THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND PERFORMANCE IN MICRO AND SMALL ENTERPRISES: A CASE OF SELECTED MSEs FROM THE KASARANI CONSTITUENCY

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ABSTRACT

Leadership style is thought to play a significant role within organisations. Studies have shown a relationship between leadership style and performance. Thus, leadership is a crucial factor in organisations. The role of leadership assumes more significance since the business environment has become more dynamic and challenging than it was previously. Past studies have focused on high-level, middle-level, military and non-profit institutions. Moreover, the results from the studies have not been validated against leaders of micro and micro level enterprises. It is against this backdrop that this study was conducted to establish the relationship between transformational and transactional leadership styles and performance within micro and small level enterprises within Kasarani Constituency.

The study relied on the purposive sampling method to collect data from fifty-five enterprises. Through the use of qualitative and quantitative analysis, the relationship between leadership style and performance was established. Based on the correlation results, the two leadership styles have a significant positive relationship with performance although transactional leadership style has a stronger association than transformational leadership style. Possibly, micro and small enterprises' workers do not have the skills or experience that professionals have. Consequently, using contingent rewards and management by exception as opposed to idealized influence, intellectual stimulation/individual consideration and inspirational motivation is more commendable since such could induce better performance within such enterprises.