# The Factors Influencing the Leadership Style of Nigerian Small-Scale Business Entrepreneur

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**ABSTRACT**

The research work takes a critical look at the factors that influence the leadership styles of Nigerian Small- Scale business entrepreneurs. Based on the nature of the work, a survey research model was adopted. A total number of 60 respondents who are Chief Executive Officers of Small- Scale Business Enterprises were randomly sampled across different locations in Lagos metropolis, which is the commercial hub city of the Nation. Data were generated using questionnaires and unstructured interview methods. The chi-square (X2) statistical tool was adopted for data analysis at 0.05 level of significance. The outcome of the findings revealed that there is a significant relationship between **the personality of members of an organization, the size of the firm, the degree of interaction and goal congruent of the organization** and the leadership style adopted by a Nigerian small-scale business entrepreneur. Recommendations were equally proffered since the leadership style adopted by a leader goes a long way in determining the success or failure of the organization.

**KEY WORDS:** Leadership, Styles, Business, Entrepreneur, Organization.

## Introduction

It is often said that a ship without a captain will definitely sail towards no direction. In a similar manner, herd of cattle or sheep without a shepherd will also move in total disarray. Any association or organization without an effective head or leader will not but achieve no result.

Bernard, M and Bass, S (1990) define leadership as interaction between members of a group. Leaders are change agents, persons whose acts affect other people more than people's acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group.

From the definitions above, it is evidently clear that leadership entails the use of influence and that all interpersonal relationships can involve leadership. Secondly, it also involves being a change agent-the ability to affect the behaviors and performance of followers. Lastly in the definition, the issue of goal accomplishment was also paramount. All these qualities are the essential of a good leader. Individual may judge the effectiveness of a leader based on the total satisfaction that such an individual derived from his work experience. In fact, acceptance of a leader's directives rests largely on the followers' expectation that a favourable response will generate an attractive outcome.

The issue of leadership has generated a serious concern in Nigeria as a country. The country has been rather unfortunate with the right kind of leadership since independence. Considering the enormous resources at the disposal of this great country, citizens are still living in abject poverty. The social infrastructures are in a state of decadent paralysis, hospitals are death traps, and schools are in deplorable conditions while unemployment rate is quite alarming. The question that beckons for answer is what could be the problem with Nigeria as a country? Having taken a holistic view of countless endowments in the country, one can only but concluded that the country lacks the magic touch that is required of a leader to turn the country around. The country needs someone who could manipulate and harness the diverse human and material resources together in other to meet the expectations of the yenning population.

The United State of America can stand tall and mention such leaders like George Bush, Abraham Lincoln, and Rockefeller etc. The world today would have been boring without the scientific inventions of Einstein Albert, Babbage and others who are path-finders. Industrialization would have also been a mirage without leaders like Rockefeller, Andrew Carnegie, and Ford etc

Many countries of the world are industrial giants (e.g. Japan, America Germany etc) simply because they have Chief Executives who are competent leaders.

In the words of Michael, B.M (1993), posited that an effective leader is one who can make ordinary men do extraordinary things, make common people do uncommon things.

Vroom, V.H (1964) described leadership as the ability to awaken in others the desire to follow a common objective.

Leadership always involves attempts on the part of the leader (influencer) to affect the behavior of a follower (the influenced) or followers in a situation-Pfeffer, J and Salancik,G (1975).

Laurie and Mullins, (2007) describe leadership as a matter of making a difference. According to them, it entails changing an organization and making active choices among plausible alternatives, mobilizing and developing them to get the job done.

Gbadamosi and Adebakin (1996) hold the view that a leader is one who inspires others to work willingly towards the achievement of a goal through maximum application of his personal capabilities and qualities.

Leadership according to Naidu (2006) is the ability to persuade others willingly to behave differently. In an organizational setting, it is vital for any leader to perform both the task function and the group function for him to be successful. Both are very significant. The ability to synchronize both functions together makes a good leader.

Mosadegh, R et al, (2006) stressed that leaders who are able to influence, motivate and direct employees will often be rewarded by loyalty and performance of their employees.

Coleman (2000) further stresses that an effective leader should not only depend on a single leadership style but on the contrary, should be able to use a number of different styles that suit the environment he found himself and the work group he is dealing with.

Johnnie (1996) refers to leadership as the process by which a worker tries to influence a task related activity on subordinate.

Seyi, S (2003) sees a leader as someone who could persuade work group to cooperate in other to achieve the goals of the organization.

Nwlink.com (1997) defines leadership as a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it achieve its objectives.

Fajana, S (1997) describes leaders as individuals who have authority over others and are responsible for guiding their actions. He sees leaders as those who engaged in the traditional management practices such as planning, organizing, decision making and controlling. Leaders are evaluated according to their ability to achieve organizational goals. Regardless of environmental constraints, they are praised for successes and blamed for failures.

Leadership is one aspect of the leader's role, that which concerns the ability to personally influence people in his role set to accomplish specific tasks.

From the copious definitions of leadership cited above, one thing that is paramount is the fact that a leader should be able to carry the subordinates along at all times so as to be able to achieve the set goal(s) of the organization.

## Statement of Problems

As it was earlier mentioned, leadership issue is a serious matter just as security is paramount and important to any nation. Most organizations derailed and close shops as a result of dearth of administrative skills on the part of the management (Akhakpe, 2008). The various problems bedeviling the country today have been attributed to incompetency on the part of our leaders. Taken a cursory look at the various sectors of our economy-education, health, sports, etc., there is nothing to 'write home about'. It is an axiomatic fact that for a nation or organization to record a meaningful achievement or growth, there is need to develop able leaders. Several attempts have been made by government to set up leadership development centers (e.g. Centre for Management Development) to boost the leadership requirement of this country yet, no significant achievement has been recorded so far. It is also imperative to note that the nation's quest to achieve the millennium development goal of 20:20:20 may be a mirage without adequate stock of leaders who will effectively harness the enormous resources at our disposal.

## Objectives of Study

It is based on the importance of this sensitive management issue that the following objectives are proposed. More so, it will assist us to know those determinants that influence the leadership styles of Nigerian small-scale business entrepreneurs. Among these objectives are:

- To examine the relationship between leadership style and personality of members in an organization.
- To examine the effect of size of an organization on the leadership style
- To examine the impact of the degree of interaction among workgroup on leadership style
- To examine the relationship between goal congruent and leadership style.
- To assess the impact of leadership on productivity

## Research Questions

From the objectives of the study, the following questions were generated to assist in the achievement of the purpose for which the research was conducted.

1  The size of a firm can influence the leadership pattern/style of a leader?
2  The style of a leader can spur workers into higher performance/productivity?
3  The strategy adopted by an organization influences the leadership style?
4  The type of work group relationship existing in an organization influences the leadership style?
5  Leaders are made not born?
6  The goal attainment of an organization influences the leadership style?
7  The policy framework of an organization influences the leadership style?
8  The personality composition of the work group influences the leadership style?
9  Personal attributes influence leadership style?
10  Life experiences play a major role in the leadership style of a Nigerian Small-Scale Entrepreneur?

## Scope/ Limitation of Study

The scope of this study covers twenty Small-Scale businesses across different areas in Lagos State of Nigeria. For obvious reasons, Lagos State is the commercial nerve Centre of Nigeria and any rational and foresight business entrepreneur would 'catch in on' the infrastructural and population advantages, in terms of demand for products and access to raw materials and other opportunities. Furthermore, it is also imperative to state that a research of this magnitude will attract a lot of resources (money), and since these resources are limited in supply, therefore the rationale for restricting the study to the Centre of Excellence (Lagos State), cannot be over-emphasized.

## Significance of Study

The importance of this study cannot be over-emphasized for the following reasons:

- It will assist policy makers and stakeholders on how to carry out their various activities.
- It will act as a guide document for future leaders occupying positions
- It will also help in analyzing organization and enabling the leader to have full knowledge of the workforce.
- It will help leaders in determining the most appropriate style to adopt at a particular circumstance.

## Empirical and Theoretical Perspectives

Several theories of leadership have been proposed and deliberated upon by experts. For the purpose of this study, two theories will be given prominence. These are the Trait and situational approaches of leadership.

### Trait theory

The trait approach of leadership assumes that there are inherent and biological characteristics or qualities in every leader or manager which influence his style of leadership. Naturally, a leader is expected to be self-confident and emotionally stable, he is likely to show or expresses more enthusiasm than others, he is also expected to be warm, sensitive, sympathetic and friendly to people. It is the possession of these qualities or traits that would make a leader that can inspire followers (gbadamosi and Adebakin, 1996). The trait approach emphasizes that leaders are born not made. It also pays attention on the leaders while ignoring the followers who are also contributors. The trait approach did not pay attention to the fact that leaders can also be made not born.

## Situational Approach

On the other hand, the circumstances and situation that a leader found him/herself may also influence his leadership style. This is the argument of the situational approach which states that leadership is specific and always relative to the particular situation in which it occurs. A leader may display different personality traits to deal with diverse problems. (Coleman, 2000).

In both approaches, one can conclude that leadership is a combination of variables like the personality traits, experience, context and even the culture of the workgroup. It is the ability to synchronize all these that makes a good leader.

## Methodology

### Sample size and data collection

The study population comprises of sixty business owners and managing partners of small-scale businesses spread across Lagos Metropolis. The businesses were categorized into different functional areas.60 questionnaires were distributed with fifty three of them duly returned.

**Table showing distribution of questionnaires among the selected small-scale business outfits across Lagos.**

| Organizations | Questionnaire Distribution | Returned |
|---|---|---|
| Pharmaceutical | 5 | 4 |
| Laundry | 6 | 6 |
| Polythene | 18 | 16 |
| Detergent | 8 | 7 |
| Poultry | 8 | 6 |
| Table water | 15 | 14 |

Source: Field Survey, 2012

53/60 * 100/1 =88.3%

It is evident from the table that 53 out of the 60 distributed questionnaires were retrieved. This represents 88.3% of the total questionnaires that were distributed.

Admittedly, a lot of literatures have been adduced by experts in respect of those variables that influence the leadership styles of Nigerian business moguls. Nevertheless, this study identified some critical factors and subjected them to empirical testing so as to provide an explanation for the relationship that exists between these factors and the leadership style of a Nigerian small scale entrepreneur. In doing that, the following hypotheses were therefore proposed and tested:

1.    H0: Employee Personality does not influence the leadership style adopted by a Nigerian small-scale Entrepreneur.

    H1: Employee by a Nigerian small- Personality influences the leadership style adopted     scale Entrepreneur.

2.    H0: The leadership style adopted by a Nigerian small-scale entrepreneur is influenced by the size of his organization

    H1: The leadership style adopted by a Nigerian small-scale entrepreneur is influenced by the size of his organization.

3.    H0: The degree of interaction within the work group does not influence the leadership style of a Nigeria business entrepreneur.

    H1: The degree of interaction within the work group influences the leadership style of a Nigeria business entrepreneur.

4.    H0: The degree of goal congruent among employees in an organization does not determine the leadership style adopted by a Nigerian small-scale entrepreneur.

    H1: The degree of goal congruent among employees in an organization determines the leadership style adopted by a Nigerian small-scale entrepreneur.

**Statistical Analysis and Result**

The statistical instrument adopted for this work is the percentage frequency table for the descriptive aspect while the chi-square$(X2)$ is used for analytical aspect of the data.

**Result and Discussions of findings**

The researcher does not totally believe that the variables examined in this work are the only one responsible for the leadership style(s) adopted by a Nigerian small-scale business Entrepreneur. But they are factors that also influence their leadership methods. The variables have been subjected to empirical test and the results are as follows:

1    **Employee Personality**

It is a known fact that people have different personalities which invariably affect the way they react to situations. For instance, in a work setting where we have individuals that depend largely on others, such individuals do not in most cases participate in decision making since the structural arrangement within the organization has made it

easy for them. But individuals with clear sense of direction and wish to get ahead love to participate and contribute to the processes that may impact positively on his or her life. Out of the 53 retrieved questionnaires, 48 which represent 90.6% are in agreement that employees' personality influences leadership style of a small scaled Nigerian business entrepreneur. Using the chi-square statistical test the X2 cal= (42.5) while X2 tab. =7.81. The outcome of the finding shows that the calculated X2 is greater than the Tabulated. The Null hypothesis is therefore rejected while the alternative one is accepted.

Under this circumstance, the leader must engage in cooperative kind of leadership where everybody is incorporated into decision making process since no one man has monopoly of knowledge. All employees must have a stake in the affairs of the organization and be an active participant.

## 2 Size of the organization

When organization grows in size and becomes complex, decision making becomes centralized and participation of the employees in decision making also becomes weakened. This actually differentiates the one man business from the limited Liability firms. Under this situation, directives are handed down from the top to the bottom level with strict compliance. So the leadership style tends towards the autocratic type as against the participate type in a small organization. 50 respondents out of 53 concurred to this fact which represents 94.3%. Using the X2 test statistics, X2 cal= (50.6) while the X2 tab. =7.81. The Null hypothesis is rejected while the alternative one is accepted. The implication of this result therefore is that, organizations that are small in size adopt the participatory leadership style while the complex organizations use the directional style of leadership.

## 3 Degree of interaction among work group

In an organization where employees interact and cooperate in other to achieve a given task, there is bound to be an open channel of communication because functional specialization promotes open communication since members must interact and share ideas. Under this arrangement, the democratic style of leadership tends to prevail or be adopted. But in a situation where the manager alone possesses the expertise and the technical know-how of the job, the autocratic or dictatorial style of leadership is likely to be adopted. 40 respondents concurred to this assertion which represents 75.5%. The test statistics also shows that X2 cal= (22.0) while X2tab=7.81.The Null hypothesis is therefore rejected while the alternative one is accepted.

## 4 Goal congruent among employees

It was discovered that when the goal achievement of an individual employee or the employees is in tandem with that of the organization, the leadership method or style is more of participatory rather than autocratic. In this context, there is perceived unity of direction and purpose as everybody works towards the attainment of a common goal. 52 respondents out of the 53 distributed questionnaires agreed to this fact representing 98.1%.

The X2 cal result gives (36.5) as against the X2 tab. (8.71). We therefore accept the hypothesis which states that goal congruent of employees influences the leadership style adopted by a Nigerian Small Scale-business entrepreneur and reject the Null hypothesis which states otherwise.

**Conclusion**

This work has been able to assist in unfolding some of the factors that influences the leadership style of an average small-scaled Nigerian entrepreneur. Though the outcome is not an end but has contributed to the progress made so far in this area of research. Policy makers, academia and other researchers can borrow a leaf from the findings to further research work on this area of study.

**Recommendations**

Apart from the social responsibility expected of an organization by the host community, the primary motive of any business concern is profit making. Profit maximization cannot be attained without the input of both the management and the employees alike. Both parties must work in tandem to achieve this success.

Based on the findings of this work, it is therefore necessary and imperative for indigenous chief executives of Small scale businesses to study the workforce critically in other to know the right kind of leadership style to adopt. As it was observed in some of the literatures that, a leader is one who can make ordinary people to do extra-ordinary things. So, studying the psychic of the employees is a necessary factor.

On the other hand, the size of an organization has also been identified as a critical factor that determines the leadership styles of Nigerian small-scaled business owners. It is therefore imperative that as the outfit grows in size, the leaders must adapt to the needs of the growth. There must be need to decentralized authority so as to make decision making more participatory and effective. Decisions are more effective and participatory when a firm is relatively small in size.

It was discovered that when there is high degree of specialization, there is also high level of communication, interaction and sharing of ideas. All these are what a leader should study before adopting any form of leadership style. Related and specialized jobs can be brought together reduce supervision and monitoring on the part of the

leader which invariably makes the leader less despotic or authoritative in nature. When this is avoided, the work environment becomes conducive with high result achieved.

Finally, leaders should make the employees to also imbibe the spirit of co-ownership in them. They should see themselves as part and parcel of the business. It is on this bases that they will inject all the required energy to achieve the set goal for both, (owner and employees) since the success of the business is success for us all. Once this is achieved by the owner, the leadership style becomes less dictatorial and more of participatory and democratic.

Really, leadership style according to the situational theorists is predicated on the prevailing circumstances. So whatever the leadership style is to be adopted, there is need to study the elements or variables on ground so as not to jeopardize the interest of the organization.

**Suggestion for further studies**

Several leadership researches have been carried out by academia, policy makers and those in the management of businesses. The outcomes have impacted tremendously on the study of the concept. This research is one of such that has also added more to knowledge. But it is also interesting to say that the findings of this work are not an end. Researchers should also examine the accuracy of these results and likely setbacks. Other factors that could influence managers and leaders at various levels of organizations for the adoption of a particular style of leadership should also be studied.

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