agreed (48.1%) and agreed (44.4%) that the leader sets objectives within the organisation and has the power to train and correct the employees. It was also found that 49.4% of the sample agreed and 30.6% of the sample strongly agreed that a leader monitors the expected performance and corrects the employees when perceived productivity is below expectations. This is a total response of 80% of the sample which is a great testimony to the effectiveness of this style of leadership. The results show a similar trend in that 80.4% of the respondents agreed (55.9%) and strongly agreed (25%) that the leader controls the outcome and rewards the employees when the expected outcome is attained. This style of leadership is extremely effective in training, monitoring and outcome control (Franco and Matos, 2015).

Table 4. 11 Employees Trained

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Neutral	24	7.5	7.5	7.5
	Agree	142	44.1	44.4	51.9
	Strongly agree	154	47.8	48.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal response to this question was strongly agree (48.1%) followed by agree (44.4%). According to Cherry (2019), Alkahtani (2016), and Franco and Matos (2015), transactional leaders are given the power to evaluate, train, direct, and discipline employees who have not met the expected level of production.

Table 4. 12 Expected Performance

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Disagree	13	4.0	4.1	4.1
	Neutral	51	15.8	15.9	20.0
	Agree	158	49.1	49.4	69.4
	Strongly agree	98	30.4	30.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 49.4% of the sample agreed that the leader monitors the expected performance and corrects the employees when perceived productivity is below the expectation. The leader is given power to evaluate, train, correct, and handle employees when production is not meeting the expected level and reward them appropriately when employees achieve their expected outcomes (Alkahtani, 2016; Franco and Matos, 2015).

Table 4. 13 Rewards Expected Outcome

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Disagree	7	2.2	2.2	2.2
	Neutral	54	16.8	16.9	19.1
	Agree	179	55.6	55.9	75.0
	Strongly agree	80	24.8	25.0	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 80.4% of the respondents agreed (55.9%) and strongly agreed (25%) that the leader controls the outcome and rewards the employees when the expected outcome is attained. Waris et al (2018:2) and Franco and Matos (2015) opined that employees' performance is either rewarded or punished by transactional leadership. This is because they have the power to do so.

4.4.3 Laissez-Faire leadership

The results show that less than half of the sample, 42.8%, were neutral in terms of the subordinates being allowed to have freedom to make decisions that concern their work, while 36.6% of the sample were in agreement with this aspect. This is a focus area in terms of giving the subordinates the freedom to make decisions. Perhaps more can be done, by way of recommendations, to educate leadership on how to have proper people skills and let subordinates to find their footing without being authoritative. The idea of workshops, seminars, webinars, and social media can be used to educate relevant leadership. The results show that 41.9% of the sample were neutral about letting the employees complete their work without closer supervision, while 33.4% of the sample agreed that close supervision is not required. This highlights the aspect of control and micro-management of employees and needs serious consideration within the realm of this style of leadership. A possible recommendation is to educate supervisors/leaders on how to best give the employees work freedom. The sample also reveals that just over 40%, that is, most of the respondents, disagreed (40.4%) that the leader should just provide the resources required and allow subordinates to show their initiative, while 35.1% of the sample were neutral with respect to this aspect of leadership. The findings reveal that this style of leadership has weaknesses because it does not give employees freedom to work. It does not allow them to show initiative because of excessive control and a lack of

appropriate resources. At the same time, one could perceive that this happens because of the particular sector the business falls under. As mentioned earlier, due to the involvement of monetary transactions in some business organisations, employees still need to be monitored. The decisions mostly need to be shared, as the employees cannot make such decisions on their own.

Table 4. 14 Freedom for Decision-Making

		Frequency (%)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	10	3.1	3.1	3.1
	Disagree	50	15.5	15.6	18.8
	Neutral	137	42.5	42.8	61.6
	Agree	117	36.3	36.6	98.1
	Strongly agree	6	1.9	1.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 42.8% of the sample were neutral and the subordinates are allowed the freedom to make decisions about their work, while 36.6% of were in agreement with this aspect. In a laissez-faire leadership style, subordinates are allowed freedom to make decisions about completing their work. The leader just provides the required resources (Franco and Matos, 2015; Rubin, 2013:60).

Table 4. 15 No Closer Supervision

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	10	3.1	3.1	3.1
	Disagree	59	18.3	18.4	21.6
	Neutral	134	41.6	41.9	63.4
	Agree	107	33.2	33.4	96.9
	Strongly agree	10	3.1	3.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

It was found that 41.9% of the participants were neutral and the employees are allowed to complete their work without closer supervision, while 33.4% of the participants agreed that close supervision is required. Waris et al. (2018:2) and Franco and Matos (2015) noted that laissez-faire leaders allow their subordinates to make valid decisions without them as leaders getting too much involved. This demonstrates a sense of trust to the employees and gives them flexibility.

Table 4.16 Subordinates' Initiatives

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	57	17.7	17.9	17.9
	Disagree	129	40.1	40.4	58.3
	Neutral	112	34.8	35.1	93.4
	Agree	18	5.6	5.6	99.1
	Strongly agree	3	.9	.9	100.0
	Total	319	99.1	100.0	
Missing	System	3	.9		
Total		322	100.0		

The results indicate that majority of the respondents disagreed (40.4%) that the leader should just provide the resources required and allow subordinates to show their initiative, while 35.1% of the sample were neutral with respect to this aspect of leadership. Empowering employees

with decision making allows them to work independently and display their in-depth knowledge and capability (Quintana et al., 2015:472).

4.5 Section C: Factors associated with small and micro enterprises' sustainable growth

The results show that just under 50% of the sample, that is 46.9%, had been in business for 2-5 years, while 32.2% of the sample had been in business for 1 year. It was found that relationships with the employees are rated as good (67.2%) and excellent (26.3%). This is indicative of a good working relationship which is a factor of growth. The findings show that the leader creates a productive and positive working climate, and offers recognition when goals are achieved. This is echoed by over 88% of the sample in each case. However, it was found that there was an almost even distribution of disagree (22.5%), neutral (28.4%), and agree (26.9%) in terms of the leader avoiding getting involved to allow innovation among the employees. This might be an area of improvement for leaders. Leaders can be taught to be more proactive and should lead the way in taking initiative.

4.5.1 Individual entrepreneur

Table 4.17 Years in Business

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	less than a year	62	19.3	19.4	19.4
	1 year	103	32.0	32.2	51.6
	2-5 years	150	46.6	46.9	98.4
	6-10 years	5	1.6	1.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal number of years was 2-5 years (46.9%). According to Machado (2016), entrepreneurs' schooling level and experience was one of the variables associated to with the individual that may influence the firm's growth. This supports the opinion of Wiese (2014), who suggested that small and micro enterprises owners with management skills and experience are likely to have better growth prospects than those without.

Table 4.18 Relationship with Employees

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Excellent	84	26.1	26.3	26.3
	Good	215	66.8	67.2	93.4
	Average	21	6.5	6.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The relationships with the employees are rated as good (67.2%) and excellent (26.3%). According to Fatoki and Garwe, (2010), workers are recognised as drivers of sustainable growth of small enterprises in South Africa. Excellent relationships with employees may assist leaders in achieving the objectives of their organisations (sustainable growth).

Question: On the following scale, please rate the leader that you believe is most responsible for the current state that your business is in.

Table 4.19 Positive Working Environment

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Disagree	5	1.6	1.6	1.6
	Neutral	31	9.6	9.7	11.3
	Agree	199	61.8	62.2	73.4
	Strongly agree	85	26.4	26.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that there was a collective percentage of 90.8% for agree (62.2%) and strongly agree (26.6%) in terms of the leader creating a productive and positive working climate. This characteristic of a transformational leader is demonstrated by most of the participants in the study. According to Towler (2019), new transformational leaders guide their followers on new tracks, unlike managers who are not innovative, but just follow the traditional way of doing things.

Table 4. 20 Employees' Recognition

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	1	.3	.3	.3
	Disagree	4	1.2	1.3	1.6
	Neutral	32	9.9	10.0	11.6
	Agree	205	63.7	64.1	75.6
	Strongly agree	78	24.2	24.4	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results reflect that 88.5% jointly agree (64.1%) and strongly agree (24.4%) that a leader offers recognition when goals are achieved. This is one of the characteristics of a transactional leader. According to Waris et al. (2018), a transactional leader rewards well performing employees accordingly and punishes employees whose performance is dismal.

Table 4.21 Innovation Allowed

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	18	5.6	5.6	5.6
	Disagree	72	22.4	22.5	28.1
	Neutral	91	28.3	28.4	56.6
	Agree	86	26.7	26.9	83.4
	Strongly agree	53	16.5	16.6	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

There was an almost even distribution of disagree (22.5%), neutral (28.4%) and agree (26.9%) when it comes to the leader avoiding getting involved to promote innovation. This is one of the characteristics of a laissez-faire leader. According to Quintana et al. (2015:472), a laissez-faire leader will foster creativity among employees and allow them to undertake a particular task.

4.5.2 Firm sustainability

The results showed that 75.2% of the respondents had 5-15 employees in their businesses while 73.8% of the respondents agreed that there have been growth challenges since the inception of their business. The results show that 49.7% of the respondents agreed that business was growing at the same rate of growth instead of slower or faster than the peer group in the market at the time of the first growth challenge. 29.4% of the respondents agreed that the rate of growth was faster and 20.9% agreed that the rate of growth was slower for them.

Table 4. 22 Number of Employees

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	less than 5	79	24.5	24.7	24.7
	5-15	241	74.8	75.3	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal number of employees was 5-15 (75.2%) employees. Boysana and Ladzani (2011) are of the opinion that qualified personnel is considered one of the key resources that add up to the sustainable progress of the business. They argue that small and micro enterprises in SA lack financial resources which negatively affects the growth strategy of hiring qualified personnel.

Table 4.23 Growth Challenges

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Yes	236	73.3	73.8	73.8
	No	84	26.1	26.3	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 73.8% of the respondents agreed that there have been growth challenges. Even though the respondents were not asked about the particular factor that proved to be a growth challenge, most of them agreed that they have experienced growth challenges. This could be the financial challenge as Boysana and Ladzani (2011) have mentioned.

Table 4.24 First Growth Challenge

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Faster	94	29.2	29.4	29.4
	At the same rate of growth	159	49.4	49.7	79.1
	Slower	67	20.8	20.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The research shows that 49.7% of the respondents agreed that business was growing at the same rate of growth instead of slower or faster than the peer group in the market at the time of the first growth challenge.

4.5.3 Sustainability setting of business

The results show that 79.1% agreed that the supply-demand conditions enhance growth while 84.1% of the sample agreed that their industry's key resources are available to them. This implies that the setting is conducive, and therefore growth is not negatively affected. The research also shows that 62% of the sample agree that entry requirements in the industry is cumbersome while 38% disagreed with this aspect. Hence, it was found that entry requirements for the industry may be a factor that can constrict or inhibit growth in the industry.

Table 4.25 Growth Enhancement

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Yes	253	78.6	79.1	79.1
	No	67	20.8	20.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 79.1% agreed that the supply-demand conditions enhance growth. According to Chimucheka and Mandipaka (2015), the challenge for small and micro enterprises is, the inability to access and utilise the appropriate technology for the business. In

order to keep up with customers' demands that are changing all the time, some of these entities opt to hire equipment and technology to boost production.

Table 4.26 Availability of Industry's Key Resources

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Yes	269	83.5	84.1	84.1
	No	51	15.8	15.9	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The research shows that 84.1% of the sample agreed that their industry's key resources are available to them, which shows that they have a huge chance of experiencing growth. Active leaders flexibly make use of firm's resources in order to achieve a sustainable competitive advantage which contributes to the firm's sustainable growth (Machado, 2016).

Table 4.27 Entry Requirements

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Yes	198	61.5	61.9	61.9
	No	122	37.9	38.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results reveal that about 62% of the sample agree that entry requirements in the industry are cumbersome, and therefore the perception negatively affects growth.

4.6 Section D: Impact of leadership style on sustainable growth

4.6.1 Transformational leadership styles

There is a dominant collective response of 96% for agree and strongly agree that motivated employees gain more self-confidence and excel in their work, and contribute to sustainable growth of the business, while 97.5% agree and strongly agree that two-way communication reveals how employees can contribute to the sustainability of the business. Finally, it was found that respondents strongly agree (54.7%) and agree (43.1%) that flexibility enhances the

sustainable increase of the business. This underpins the fact that transformational leadership is an excellent form of leadership that improves the holistic growth of the business.

Table 4.28 Employees' Contribution to Sustainable Growth

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Neutral	13	4.0	4.1	4.1
	Agree	134	41.6	41.9	45.9
	Strongly agree	173	53.7	54.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

There is a collective opinion with strongly agree (54.1%) and agree (41.9%) about motivation. The perception is that motivated employees gain more self-confidence and excel in their work. They finally provide for the sustainable growth of the business (Towler, 2019).

Table 4. 29 Two-way Communication

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	8	2.5	2.5	2.5
	Agree	142	44.1	44.4	46.9
	Strongly agree	170	52.8	53.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal response was strongly agree (53.1%) followed by agree (44.1%). These participants agreed that effective two-way communication is a contributing factor in the sustainability of the business. This supports the views of Towler (2019) who said it is important to listen to employees as a leader and provide the necessary support to each individual.

Table 4.30 Flexibility adds to sustainable growth

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	7	2.2	2.2	2.2
	Agree	138	42.9	43.1	45.3
	Strongly agree	175	54.3	54.7	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that the respondents strongly agree (54.7%) and agree (43.1%) that flexibility allowed and adds to the sustainable growth of the business.

6.2 Transactional leadership

The research shows that majority of the respondents collectively strongly agree (59.7%) and agree (38.8%), as a response in terms of adhering to growth objectives set by an expert enhancing the sustainability of the business. This is an overall response of 98.5%, highlighting the importance of setting and adhering to growth objectives. It was also found that most of the respondents were neutral (40.6%) with respect to employee monitoring. Monitoring is demotivating and hinders employees from contributing to the growth of the business. A further 37.5% of the respondents disagree with this aspect which shows that employee monitoring is NOT conducive to growth in the business environment. The results show that respondents agree (63.4%) and strongly agree (28.1%) that guidance to achieving a common goal assists the team in adding value to the growth of the business sustainably. This overall percentage of 91.5% emphasizes the importance of leaderships assisting in achieving a common goal, as it increases the business' growth sustainably.

Table 4.31 Adherence to Growth Objectives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	5	1.6	1.6	1.6
	Agree	124	38.5	38.8	40.3
	Strongly agree	191	59.3	59.7	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

There is a strongly agree (59.7%) and agree (38.8%) response rate to adhering to growth objectives set by an expert as it enhances the sustainability of the business. The perception is that experts set the objectives for enhancing the sustainability of the business, and the employees are expected to adhere to those objectives. This factor is appropriate in a situation where employees are not skilled, but with the situation where employees are also experts and innovative, this perception can hinder employees from excelling and contributing to the growth of their organisation (Khoase, 2015).

Table 4.32 Employee Monitoring Demotivates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	39	12.1	12.2	12.2
	Disagree	120	37.3	37.5	49.7
	Neutral	130	40.4	40.6	90.3
	Agree	31	9.6	9.7	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The modal response was neutral (40.6%) followed by disagree (37.5%). Under transactional leadership, there is a need to monitor subordinates if the expectations of the business are to be met, however, employees perform their duties just because they have to follow the instructions of the leader (Cherry, 2019).

Table 4.33 Achieving Common Goal

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	.3	.3	.3
	Neutral	26	8.1	8.1	8.4
	Agree	203	63.0	63.4	71.9
	Strongly agree	90	28.0	28.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The research illustrates that the respondents agree (63.4%) and strongly agree (28.1%) that guidance in achieving a common goal assists the team to add value to the sustainable growth of the business. According to Cherry (2019), employees perform best when the chain of

command is definite and clear and there is a high possibility of achieving a common goal under this kind of leadership.

4.6.3 Laissez-Faire leadership

The results reveal that just under 90%, that is, 89.7%, collectively agreed and strongly agreed that freedom to take personal responsibility for one's achievements and failure stimulates commitment and contributes to the growth of a business. This is indicative of the issue of accountability of individuals that contribute towards the sustainable growth of a business. It is a positive feature that the laissez-faire style of leaderships inculcates in individuals and hence in businesses. The 45.3% agreed and 41.3% were neutral that working independently helps employees be productive and add to the growth of the business. This points towards a weakness in the style of leadership with respect to sustainable growth in that teamwork may be an essential component of sustainable growth in a business. Finally, the 42.2% disagreed and 38.4% of the respondents were neutral with regards to the absence of strict policies and procedures being seen as allowing employees to promote the sustainability of the business. Hence, strict policies and procedures are imperative within the ambit of sustainable growth in a business. This may necessitate the auditing and inspection of all policies and procedures in a business on a regular basis, which should be determined by the leadership of business.

Table 4.34 Personal Responsibility

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	33	10.2	10.3	10.3
	Agree	197	61.2	61.6	71.9
	Strongly agree	90	28.0	28.1	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The respondents agreed and strongly agreed collectively at 89.7% to this aspect of freedom. According to Quintana et al. (2015:472), a laissez-faire leader gives expert employees the freedom to be productive and challenges them to take personal responsibility for their achievements and failures.

Table 4.35 Working Independently

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	1	.3	.3	.3
	Disagree	35	10.9	10.9	11.3
	Neutral	132	41.0	41.3	52.5
	Agree	145	45.0	45.3	97.8
	Strongly agree	7	2.2	2.2	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results show that 45.3% agreed and 41.3% were neutral that working independently helps employees be productive and adds to the growth of the business. However, according to Cherry (2019), laissez-faire leadership style has both advantages and disadvantages, and one of its disadvantages is low accountability. Employees are left to work on their own, and in case of business failure, it is difficult to hold anyone accountable.

Table 4. 36 Absence of Strict Policies and Procedures

		Frequency (n)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Valid	Strongly disagree	54	16.8	16.9	16.9
	Disagree	135	41.9	42.2	59.1
	Neutral	123	38.2	38.4	97.5
	Agree	8	2.5	2.5	100.0
	Total	320	99.4	100.0	
Missing	System	2	.6		
Total		322	100.0		

The results confirm that 42.2% disagreed and 38.4% of the respondents were neutral with respect to the absence of strict policies and procedures, allowing employees to add to the sustainability of the business. Authors argue that a laissez-faire leadership style allows freedom and flexibility due to unrestricted measures for subordinates, which ultimately allows employees to freely contribute to the sustainability of the business (Rubin, 2013; Franco and Matos, 2015; Waris et al., 2018).

4.7 Descriptive Statistics

Table 4.37 below presents the descriptive statistics for each question. The descriptive statistics include the mean, mode, median, and standard deviation.

Table 4.37 Descriptive Statistics

	Mean	Median	Mode	Std. Deviation	Variance
Please indicate gender	1.54	2.00	2	.499	.249
Are you the owner/manager/other	1.97	2.00	1	.878	.770
Age group	2.05	2.00	2	.700	.490
Population group	1.74	1.00	1	1.111	1.233
Kind of business sector you are in	1.93	2.00	2	.998	.996
Highest qualification	2.66	1.00	1	2.278	5.191
Leader motivates and encourages	4.49	5.00	5	.618	.382
Leader builds supportive environment by listening to employee's needs	4.33	4.00	5	.756	.571
Leader allows employees to fully utilise their skills	4.12	4.00	4	.789	.623
Sets objectives and has power to train and correct employees	4.41	4.00	5	.626	.392
Leader monitors the expected performance and corrects employees when perceiving productivity is below expectation	4.07	4.00	4	.791	.626
Leader controls outcome and rewards employees when expected outcome attained	4.04	4.00	4	.712	.506
Subordinates are allowed to have freedom and make decisions that concern their work	3.18	3.00	3	.831	.690
Employees are allowed to complete their work without closer supervision	3.15	3.00	3	.865	.749
The leader just provides the resources required and allows subordinates to show their initiative	2.31	2.00	2	.863	.744
How long have you been working in this business?	2.31	2.00	3	.796	.633
How do you rate your relationship with your employees?	1.80	2.00	2	.539	.290

The leader creates a productive and positive working climate	4.14	4.00	4	.638	.407
The leader offers recognition when goals are achieved	4.11	4.00	4	.641	.411
Leader avoids getting involved and that allows innovation	3.26	3.00	3	1.147	1.316
How many employees does your business have?	1.75	2.00	2	.432	.187
Has your business experienced growth challenges of any sort since its establishment	1.26	1.00	1	.441	.194
Was the business growing slower or faster than your peer group in the market at the time of the first growth challenge	1.92	2.00	2	.705	.498
In your industry. do supply and demand conditions enhance growth?	1.21	1.00	1	.407	.166
According to your experience with the business, is your industry's key resources available or not?	1.16	1.00	1	.367	.134
Are entry requirements in your industry cumbersome?	1.38	1.00	1	.486	.237
Motivated employees gain confidence and excel in work and contribute to sustainable growth	4.50	5.00	5	.576	.332
Two-way communication reveals how employees can contribute to the sustainability of the business	4.51	5.00	5	.549	.301
Flexibility allowed adds to the sustainable growth of the business	4.53	5.00	5	.542	.294
Adhering to growth objectives set by an expert enhances the sustainability of the business	4.58	5.00	5	.525	.276
Employees monitoring is demotivating and hinders them from contributing to the growth of the business	2.48	3.00	3	.830	.689
Guidance to achieving a common goal assists the team to add value to the sustainable growth of the business	4.19	4.00	4	.582	.339
Freedom to take personal responsibility contributes to the growth of the business	4.18	4.00	4	.595	.354

Working independently helps employees be productive and add to the growth of the business	3.38	3.00	4	.720	.519
Absence of strict policies and procedures allows employees to add to the sustainability of the business	2.27	2.00	2	.764	.584

According to Field (2009:18-23) the mean is a measure of central tendency, the mode is the most frequent score in the data when the data is arranged in ascending or descending order, and finally the median is the centre of the distribution when the scores in the data are ranked in order of magnitude. The sample variance is the degree or quantity by which each observation varies one from another. The sample standard deviation is the square root of the sample variance.

The results of **Table 4.37** reveal that the majority of the scores per question have modes of “4” and some of the scores per question have modes of “5” which translates to “strongly agree” and “agree”. There are intermittent scores of “1 “ and “2” which translate to “disagree” and “strongly disagree”. The standard deviations are consistently scored approximately to a value of ‘1’ and this translates to a good consistency between the observations due to the low variability. The mean and median values are consistent with modal values. The descriptive statistics will also serve to confirm the graphical statistics.

4.7.1 Reliability Analysis

Coakes and Steed (2003:140) state that there are a number of different measures of reliability coefficients. One of the most commonly used is Cronbach’s alpha, which is based on the average correlation of items within a test if the items are standardised. Conversely, if the items are unstandardised, it is based on the average covariance among the items. The Cronbach’s alpha value can range from 0 to 1. Cronbach’s alpha was also calculated as part of the reliability test to assess how consistent the results are, and whether these results will be uniform to generalize to a substantially larger sample size. A value of 0.7 or higher is a very good value that can lead us to say that we will get the same results if we did this survey with a larger sample of respondents. Cronbach’s alpha was calculated for all the questions which have the same scales in each section.

Table 4.38 Reliability Analysis

Section	Questions	Cronbach's Alpha
Section B	Transformational leadership style (1-3)	0.720
	Transactional leadership style (4-6)	0.732
	Laissez-Faire leadership style (7-9)	0.712
Section C	Question 3	0.706
Section C	Question 7-9	0.772
Section D	Transformational leadership style (1-3)	0.703
	Transactional leadership style (4-6)	0.739
	Laissez-Faire leadership style (7-9)	0.714

The alpha values seem fine, indicating a good internal consistency.

4.8 Answering the Research Objectives

The participants' responses are correlated with the research objectives in this section. The benefits and challenges of current managerial leadership styles on the sustainable growth of small and micro enterprises in South Africa will then clarify if there is still a need for certain managerial leadership styles to be used when growing small and micro enterprises sustainably. This is expected to be specified in this section.

4.8.1 Kolmogorov Smirnov Test

As mentioned earlier, the Kolmogorov Smirnov test determines the use of parametric and non-parametric tests.

H_0 : the tested variables come from a Normal distribution

H_1 : the tested variables do not come from a Normal distribution.

Table 4. 39 Kolmogorov Smirnov Test Results

1.	2. Test Statistic	3. Asymp . Sig. (2-tailed)
4. Are you the	5. .265	6. .000
7. Age group	8. .264	9. .000
10. Population group	11. .410	12. .000
13. Kind of business sector you are in	14. .277	15. .000
16. Highest qualification	17. .373	18. .000
19. Leader motivates and encourages	20. .351	21. .000
22. Leader builds supportive environment by listening to employee's needs	23. .283	24. .000
25. Leader allows employees to fully utilise their skills	26. .242	27. .000
28. Sets objectives and has power to train and correct employees	29. .310	30. .000
31. Leader monitors the expected performance and corrects employees when perceiving productivity is below expectation	32. .267	33. .000
34. Leader controls outcome and rewards employees when expected outcome attained	35. .288	36. .000
37. subordinates are allowed to have freedom and make decisions that concern their work	38. .225	39. .000
40. employees are allowed to complete their work without closer supervision	41. .216	42. .000
43. the leader just provides resources required and allows subordinates to show their initiative	44. .225	45. .000
46. How long have you been working in this business	47. .293	48. .000
49. How do you rate your relationship with your employees	50. .380	51. .000
52. the leader creates a productive and positive working climate	53. .320	54. .000
55. the leader offers recognition when goals are achieved	56. .324	57. .000
58. leader avoids getting involved and that allows innovation	59. .174	60. .000
61. How many employees does your business have	62. .469	63. .000
64. Has your business experienced growth challenges of any sort since its establishment	65. .462	66. .000
67. was the business growing slower or faster than your peer group in the market at the time of the first growth challenge	68. .254	69. .000
70. In your industry do supply and demand conditions enhance growth	71. .487	72. .000
73. According to your experience with the business, is your industry's key resources available or not	74. .509	75. .000
76. Are entry requirements in your industry cumbersome	77. .402	78. .000

79. Motivated employees gain confidence and excel in work and contribute to sustainable growth	80. .348	81. .000
82. Two-way communication reveals how employees can contribute to the sustainability of the business	83. .347	84. .000
85. Flexibility allowed adds to the sustainable growth of the business	86. .356	87. .000
88. Adhering to growth objectives set by an expert enhances the sustainability of the business	89. .384	90. .000
91. Employees monitoring is demotivating and hinders them from contributing to the growth of the business	92. .238	93. .000
94. Guidance to achieving a common goal assist the team to add value to the sustainable growth of the business	95. .349	96. .000
97. Freedom to take personal responsibility contributes into the growth of the business	98. .336	99. .000
100. Working independently helps employees to be productive and add to the growth of the business	101. 280	102. 000
103. Absence of strict policies and procedures allow employees add to the sustainability of the business	104. 241	105. 000

For the questions, whose p-values are less than 0.05, H_0 is rejected at the 5% significance level, and the conclusion is that the tested variables do not come from a Normal distribution. As far as the scores are concerned, the implication is that it is imperative to make use of non-parametric statistics. If necessary, tests such as chi-square, the Mann-Whitney U test, and the Kruskal Wallis test was used. H_0 is accepted for all questions and it is concluded that these variables come from a Normal distribution. Therefore, if necessary, ANOVA and Independent sample t-test and can be used as parametric techniques on these variables. However, it was found that the variables required non-parametric tests and not the parametric tests.

4.9 Effect of small enterprises leadership style on sustainable growth:

What is the effect of small enterprises managerial leadership styles on sustainable growth?

One sample t-test is used to check if the average score of the questions associated with sustainable growth are above 2, that is, tending towards agree and strongly agree categories or below 2, that is, tending towards the strongly disagree and disagree categories.

The descriptive statistics results are tabulated on **Table 4.40**.

Table 4.40 Leadership Style Effects on Sustainable Growth

	Mean	Std. Deviation
Motivated employees gain confidence and excel in work and contribute to sustainable growth	4.50	.576
Two-way communication reveals how employees can contribute to the sustainability of the business	4.51	.549
Flexibility allowed adds to the sustainable growth of the business	4.53	.542
Adhering to growth objectives set by an expert enhances the sustainability of the business	4.58	.525
Employees monitoring is demotivating and hinders them from contributing to the growth of the business	2.48	.830
Guidance to achieving a common goal assists the team to add value to the sustainable growth of the business	4.19	.582
Freedom to take personal responsibility contributes to the growth of the business	4.18	.595
Working independently helps employees be productive and add to the growth of the business	3.38	.720
Absence of strict policies and procedures allow employees add to the sustainability of the business	2.27	.764

The average score for the variables associated with transformational leadership are all above 4, so they all tend towards the agree and strongly agree category and hence exemplify this style of leadership as contributing towards sustainable growth, while the questions comprising transactional leadership fall in the agree and strongly agree category, except for the question: “Employees monitoring is demotivating and hinders them from contributing to the growth of the business” which has an average score of 2.48, that is, tending towards the neutral category meaning that this style of leadership does not fully contribute towards sustainable growth of the small and micro enterprises. The average score of the questions comprising the laissez-faire style of leadership have only one question tending towards the agree category while the question: “Working independently helps employees to be productive and add to the growth of the business” tends towards the neutral category, hinting at the fact that this style of leadership is not perhaps contributing fully towards sustainable growth. The third question, although tending towards the disagree category, highlights the effectiveness of this leadership style.

The results from the one sample t-test are as follows:

H₀: the average score of the questions comprising the leadership style are ≤ 2

H₁: the average score of the questions comprising the leadership style are > 2 .

Table 4.41 Sample T-Test Results

	Test value ≤ 2		
	T	Df	Sig. (2-tailed)
Motivated employees gain confidence and excel in work and contribute to sustainable growth	77.581	319	.000
Two-way communication reveals how employees can contribute to the sustainability of the business	81.731	319	.000
Flexibility allowed adds to the sustainable growth of the business	83.297	319	.000
Adhering to growth objectives set by an expert enhances the sustainability of the business	87.970	319	.000
Employees monitoring is demotivating and hinders them from contributing to the growth of the business	10.303	319	.000
Guidance to achieving a common goal assist the team to add value to the sustainable growth of the business	67.448	319	.000
Freedom to take personal responsibility contributes into the growth of the business	65.510	319	.000
Working independently helps employees to be productive and add to the growth of the business	34.305	319	.000
Absence of strict policies and procedures allow employees add to the sustainability of the business	6.216	319	.000

For all of the questions comprising the 3 leadership styles, H₀ is rejected at the 5% significance level, and it is concluded that the average scores are above 2.

4.10 FACTOR ANALYSIS

Factor analysis was carried out in this study as an exploratory tool to reduce a set of items to a smaller set that adequately explains the data and could account for being a set of sub constructs. The Principal Components method was used with varimax rotation. The results are summarized as follows:

Table 4.42 Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.502
Bartlett's Test of Sphericity	Approx. Chi-Square	60.274
	Df	36
	Sig.	.007

The KMO of .502 signifies that the data was enough for successful and reliable extraction while Bartlett's test with a p-value <.05 – reveals that correlations between items are not too low.

Table 4. 43 Total Variance

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.305	14.496	14.496	1.305	14.496	14.496	1.265	14.057	14.057
2	1.268	14.093	28.589	1.268	14.093	28.589	1.212	13.472	27.529
3	1.193	13.251	41.839	1.193	13.251	41.839	1.193	13.256	40.785
4	1.043	11.589	53.428	1.043	11.589	53.428	1.138	12.644	53.428
5	.992	11.018	64.446						
6	.882	9.799	74.245						
7	.831	9.228	83.474						
8	.768	8.534	92.007						
9	.719	7.993	100.000						

Extraction Method: Principal Component Analysis.

From **Table 4.43** above, the cumulative variance that 4 factors are explaining is 53.428%. Furthermore, all of these 4 factors have eigenvalues over 1. The first factor accounts for 14.496% of the variation. This is normally the case in factor analysis. To find out which questions are not loading at all on the factors, the attention is now turned to the rotated loadings table. The questions that are not loading at all could be eliminated from the data set and then the factor analysis can be re-run.

According to Kline (1994), a factor loading of 0.3 or greater can be considered to be significant. Therefore, it is advisable to adopt the principle of factor loadings of 0.4 or higher in order to

be significant, especially if the number of items in the scale is large. If factor loading of 0.4 is not adopted, the number of items in the data set will not be reduced. Therefore, the key reason or purpose of Factor analysis, which is to *reduce* the number of items to a comprehensible set of items, will be defeated. From the above rotated component matrix, all questions have loadings that are greater than 0.4 and therefore, the factors can be named and their reliability can be worked out.

These 4 factors are shown in **Table 4.44**.

Table 4.44 Component Matrix^a

	Component			
	1	2	3	4
Absence of strict policies and procedures allow employees to add to the sustainability of the business	.551	.166	.092	-.474
Freedom to take personal responsibility contributes to the growth of the business	.432	.113	.372	-.132
Flexibility allowed adds to the sustainable growth of the business	.422	.563	-.134	.232
Working independently helps employees be productive and add to the growth of the business	.465	-.522	.222	-.005
Two-way communication reveals how employees can contribute to the sustainability of the business	.432	-.516	.173	.212
Guidance in achieving a common goal assist the team to add value to the sustainable growth of the business	-.040	.498	.432	-.347
Employees monitoring is demotivating and hinders them from contributing to the growth of the business	.264	.017	.611	-.013
Motivated employees gain confidence and excel in work and contribute to sustainable growth	.331	.077	.595	-.149
Adhering to growth objectives set by an expert enhances the sustainability of the business	.228	.342	.189	.747

Extraction Method: Principal Component Analysis.
a. 4 components extracted.

Table 4.45 Principal Component Analysis

Factor	Leadership style	Question	Cronbach's alpha
Freedom, flexibility and communication	Laissez-faire	Absence of strict policies and procedures allow employees to add to the sustainability of the business	0.754
	Laissez-faire	Freedom to take personal responsibility contributes to the growth of the business	
	Transformation leadership	Flexibility allowed adds to the sustainable growth of the business	
	Laissez-faire	Working independently helps employees be productive and add to the growth of the business	
	Transformation leadership	Two-way communication reveals how employees can contribute to the sustainability of the business	
Guidance	Transactional leadership	Guidance in achieving a common goal assists the team to add value to the sustainable growth of the business	Cannot be computed
Motivation of employees	Transactional leadership	Employees monitoring is demotivating and hinders them from contributing to the growth of the business	0.674
	Transformation leadership	Motivated employees gain confidence and excel in work and contribute to sustainable growth	
Growth objectives	Transactional leadership	Adhering to growth objectives set by an expert enhances the sustainability of the business	Cannot be computed

The two styles of leadership that are accounting for much of the variation in the data that contribute towards sustainable growth are the transformation leadership and laissez-faire leaderships which emphasise freedom, flexibility, and communication in the workplace.

4.11 Determining factors for sustainable growth:

What are the determining factors for small enterprises sustainable growth?

4.11.1 Correlation analysis

Correlational analysis measures the relationship between two variables at a time. This is done using the population correlation coefficient, ρ which in turn is measured by the sample correlation coefficient r . The correlation coefficient ranges as follows: $-1 \leq r \leq 1$. Positive correlation means that as one variable increases, so does the other, and vice versa. Negative correlation is interpreted as when one variable increases, and the other decreases, and vice versa. When the data is parametric such as the marks of students in a test or an exam, Pearson correlation is used, while if the data is non-parametric, the Spearman correlation is used. The subsequent analysis was done using the Spearman correlation.

The results of correlating the leadership styles and the sustainable growth of small businesses are depicted on **Table 4.46**:

Table 4.46 Correlation Analysis Leadership style and sustainable growth

		How do you rate your relationship with your employee	the leader creates a productive and positive working climate	the leader offers recognition when goals are achieved	leader avoids getting involved and allows innovation	How many employees does your business have	In your industry do supply and demand conditions enhance growth	According to your experience with the business, is your industry's key resources available or not
How long have you been working in this business	Pearson Correlation	.009	-.003	.137*	.080	.029	.005	-.125*
	Sig. (2-tailed)	.866	.958	.014	.154	.604	.934	.026
How do you rate your relationship with your employee	Pearson Correlation	1	.015	.053	.053	.168**	.003	.017
	Sig. (2-tailed)		.787	.341	.341	.003	.961	.769
the leader creates a	Pearson Correlation	.015	1	.009	.152**	-.081	-.075	.027

productive and positive working climate	Sig. (2-tailed)	.787		.871	.007	.147	.182	.635
the leader offers recognition when goals are achieved	Pearson Correlation	.053	.009	1	.216**	-.163**	-.088	.152**
	Sig. (2-tailed)	.341	.871		.000	.004	.117	.006
leader avoids getting involved and that allows innovation	Pearson Correlation	.053	.152**	.216**	1	-.299**	-.004	.094
	Sig. (2-tailed)	.341	.007	.000		.000	.944	.093
How many employees does your business have	Pearson Correlation	.168**	-.081	-.163**	-.299**	1	-.008	-.127*
	Sig. (2-tailed)	.003	.147	.004	.000		.884	.023
was the business growing slower or faster than your peer group in the market at the time of the first growth challenge	Pearson Correlation	.096	.054	-.028	-.046	.137*	-.069	.028
	Sig. (2-tailed)	.085	.338	.617	.411	.014	.217	.619
According to your experience with the business, is your industry's key resources available or not	Pearson Correlation	.017	.027	.152**	.094	-.127*	.049	1
	Sig. (2-tailed)	.769	.635	.006	.093	.023	.385	

The results show a weak but significant linear relationship between the factors of sustainable growth and leadership styles. The “number of years working in a business” is positively linearly

related to “the leader offers recognition when goals are achieved” ($r=0.137$, $p=.014$) and inversely related to “according to your experience with the business, is your industry's key resources available or not” ($r=-0.125$, $p=.026$).

The relationship with the employees is positively weakly related to the number of employees in the business ($r=0.68$, $p=.003$).

The role of “the leader creating a productive and positive working climate” is positively weakly related to “the leader avoids getting involved and allows innovation” ($r=0.152$, $p=.007$). “The leader offering recognition when goals are achieved” is weakly positively related to “the leader avoids getting involved and allows innovation” ($r=0.216$, $p=.000$) and weakly inversely related to “the number of employees in the business” ($r=-0.163$, $p=.004$).

“The leader avoids getting involved and allows innovation” is weakly positively related to “the leader creates a productive and positive working climate” ($r=0.152$, $p=.007$) and inversely related to “the number of employees in the business” ($r=-0.299$, $p=.000$).

“The business growing slower or faster than your peer group in the market at the time of the first growth challenge” is weakly positively related to “the number of employees in the business” ($r=0.137$, $p=.014$).

“Experience with the business, whether or not the industry's key resources are available” is weakly positively related to whether “the leader offers recognition when goals are achieved” ($r=0.152$, $p=.006$) and weakly inversely related to “the number of employees the business” ($r=-0.127$, $p=.023$).

4.11.2 Optional hypothesis testing

Coakes and Steed (2003:195) state that there are two main types of chi-square tests. The chi-square test for the goodness of fit applies to the analysis of a single categorical variable, and the chi-square test for independence or relatedness applies to the analysis of the relationship between two categorical variables. The chi-square test for the goodness of fit was used to test the following hypotheses:

H₀: the variables individual entrepreneur, firm and setting are factors NOT associated with small and micro enterprises sustainable growth

H₁: the variables individual entrepreneur, firm and setting are factors associated with small and micro enterprises' sustainable growth.

4.11.2.1 Individual entrepreneur

Table 4.47 Test Statistics

	How do you rate your relationship with your employees	the leader creates a productive and positive working climate	the leader offers recognition when gaols are achieved	leader avoids getting involved and that allows innovation
Chi-Square	183.644	277.650	447.969	54.906
Df	2	3	4	4
Asymp. Sig.	.000	.000	.000	.000

At the 5% significance level, since the p-values are less than 0.05, H₀ was rejected and it was concluded that individual entrepreneur factor is associated with small enterprises' sustainable growth.

4.11.2.2 Firm

Table 4. 48 Test Statistics

	Has your business experienced growth challenges of any sort since its establishment	was the business growing slower or faster than your peer group in the market at the time of the first growth challenge
Chi-Square	72.200	41.931
Df	1	2
Asymp. Sig.	.000	.000

At the 5% significance level, since the p-values are less than 0.05, H₀ is rejected and it was concluded that firm is a factor associated with small and micro enterprises' sustainable growth.

4.11.2.3 Setting

Table 4. 49 Test Statistics

	In your industry do supply and demand conditions enhance growth	According to your experience with the business, is your industry's key resources available or not	Are entry requirements in your industry cumbersome
Chi-Square	108.113 ^a	148.513 ^a	18.050 ^a
Df	1	1	1
Asymp. Sig.	.000	.000	.000

At the 5% significance, level since the p-values are less than 0.05, H_0 is rejected and it is concluded that setting is a factor associated with small and micro enterprises' sustainable growth.

4.12. Summary

The research findings were obtained from 320 respondents, out of 384 questionnaires that were distributed to small and micro enterprises in PMB. Data analysis was carried out based on the sequence of the questions from the questionnaire. The descriptive statistics were also reported and detailed discussion from the primary data was provided. This revealed the effectiveness of the three leadership styles in question. All three leadership styles have their benefits and challenges. However, transformational leadership style proved to be the most effective style compare to the other two (transactional and laissez-faire leadership styles).

The conclusions drawn based on the findings, and the suggested recommendations are presented in the next chapter.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The previous chapter reported the findings of this study. This chapter provides the conclusions and recommendations regarding the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in Pietermaritzburg (PMB). The recommendations are directed to the managerial leaders of these entities. The research limitations and, recommendations for further research are also presented.

5.2 Conclusions

This study investigated the influence of managerial leadership styles on the sustainable growth of small and micro enterprises in South Africa (SA). The conclusions were drawn from the findings of the study which was conducted using the quantitative method. The quantitative method was used by the researcher to generate the statistics. The study was conducted based on the research objectives and questions of this study.

It was concluded from the findings of this study that, small and micro enterprise managerial leaders in PMB, SA, adopt transformational leadership more compared to the other two types of leadership (transactional and laissez-faire). According to Towler (2019), transformational leaders work with their employees to implement change, that is, employees are motivated and listened to, encouraged to fully utilize their skills, and ultimately the supportive environment is built. Then the transactional leadership style is the second most common one adopted by small and micro enterprises managerial leaders in PMB. According to Alkahtani (2016), transactional leaders have the power to train employees, correct them when production is not meeting the expected level, and reward them appropriately when employees reach the expected outcomes. With regards to the laissez-faire leadership style, it was concluded that small and micro enterprises managerial leaders in PMB do not possess the qualities of a laissez-faire leader probably because of the nature of business they are in, that is, retail and service sectors. According to Waris et al (2018), laissez-faire leaders have minimum involvement in decision making and employees are allowed to make their own decisions. However, there are benefits and drawbacks to this type of a leadership.

Furthermore, it was concluded that individual entrepreneur character is a factor associated with small and micro enterprises sustainable growth. If the entrepreneur has good relationships with the employees and is able to create a productive and positive working environment by recognizing employees when goals are achieved and allowing room for innovation, there is no doubt that such a business will experience sustainable growth. As can be seen, all these characteristics mentioned here, fall under the three leadership styles that the study is investigating. Therefore, having all these leadership styles is very essential, as they are perceived to impact positively on the sustainable growth of businesses. As indicated in the literature review chapter of this study, managerial leadership is very essential in the 21st century, as organisations rely on managerial leaders who are able to avoid costly mistakes, and are able to make concrete decisions in the complex situation. Unnecessary costs are minimised hence the contribution to the growth of the organisation. According to Machado (2016), growth can be measured through number of employees the firm has, entrepreneur's qualification and experience, and the market structure. He argues that all these variables can influence business growth.

5.3 Recommendations for small and micro enterprises owners and managers

In order for any organization to succeed and become profitable it is imperative that the leadership have the necessary style, skills, and vision. The current research has shown that the two predominant styles of leadership that are well suited to small and micro enterprises are transformational leadership and transactional leadership. However, the study by Franco and Matos (2015) shows that laissez-faire leadership style is appropriate for SMMEs as well. This study showed that laissez-faire leadership style has several gaps, perhaps because of the particular sector the business falls under. Based on the type of business, and due to the involvement of monetary transactions in some business organisations, employees still need to be monitored and the decisions made mostly need to be shared, as the employees cannot make decisions on their own.

It is therefore, recommended that the management of small and micro enterprises be trained and equipped with skills to build successful ventures. This could be done through workshops, seminars, webinars, and podcasts, for example. The role of the chamber of commerce and the government cannot be overemphasized and much can be done to educate, motivate, and develop leaders through various initiatives such as training sessions and compulsory registration of businesses along with qualifications, so that an audit on the education level of

the employers and employees can be done with a view to upgrade them with the necessary skills.

The determining factors for sustainable growth include experience, relationships with employees, supply and demand, and experience with whether the industry key resources are available or not. The inhibitors to sustainable growth include the entry requirement of the specific industry being cumbersome. The other inhibitor to sustainable growth is the growth challenge that the businesses face since their establishment. Business mentors can help alleviate or deal with some of these challenges.

The impact of leadership style on sustainable growth includes the transformational style and the laissez-faire style, and accounts for most of the variation in the data. The transformational style impacts in a positive way and the laissez-faire impacts in a negative way. As mentioned earlier, this finding could be because of the particular sector the small and micro enterprises are operating in. Surveyed businesses were from different sectors, namely retailers, service providers, and manufacturers. The managerial leaders could also be advised to assess the current situation they are faced with and accommodate the three styles by being flexible in this rapidly changing business environment. According to Machado (2016), service firms are more heterogeneous and grow less than industrial firms. This could also raise a concern for further research where the other study could be carried out and focus on the effectiveness of different leadership styles adopted in different business sectors.

5.4 Research Limitations

The study is limited to small and micro enterprises in PMB, KwaZulu-Natal Province, SA. The study was initially intended to cover small, medium, and micro enterprises, however, the responses received by the researcher were only from the small and micro enterprises. Thus, the research is not inclusive of other small and micro enterprises (together with medium enterprises) in other areas in the KZN province. Furthermore, due to the allocated time to complete the short dissertation for the Master's degree, the researcher had to narrow her focus. However, the quality of the information has not been affected by the limitations and the research is still valid. The other limitation of this study was that it only focuses on three leadership styles (transformational, transactional, and laissez faire leadership) which may not give a conclusive picture on leadership styles associated with sustainable growth in small and micro enterprises in the city.

5.5 Recommendations for Further Research

The researcher proposes the research results of this study as the foundation for further studies in the area covered. The limitation of the current study is that it is a cross sectional study and does not capture the change in trend over time since business evolves over time. In order to overcome this aspect, a longitudinal study measuring leadership styles and its impact on sustainable growth can be undertaken. An avenue for future research would be to use flexible statistical models to measure the impact of leadership on sustainable growth. This could possibly include a path model. This study recommends that further studies be conducted to include more leadership styles, for example, more research on how autocratic, charismatic, coaching, bureaucratic, and visionary leadership styles can assist in establishing sustainable growth in small and micro enterprises.

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Appendices

Appendix 1: Questionnaire

QUESTIONNAIRE ON THE INFLUENCE OF MANAGERIAL LEADERSHIP STYLES ON THE SUSTAINABLE GROWTH OF SMALL, MEDIUM AND MICRO ENTERPRISES IN SOUTH AFRICA

SECTION A: DEMOGRAPHIC INFORMATION

Instructions: Please put a tick in the appropriate box

1. Please indicate your gender

[1] Male [2] Female

2. Are you the:

[1] Owner [2] Manager [3] Other (please specify)

3. Age group

[1] 20 - 29 [2] 30 – 39 [3] 40 – 49 [4] 50+

4. Population group

[1] Black [2] White [3] Indian [4] Coloured [5] Other (please specify)

5. What kind of business sector are you in?

Service Retail Manufacturing

Construction Other (please specify)

6. What is your highest qualification?

	Tick
Diploma	
Bachelor's Degree	
Honours Degree	
Master's Degree	
Doctoral Degree	
Other (please specify)	

SECTION B: LEADERSHIP STYLES

7. Please read and indicate how strongly you agree or disagree with the following statements by ticking the appropriate number: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA).

Statements	SD 1	D 2	N 3	A 4	SA 5
TRANSFORMATION LEADERSHIP STYLE					
1. In our organisation the leader motivates and encourages employees					
2. In our organisation the leader builds supportive environment by listening to the employees' needs					
3. In our organisation the leader allows employees to fully utilise their skills					
TRANSACTIONAL LEADERSHIP STYLE)					
4. In our organisation the leader sets objectives and has power to train and correct the employees					
5. In our organisation the leader monitors the expected performance and corrects the employees when perceiving productivity is below the expectation					
6. In our organisation the leader controls the outcome and rewards the employees when the expected outcome is attained					
LAISSEZ-FAIRE LEADERSHIP STYLE					
7. In our organisation the subordinates are allowed to have freedom to make decisions that concern their work					
8. In our organisation the employees are allowed to complete their work without closer supervision					
9. In our organisation the leader just provides resources required and allow subordinates to show their initiative					

SECTION C: FACTORS ASSOCIATED WITH SMMES SUSTAINABLE GROWTH

8. Individual entrepreneur

1.) How long have you been working in this business?

- Less than a year
- One year
- Two to five years
- Six to ten years
- More than ten years

2.) How do you rate your relationship with your employees?

- Excellent
- Good
- Average
- Poor

3.) On the following scale, please rate the leader that you believe is most responsible for the current state that your business is in.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
The leader creates a productive and positive working climate					
The leader offers recognition when goals are achieved					
The leader avoids getting involved					
The allows innovation					

Firm

4.) How many employees does your business have?

- less than 5

5 -15

16- 25

26- 50

Other, please specify

.....

5.) Has your business experienced growth challenge of any sort since its establishment?

Yes

No

6.) Was the business growing slower or faster than your peer group in the market at the time of the first growth challenge?

Faster

At the same rate of growth

Slower

Setting

7.) In your industry, do supply-demand conditions enhance growth?

Yes

No

8.) According to your experience with the business, is your industry's key resources available or not?

Yes

No

9.) Are entry requirements in your industry cumbersome?

Yes

No

SECTION D: IMPACT OF LEADERSHIP STYLE ON SUSTAINABLE GROWTH

10. Please read and indicate how strongly you agree or disagree with the following statements by ticking the appropriate number: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA).

Statements	SD 1	D 2	N 3	A 4	SA 5
TRANSFORMATION LEADERSHIP STYLE					
1. Motivated employees gain more self-confidence and excel in their work and contribute to sustainable growth of the business					
2. Two-way communication reveals how employees can contribute to the sustainability of the business					
3. Flexibility allowed adds to the sustainable growth of the business					
TRANSACTIONAL LEADERSHIP STYLE)					
4. Adhering to growth objectives set by an expert enhances the sustainability of the business					
5. Employees monitoring is demotivating and hinders them from contributing to the growth of the business					
6. Guidance to achieving a common goal assist the team to add value to the sustainable growth of the business					
LAISSEZ-FAIRE LEADERSHIP STYLE					
7. Freedom to take personal responsibility for one's achievements and failure stimulates commitment that contributes into the growth of business					
8. Working independently helps employees to be productive and add to the growth of the business					

9. Absence of strict policies and procedures allow employees to add to the sustainability of the business					
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THANK YOU FOR PARTICIPATING IN THIS RESEARCH PROJECT.

Appendix 2: Informed Consent Document

UNIVERSITY OF KWAZULU-NATAL
School of Management, IT and Governance
Masters Research Project

Researcher: Alphonsine Mudahogora-Murekezi (076 122 1042)

Supervisor: Dr Refiloe Gladys Khoase (033 260 5736)

Research Office: Ms P Ximba 031-260 3587

Dear Respondent,

I, Alphonsine Mudahogora-Murekezi am a master's student in the School of Management, at the University of KwaZulu-Natal. You are invited to participate in a research project entitled "The influence of managerial leadership styles on the sustainable growth of small, medium and micro enterprise in South Africa".

The aim of this study is to investigate the influence of the managerial leadership styles on the sustainable growth of Small, Medium and Micro Enterprises in Pietermaritzburg, South Africa.

Through your participation I hope to understand the role that the leadership styles play in the sustainable growth of SMMEs. The results of this survey are intended to contribute to the knowledge of the impact the managerial leadership styles have on the sustainability of SMMEs, this is perceived will reveal the reasons behind the early closure of SMMEs, whether it is due to the management of the businesses or the cumbersome measures that the governments put in place for the running of the small businesses.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, IT and Governance, UKZN.

If you have any questions or concerns about participating in this study, please contact me or my supervisors at the numbers listed above.

It should take you about thirty minutes to complete the questionnaire. I hope you will take the time to complete the questionnaire.

Sincerely

Investigator's signature

Date_____

This page is to be retained by participant

UNIVERSITY OF KWAZULU-NATAL

School of Management, IT and Governance

Masters Research Project

Researcher: Alphonsine Mudahogora-Murekezi (076 122 1042)

Supervisor: Dr Refiloe Gladys Khoase (033 260 5736)

Research Office: Ms P Ximba 031-260 3587

CONSENT

I _____ (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant

Date

This page is to be retained by researcher

Appendix 3: Ethical Clearance



30 November 2020

Mrs Alphonsine Mudahogora-Murekezi (209541038)
School Of Man Info Tech & Gov
Pietermaritzburg Campus

Dear Mrs. Mudahogora-Murekezi,

Protocol reference number: HSSREC/00000645/2019

Project title: The Influence of Managerial Leadership Styles on the Sustainable Growth of Small, Medium and Micro Enterprises in South Africa

Amended title: The influence of managerial leadership styles on the sustainable growth of small and micro enterprises in South Africa

Approval Notification – Amendment Application

This letter serves to notify you that your application and request for an amendment received on 12 November 2020 has now been approved as follows:

- Change in title

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form; Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

Best wishes for the successful completion of your research protocol.

Yours faithfully



Professor Dipane Hlalele (Chair)

/dd

Humanities & Social Sciences Research Ethics Committee
UKZN Research Ethics Office Westville Campus, Govan Mbeki Building
Postal Address: Private Bag 904001, Durban 4000
Tel: +27 31 260 8356 / 4557 / 3587
Website: <http://research.ukzn.ac.za/Research-Ethics/>

Founding Campuses: Edgewood Kwaduzulu College Medical School Pietermaritzburg Westville

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