

DEMOCRATIC LEADERSHIP AND PERFORMANCE OF YOUTH-OWNED SMES
IN RUIRU CONSTITUENCY, KIAMBU COUNTY, KENYA

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DECLARATION

I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit.

Signed: _____ Date: _____
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This thesis has been submitted for examination with my approval as the appointed Supervisor.

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Supervisor

DEDICATION

To my wife Juliet Murimi and my two daughters Promise and Peace. I can't thank you enough. To Dr. Irungu Macharia who has been instrumental in sharpening me in academic writing and to every person who has supported me in this journey. May the Almighty God shine his eternal light your way.

God bless you all.

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ABSTRACT

The notion that democratic leadership style is ideal for realizing the performance of SMEs has been promoted by a number of scholars. However, limited empirical research have been undertaken to validate such claims with respect to performance of youth owned SMEs in Ruiru Constituency. The purpose of the study was to investigate the effects of democratic leadership on performance of youth owned SMEs in Ruiru Constituency. This was broken down to four specific objectives: to explore the extent to which a consultative approach to leadership affects performance of youth owned SMEs in Ruiru Constituency; to determine the effect of participative approach to leadership on performance of youth owned SMEs in Ruiru Constituency; to determine the effect of shared responsibility on performance of youth owned SMEs in Ruiru Constituency; and, to determine whether sense of empowerment explains the relationship between democratic leadership and performance of youth-owned SMEs in Ruiru Constituency. The study was anchored on four theories: Democratic Leadership Theory, Participatory Leadership Theory, Empowering Leadership Theory and Balanced Scorecard Theory. A combination of both explanatory and descriptive research designs were used. The target population was based on 572 people who were members of 36 youth owned enterprises which received loans from the Youth Enterprise Development Fund. A sample of 86 participants was selected using stratified sampling method. Data was collected using a structured questionnaire. Cronbach's alpha test yielded reliability coefficients above 0.7. Data was analyzed by generating the mean, standard deviation and percentage frequencies of the dataset. Hypotheses were tested using correlation and regression analysis. Results showed that the overall mean score for the practice of democratic leadership on a 5-point scale was moderately high. Consultative leadership was positively and significantly correlated to member satisfaction but not to profitability. Overall, consultative leadership accounted for 5.2 percent of the variability in performance of youth owned SMEs in Ruiru Constituency but this effect was statistically insignificant. Participative leadership was positively and significantly correlated to member satisfaction but not profitability. Participative leadership accounted for 1.4 percent of the variance in overall SME performance, which was not statistically significant. The composite score of shared responsibility was neither significantly correlated to profitability of SMEs nor to member satisfaction rating. Shared responsibility explained 0.7 percent of the variability in overall SME performance, which was not statistically significant. Democratic leadership was significantly correlated to sense of empowerment. However, neither democratic leadership nor sense of empowerment was significantly correlated to the aggregate measure of SME performance. While there was no statistically significant indirect effect of democratic leadership on member satisfaction through sense of empowerment, there was a statistically significant direct effect of democratic leadership on member satisfaction. The practical implication of these results is that democratic leadership has more value for the achievement of non-financial objectives like member satisfaction and enhanced sense of empowerment and ownership. A study should be done to establish the conditions under which a high sense of empowerment translate into superior performance for youth owned SMEs.

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ACRONYMS AND ABBREVIATIONS

AfriCOG	Africa Centre for Open Governance
ANOVA	Analysis of Variance
CBO	Community Based Organization
EU	European Union
GDP	Growth Domestic Product
GOK	Government of Kenya
ILO	International Labor Organization
KAM	Kenya Association of Manufacturers
KBS	Kenya Bureau of Statistics
KER	Kenya Economic Report
KNBS	Kenya National Bureau of Statistics
Kshs.	Kenyan Shillings
NACOSTI	National Commission of Science, Technology and Innovation
NCPD	National Council for Population and Development
SMES	Small and Medium-sized Enterprises
SPSS	Statistical Package for Social Sciences
UN	United Nations
YEDF	Youth Enterprise Development Fund

OPERATIONAL DEFINITION OF TERMS

Consultative approach: This is an approach to leadership whereby the leader deliberately seeks and takes the input of others into account. In this study, consultative approach was indicated by advice seeking, opinion seeking, acceptance of criticism, and encouragement of feedback, giving information.

Democratic leadership: This refers to a leadership style characterized by consultation, participation and shared responsibility.

Participative approach: This refers to an approach to leadership whereby the organization's members are not just consulted but are involved in every aspect of the enterprise. This manifests through creation of room for dialogue, group discussion, involvement, majority will and negotiation.

Performance: This is a multi-dimensional construct referring to the accomplishments of a business as measured by profitability and employee satisfaction.

Sense of empowerment: This refers to a feeling characterized by collegiality, trust, knowledge sharing, autonomy and sense of community. This manifests collegiality, reciprocity, trust, respect, cooperation, sense of ownership, sense of inclusion, knowledge sharing and harmonious relationship.

Shared responsibility: This refers to a dimension of democratic leadership whereby decisions and actions are jointly taken by the organization's members rather than being single handedly decided by the leader. This entails delegation of responsibility, collective decision making, consensus seeking and accountability.

Small and Medium-sized Enterprises: These are firms that employ from 10 to 49 people and have an annual turnover ranging from half a million to five million shillings.

Youth: According to Constitution of Kenya 2010, this term is used to refer to any one between the age of 18 and 35 years.

CHAPTER ONE : INTRODUCTION AND BACKGROUND TO THE STUDY

Introduction

This chapter forms the introductory part of the study. It gives the background overview of the SME sector. The chapter also reviews youth owned SMEs from a global, regional and local perspective. It discusses the problem statement, research objectives, questions, assumptions, scope, rationale and limitations of the study.

Background to the Study

Any study that focuses on the SME sector is immediately confronted with the discovery that there is no common definition of the term SME itself (Berisha & Pula, 2015; Gamba, 2019). The definitions used keep being modified over time to keep at speed with changing environmental circumstances such as price levels and technological advancements (Gbam, 2017). Typically, many jurisdictions combine headcount with annual turnover (Majama, Israel & Magang, 2017). In terms of headcount, most jurisdictions across the world consider 10 employees as the lower limit. The upper limit varies widely from country to country, ranging anywhere from 100 to 499. In terms of turnover, a huge contrast can be observed between SMEs in the developed world and those in the developing world. For instance, the upper limit in many jurisdictions in Europe and North America considers an enterprise with a turnover equivalent to or less than 15 million US dollars as an SME (Berisha & Pula, 2015).

A developing country such as Kenya defines SMEs as firms that employ from 10 to 49 people and have an annual turnover ranging from half a million to five million shillings This translates to less than 50 thousand US dollars (SMEs Act, 2012). Even within developing country context, wide differences in metrics can be observed (Gamba, 2019; Gbam, 2017). For example, Botwana's upper turnover limit is at six hundred

thousand US dollars. It is way higher than the cut off turnover measure used in Kenya (Majama, Israel & Magang, 2017).

Despite the lack of a unifying definition, the contribution of SMEs to the growth and flourishing of any economy cannot be overemphasized (Wanjohi, 2013). There is a consensus that SMEs play a significant role in economies the world over, accounting for close to 90 percent of businesses, jobs created and GDP (Gbam, 2017; Muriithi, 2017).

A report by the European Commission (2011) which documented that a fifth of youth across the world are extremely poor, with many surviving on one US dollar a day. The report noted that as a result, many youth find themselves venturing into business out of necessity rather than out of choice. This has resulted in the emergence of what has been referred to as entrepreneurship by necessity versus by opportunity (Van der Zwan, Thurik, Verheul, & Hessels, 2016). Drawing from survey data in the United States and 32 other countries in Asia and Europe, Van der Zwan et al. (2016) found that business owners motivated by opportunity and those motivated by necessity had different profiles with respect to socioeconomic characteristics, personality and perception of entrepreneurial support. The study suggested that those who are driven into business by necessity ventured into business were less socioeconomically endowed.

Youth owned SMEs face unique problems affecting performance and growth that lead to their dismal performance (Muthee & Ngugi, 2014). In developing countries, the risk of unsuccessful youth owned SMEs is heightened by instability of the economy, corruption, lack of entrepreneurial skills, enough capital, proper planning and financial management skills, proper cushioning in case of failure and inability to stomach risks amongst many others (Sharu & Guyo, 2015). A study conducted by Wilde and Leonard (2017) found that the most significant feature of why youth-owned SMEs are struggling is due to the youth's structurally disadvantaged position.

In Kenya, SMEs are critical drivers of the economy contributing over 70% of economic growth (Economic Survey, 2015). Given the challenge of unemployment and underemployment amongst the youths, SMEs are being seriously considered as an option of economic empowerment among them. In spite of the acknowledged importance of SMEs in a nation's economy, the performance of SMEs has not been as expected in the global, African and Kenyan arena (Sharu & Guyo, 2015). Most SMEs in Kenya do not survive for more than three years. The few that do never outgrow their smallness (Ngugi, 2013; World Bank, 2014). According to the Kenya National Bureau of statistics (2007), three out of five businesses fail within the first few months of operation. This short life span is a cause for worry, especially when viewed from the perspective of the likely benefits such a venture will have not only on the owner but to the country (Migiro, 2005).

Performance of SMEs

The most basic definition of performance construe it simply as the achievement of objectives (Ankrah & Mensah, 2015). Performance is viewed as a multidimensional construct characterized by financial and non-financial indicators (Ngetich & Muchemi, 2018). The meaning and measurement of performance varies from sector to sector. The term performance has no universal definition. When measuring financial performance, accounting measures of profitability have been the most preferred. In terms of non-financial indicators, customer and employee satisfaction are salient dimensions of performance (Santos & Brito, 2012).

There are those who takes a broad-based view of performance as the achievement of the organizational goals and objectives (Cicea, Popa, Marinescu, & Catalina, 2019; Anggadwita & Mustafid, 2014). This latter definition puts the organization's mission and vision central to the definition of performance. It also takes a subjective view of

performance which, according to Zulkiffli (2014) is more accurate due to the challenges of obtaining objective data from SMEs. This implies that care needs to be taken when comparing performance across SMEs because of the potential diversity of missions and visions over time. To resolve this problem, most scholars combine both quantitative and qualitative definition and measurement of performance (Ciceo et al., 2019; Anggadwita & Mustafid, 2014).

Democratic Leadership and Youth SMEs in Ruiru

Leadership is regarded as a process of influencing others towards attainment of desired outcomes (Kayode, Mojeed & Fatai, 2014). Over the years, leadership scholars have examined the effectiveness of different leadership styles and recognized democratic leadership as a popular practice among many modern day enterprises (Imamoglu, Ince, Keskin, Karakose & Gozukara, 2015). Democratic leadership is a leadership style whose hallmarks are consultation, participation and shared responsibility (Rahbi, Khalid & Khan, 2017). Leaders are consultative when they seek advice and opinions of organizational members before making a decision or taking a course of action. They maintain an open door policy (Kayode et al., 2014). This may occur through individual one on one interaction with workmates or in a group meeting. Such leaders are open to alternative ideas. They encourage feedback and accept criticism (Idahosa & Nchuchuwe, 2018).

A participatory approach as the second hallmark of democratic leadership is reflected through collegiality, giving voice and involvement of organizational members in decisions and actions that affect the organization or its members (Kayode et al., 2014; Idahosa & Nchuchuwe, 2018). Participative leadership refers to the degree to which other people can influence the leader's decisions. It is the style of leadership in which the leader involves subordinates in goal setting, problem solving and team building (Uzohue, Yaya

& Akintayo, 2016). Shared responsibility manifests through delegation of responsibility, collective decision making and consensus seeking (Samosudova, 2017).

According to Khoshhal & Guraya (2016), participative leadership means that everybody has a say in decisions that affect the organization. This entails fostering a work environment that helps employees feel engaged because they have an opportunity to contribute their ideas and those ideas are appreciated thus making them feel valued. In this type of leadership style, praises and criticism are given objectively. A sense of responsibility is developed among the employees (Al Khajeh, 2018).

The main distinction between consultative leadership and participative leadership is that consultative leadership rests the decision with the leader but in participative leadership, decision is made by consensus. The notion that democratic leadership style is ideal for realizing the performance of SMEs has been promoted by Punita, Komal and Rahul (2017).

Against the backdrop of poor performance of youth owned SMEs, Maina (2016) investigated the factors influencing the success of youth owned businesses in Nyeri County. Specifically, the study examined the role of entrepreneurship training, access to finance and business development. Results showed that all three factors played a positive role in enhancing the performance of youth owned SMEs. This finding signifies the importance of youth empowerment programs in addressing the challenges youth owned SMEs face but does not explain the contribution of leadership as a factor in the quation of success of youth owned SMEs in Kenya. This study sought to explore the role of leadership style and especially the influence of democratic leadership on performance of youth owned SMEs in Ruiru Constituency of Kiambu County, Kenya.

According to the County Integrated Development Plan 2018-2022, Ruiru Constituency is subdivided into eight administrative wards that together cover 201.4

square kilometers. The constituency is the most densely populated of all the constituencies in Kiambu County. This is due to its close proximity to Nairobi, Kenya's capital city. The County has one of the largest youth population (County Government of Kiambu, 2018). Many of the youth have formed self-help groups through which they benefit from empowerment initiatives by the government such as YEDF among others (Wanja, 2014). Since the youth owned enterprises provide job opportunities to the bulging youth population in the County, their growth can contribute significantly to addressing the problem of unemployment in Kenya.

The interest of this study was to empirically evaluate the relationship between democratic leadership and youth owned SMEs in Ruiru Constituency. Ruiru Constituency is one of the constituencies of the larger Kiambu County. Although youth-owned SMEs in the study area have attracted research instrument, focus has been on other factors such as regulatory procedures (Maingi, Kinanga, & Odimba, 2019).

Statement of the Problem

Most challenges associated with the poor performance of the SMEs are leadership problems since the success or failure of an enterprise rests with the leader (Kocherbaeva, Samaibekova, & Isabaeva, 2019). Problems like poor market selection and inability to adapt to swiftly changing market conditions, poor practices and management of resources are problems that can be solved by the right leadership model, with democratic leadership model being seen as necessary to overcome performance problems due to its generation of high levels of commitment from colleagues (Bunyasi, Bwisa & Namusonge, 2014). Democratic leadership generate commitment that is found in highly performing organizations (Akpaprep, Jengre, & Mogre, 2019). The dismal performance of SMEs as indicated by the high rate of SME failure is not a strange sight in the country (Ngetich &

Kithae, 2020). The youth owned SMEs of Ruiru constituency are not spared (Mutuku, 2011)

The general literature on SME performance provide research evidence linking SME performance to leadership style in different countries such as Cameroon (Fokam, 2016), South Africa (Miya, 2017) and Kenya (Douglas, Douglas, Muturi, & Ochieng, 2017). Miya's (2017) study particularly revealed that participative, consultative and democratic leadership were positively related to both financial and non-financial performance. The study by Douglas et al. (2017) for instance explored the critical success factors for SMEs in Kenya and found that that leadership ranked highly among the identified success factors. However, the study did not identify the specific leadership styles that were associated with high performance. Kamunge, Njeru and Tirimba (2014) studied the factors affecting performance of SMEs in Kiambu County. They found out that lack of access to finance and management experience were the most salient factors affecting business performance. However, the study was done in Limuru Town and the influence of leadership styles was not investigated, thus presenting a knowledge gap.

This study addresses the effects that democratic leadership has on youth owned SMEs and the extent to which the concept has been embraced as far as SMEs within Ruiru constituency are concerned. The investigation further looks into the difference in performance amongst the youth owned SMEs that embrace the democratic model of leadership as compared to those that do not.

Purpose of the Study

The purpose of the study was to investigate the effects of democratic leadership on performance of youth owned SMEs in Ruiru Constituency. The study demonstrates how and to what extent democratic leadership tenets predict the performance of youth owned

enterprises. Holding the problem of lack of finance constant by targeting beneficiaries of YEDF only, the study explored the contribution that the practice of various democratic principles such as consultation, participation, shared responsibility and teamwork make to the financial and non-financial performance of youth owned SMEs in the study area. Results of the study can form the basis of practical recommendations, which if adopted by youth owned SMEs, can contribute to positive performance.

Objectives of the Study

- i. To investigate the extent to which a consultative approach to leadership affects performance of youth owned SMEs in Ruiru Constituency.
- ii. To determine the effect of participative approach to leadership on performance of youth owned SMEs in Ruiru Constituency.
- iii. To establish the effect of shared responsibility on performance of youth owned SMEs in Ruiru Constituency.
- iv. To assess whether sense of empowerment explains the relationship between democratic leadership and performance of youth-owned SMEs in Ruiru Constituency.

Hypotheses

The study sought to test the following null hypotheses:

- H₀₁: Consultative approach to leadership has no significant effect on performance of youth owned SMEs in Ruiru Constituency.
- H₀₂: Participative approach to leadership has no significant effect on performance of youth owned SMEs in Ruiru Constituency.
- H₀₃: Shared responsibility has no significant effect on performance of youth owned SMEs in Ruiru Constituency.

H₀₄: Sense of empowerment does not significantly explain the relationship between democratic leadership and performance of youth owned SMEs in Ruiru Constituency.

Assumptions of the Study

The study assumed that respondents' perspectives about democratic leadership and performance of youth owned SMEs were true representation of the facts on the ground in Ruiru Constituency. The study further assumed that lack of finance was not a factor influencing performance since the youth owned SMEs had benefited from YEDF. The study also assumed that since the youth owned SMEs adopted a self-help group model of operation, democratic leadership style was practiced for group management.

Rationale of the Study

Performance of SMEs and the challenges of unemployment among the youth have been an ongoing conversation for some time. However, despite the acknowledged importance of effective leadership in determining business outcomes, there has been limited discourse on the role of leadership on the performance of youth owned SMEs. This has not been done in Ruiru Constituency especially from the perspective of democratic leadership.

Significance of the Study

To Youth SMEs owners

The study was expected to be an eye opener to the youths who own SMEs on the merits of democratic leadership towards enhancing performance, increasing profits and promoting sustainability

To the Youth employed in SMEs

The study would lead to greater insights into how performance of the youth owned SMEs is influenced by democratic style of leadership. The study illuminates the salient features of democratic leadership that matter for realization of performance.

Policy Makers

The study provides the evidence base upon which to develop progressive policies that promote the success of youth owned SMEs run as self-help groups. The key features of democratic leadership with links to performance can be integrated into policies that define how self-help groups should be governed.

Academia

The members of the academic community can use the study as a reference point in the advancement of knowledge on the nexus between democratic leadership and performance of youth owned SMEs in Kenya.

Scope of the Study

The study covered youth owned SMEs in Ruiru constituency as registered by the County Government of Kiambu. The respondents were youths owning the SMEs and any youth employed in an SME that is owned by a youth. The study was anchored on democratic leadership theory. It focused on three dimensions of democratic leadership style: Consultative approach, participative approach and shared responsibility. The study also explored the mediating role of sense of empowerment on the democratic leadership style-performance nexus. The study was done between June and August 2020.

Limitations and Delimitations of the Study

Most respondents always expect a payment after participating in any activity that they think can earn them extra money. There was also the challenge of explaining the concepts of democratic leadership and making them understand that it is not about the

politics. It has nothing to do with what the politicians are doing and saying. Separating the study from politics was a challenge. There was also a problem with the language used. This was mitigated by translating the research tool to the language of the local community.

In terms of delimitations, SMEs that were not owned by youth were excluded from the study. The study also excluded youth owned SMEs that did not take loan from the Youth Enterprise Development Fund (YEDF). The study relied on self-reported data rather than financial reports.

Chapter Summary

This chapter has introduced the subject of the study and presented the problem statement. The chapter has also defined the study's significance and its expected impact to the society. The issues studied were explored from the international context down to the Kenyan context in terms of democratic leadership and the influence it has on performance of youth owned SMEs in Ruiru constituency. Chapter two reviews literature that affected the study. This was guided by the specific research objectives.

CHAPTER TWO : LITERATURE REVIEW

Introduction

This chapter presents a review of related theoretical and empirical literature. Literature reviews are important in establishing knowledge gaps that are related to the performance of youth owned SMEs in Ruiru constituency from the perspective of democratic leadership, the concepts embodied therein and related studies. The chapter is divided into four sections. The first section discusses the theoretical framework. It explains its relevance to the current study. The second section presents a critical review of past studies on the relationship between democratic leadership and performance. The third section presents and discusses the conceptual framework. The fourth section synthesizes the empirical literature and summarizes the literature gaps. Review the purpose of literature review

Literature Review

The relationship between democratic leadership practices and organizational performance has been the subject of a growing scholarly interest (Al Khajeh, 2018; Bhatti et al., 2019; Chua, Basit & Hassan, 2018; Dyczkowska & Dyczkowski, 2018; Ibrahim & Daniel, 2019; Iqbal, Anwar & Haider, 2015; Khuong & Hoang, 2015; Ukaidi, 2016). In this section, the review of empirical literature is presented for each dimension of democratic leadership namely: Consultative approach, participative approach, shared responsibility and empowerment.

The Influence of Consultative Approach on Performance of SMEs

One study which focused on the SME sector was undertaken by Dyczkowska & Dyczkowski (2018) who explored the relationship between consultative leadership and

performance outcomes of SMEs as measured by employee satisfaction. Their research was based on data from 93 SMEs and 86 large companies. The study demonstrated that a consultative approach to people management is a precondition for developing performance based rewarding strategies and that such involvement makes employees more satisfied with their work. These results are important to the current study because of the SME focus, implying that democratic leadership practices promise dividends even in the SME sector. However, the study was not undertaken among youth owned SMEs. Further, only one dimension of performance namely; employee satisfaction was measured. Therefore, it is not known whether democratic leadership leads to profitability of youth owned SMEs. These reasons present a knowledge gap which the current study will fill.

Marhoobi & Attan (2017) studied the effects of perceived leadership styles on employee motivation among public and private sector organizations in Oman. They found out that the consultative approach has a positive impact on employees, which translates into organizational success because it generates higher levels of commitment and productivity among work colleagues. By consulting members of the organization, people feel respected and valued because they believe that the leader make their opinion count. From these findings, it emerges that the participative approach to democratic leadership stands out and should be the focus of youth owned SMEs. The current study investigated whether these results are obtainable among youth owned SMEs in Ruiru Constituency.

The Influence of Participative Approach on Performance of SMEs

Iqbal, Anwar and Haider (2015) investigated the effect of leadership styles such as democratic leadership and participative styles on performance. It was found out that democratic leadership and especially the participative approach to leadership had a long-term positive effect on performance. The results of Iqbal et al. (2015) study are

comparable to the report by Ibrahim & Daniel (2019), thus increasing confidence that leadership practitioners should have in the dimension of participative leadership for realization of high performance. However, none of the studies was undertaken in the Kenyan context.

Chua, Basit & Hassan (2018) investigated the impact of leadership style on the performance of workers in the service sector. Results showed that democratic leadership style had a significant impact on performance. They described the features of democratic leadership as entailing delegation of authority, which empowers employees to make their own decisions. However, unlike the study by Bhatti et al. (2019) which explored the participative dimension and thus shed light on the dimension that SME owners should put emphasis on, the study by Chua et al. (2018) did not break down democratic leadership style into its constituent parts. It therefore remains unclear the dimensions of democratic leadership that have the most salience in terms of impact on performance. This is a knowledge gap that the current study sought to close.

The Influence of Shared Responsibility on Performance of SMEs

Ukaidi (2016) studied the influence of leadership styles on firm performance in Nigeria. The study involved a comparison of the explanatory power of democratic leadership, laissez faire and autocratic leadership. The results showed that shared responsibility as an aspect of democratic leadership practices accounted for the highest explanatory power on performance. Ibrahim & Daniel (2019) also studied the impact of leadership on the performance of Coca Cola Company in Abuja, the Capital City of Nigeria. Results showed that the style of leadership a manager adopts has a direct effect on the organizational performance of the employees. The study among other things discovered that shared responsibility and delegation of duties enhances employee

performance, attainment of corporate goals and objectives. While the findings of these two studies reinforce the results of past studies and provide evidence of the continued relevance of democratic leadership style in business organizations in Africa, the studies were not undertaken in the SME sector. It is important to note that SMEs have peculiar challenges that differ from large corporations. Thus, although the research results provide evidence in the African context, the lack of representation of the SME sector in the study means that the same conclusions may not be made beyond reasonable doubt.

Similar findings are also reported by Khuong & Hoang (2015) who studied how participation in decision making influenced organizational performance as measured by employee satisfaction among auditing firms in a Vietnam city. They noted that participative leadership style focuses on the intrinsic motivation of followers by enriching subordinates jobs through autonomy, variety and empowerment. Moreover, they found out that when employees participate in democratic decision-making, they realize that their ideas are respected and considered by higher supervisors. They feel connected with the organization as if they are important parts in the company and try to reach maximum performance.

The Moderating Influence Sense of Empowerment on the Relationship between Democratic Leadership and Performance of SMEs

The mechanism through which democratic leadership predicts organizational performance is best explained by a sense of empowerment among team members. Al Khajeh (2018) examined democratic leadership and its influence on performance. Results showed that there was a positive relationship between democratic leadership and performance. It was found out that democratic leadership practices motivate employees to

perform better since they feel a sense of empowerment because they believe that their opinions and views are valued. It was also found out that democratic leadership allows the employees to make decisions along with sharing them with the group and the manager, which increases a sense of ownership and responsibility for results. This suggests that youth owned SMEs should expect higher performance with adoption of the democratic leadership style. The study was however done in an Asian context and therefore the research results may not be generalizable to the Kenyan situation.

Bhatti et al. (2019) examined the impact of participative leadership on performance as indicated by employee organizational citizenship behavior. Their focus was the hotel industry in Pakistan. They found out that a participative leader acts as a coach that empowers all employees to openly demonstrate their ideas and utilizes this valuable information in decision-making. They further found out that a participative approach to leadership leads to member empowerment through the development of a climate of open communication in which employees feel empowered and their resistance towards decisions can be handled. Respondents in their study described participative leadership as characterized by less formalization, an inclination of respect, power sharing and mutual understanding. They also reported that participative leadership leads to high performance as employees work with passion. These results buttress the findings of Al Khajeh (2018) thereby increasing the appeal of the participative dimensions of democratic style. However, the study's focus on the hotel industry means that the effectiveness of democratic leadership in other sectors remains open to speculation.

The results from past studies suggest that there is compelling evidence associating democratic leadership with positive performance. From the literature review, it is clear that most of the studies were undertaken among large corporates outside Africa. Barely

any research on democratic leadership has focused on youth owned SMEs in Kenya despite the significant contribution that this sector plays in a nation's economy and the importance of leadership to business performance.

Theoretical Framework

Theoretical framework situates the research and contextualizes theories that are related to the topic of study as a guide. A theoretical framework is developed from the reviewed knowledge on the topic. It guides the choice of research design and analysis plan. It informs the flow of the research with the previous work done by different scholars in the chosen area of study (Adom, Hussein & Agyem, 2018). A theoretical framework guides research, determines how the concepts and variables relate with each other for particular results (Adom et al., 2018). This study was grounded on four theories: Democratic Leadership Theory, Participative Leadership Theory, Empowering Leadership Theory and Balanced Scorecard of Performance Management.

Democratic Leadership Theory

Democratic Leadership Theory is a modern day leadership theory with roots in the works of Starrat (2001). The central idea of this theory is that the secret of successful leadership is found in the collective decision and actions of an organization's members (Idahosa & Nchuchuwe, 2018). The democratic leader facilitates the team for initiating any task and gives them liberty to achieve it at their own free will through mutual understanding (Uzohue et al., 2016). Uzohue et al. (2016) further agree with the proponents of democratic leadership theory, asserting that shared responsibility is the pivotal aspect of democratic leadership. It is perceived as the real indication of the extent which the leaders value the input of their followers.

Democratic leadership theory is a kind of leadership theory that brings on board peoples' views and consults on activities (Pares, Ospina & Subirats, 2017). Democratic leadership style facilitates collective decision-making, involving their followers or employees and offering them support and choices. Further, this leadership style is characterized by co-operation, active participation, accountability and delegation of responsibilities and tasks. Raelin (2012) argues that the democratic leader's mode of communication is a dialogue or deliberation that involves the responsible parties to decision making without privileging particular stakeholders because of their status or authority.

According to Puni, Agyemang & Asamoah (2016), the decision-making processes of democratic leadership motivate followers to act in line with the jointly made decisions. They curb resistance from front line staff because they embrace inclusion. When followers are involved, the leader borrows from diverse skills and experiences that ensure potential problems can be theorized before implementation.

Nevarez, Wood & Penrose (2013) delineated a number of benefits of democratic leadership style that translate into business performance: Harmonious work environment, employee empowerment, shared responsibility, respect, trust and reciprocity. The democratic leader keeps his employees informed about everything that affect their work , shares decision making and problem solving responsibilities. As a result, democratic leaders foster responsibility, flexibility and high morale that result to improved performance (Uzohue et al., 2016). Democratic leadership tends to increase employees' ambition and motivation. It also fosters employees' retention in the organization. This suggests that in democratic leadership, the employees feel comfortable with the trust

vested in them, which gives them the confidence to build a strong co-operation, team spirit and high morale (Uzohue et al., 2016).

Democratic leadership theory has its downside that makes it undesirable in particular circumstances. It has also been faulted for its false assumption that everyone has an equal stake and interest in successful business outcomes (Ngetich & Muchemi, 2018). The notion of majority having their way as a definitive hallmark of democratic leadership may not always work in the best interest of the enterprise if members put their own interest ahead of the organization's interest.

Despite the inherent shortcomings identified, the democratic leadership theory was applied to the current study as it supplies potential explanatory factors responsible for enterprise growth that youth owned SMEs should be cognizant of. It is believed that the disadvantages of democratic leadership are not comparable to the potential benefits it accrues for youth owned SMEs where the style is practiced. The theory was handy in delineating the various elements that collectively comprise the democratic leadership style. How each element in isolation or in combination contributes to the performance of youth owned SMEs was explored.

Participative Leadership Theory

Participative leadership theory was advanced by Donald Ames in the late 1980s (Ames, 1984). Participative leadership theory advances democratic ideals further through the practice of social equality based on the notion that members of the organization, by virtue of their human status, have something to offer and should actively participate in the affairs of the organization (Tang, 2019). Participative leadership is characterized by leaders encouraging discussion (Khoshhal & Guraya, 2016; Roy, 2016). Leaders adopting participative leadership style create a conducive environment for knowledge sharing and

generation of better solutions to problems because work colleagues are motivated to share their thoughts and ideas (Tang, 2019). They provide opportunities to the employees to express and implement their creative ideas and take part in the decision making process. Thus, the participative leadership style can be used for improving the organizational performance and the efficiency (Al Khajeh, 2018). This makes it relevant for explaining the performance of youth owned SMEs.

According to Uzohue et al. (2016), the tenets of participatory approach are dialogue and deliberation. The authors view participation in four progressive levels. The lowest level is information where organizational members are kept on the loop about what is going on and decisions affecting both the organization and its members explained. High accountability, transparency and information dissemination are practiced. The second level is being consulted on particular limited issues. In this level, the input of the organization's members is first sought though the final decision rests with the leader. The third level is sharing in decision making like through consensus generation. In this level, the leader defines the limits and members of the team decide with the leader the course of action to be taken (Bass & Bass, 2009). The fourth level is delegation of authority where organizational members make the decision with minimal if any input from the leader (Bass & Bass, 2009; Uzohue et al., 2016).

The nexus between participative approach and organizational performance is implied through commitment (Bunyasi et al., 2014). Uzohue et al. (2016) observe that participative leadership approach takes the input of others into account. They encourage participation and contributions from group members. They also help group members feel more relevant and committed to the decision-making processes. People are more committed to actions where they are fully involved in the relevant decision-making.

Despite its merits, the participative leadership theory has been criticized for leading to failures when roles are not clearly defined (Rabbi et al., 2017). The participative leadership process is time intensive from the consultations, processing information and analysis in order to get to a conclusion. This delays decision-making processes. It proves to be a challenge where quick decisions are expected. Sometimes, followers lack the skills, knowledge or information to contribute to the issue at hand. Pertinent information may not be shared, putting the followers at a disadvantage of not having the full information. Teamwork may also prove to be a challenge where personalities differ. Some characters are dominating when it comes to teamwork (Halaychik, 2016). In this study, participative leadership theory was applied complementarily with the tenets of democratic leadership as theories to explain performance of youth owned SMEs in Ruiru Constituency.

Empowering Leadership Theory

Empowering leadership theory was propounded by Caldwell and Dixon in the year 2010 to explain the mechanisms of leadership effectiveness (Caldwell & Dixon, 2010). The theory holds that the central function of leadership is to empower subordinates by distributing responsibility, encouraging autonomy and facilitating teams to achieve the best for themselves and their organization (Rahbi, Khalid & Khan, 2017). Followers are held accountable for their decisions and actions. There is willingness to maintain the group's freedom and autonomy. As a result, it has been found to create higher productivity, better contributions from workmates and increased morale (Tang, 2019). This suggests that when adopted in youth owned enterprises, higher performance should be realized as it leads to employee satisfaction and productivity which should translate into profits for the enterprise.

Empowering leaders give the followers an opportunity to grow their leadership and decision making abilities (Bass & Bass, 2009). They do this by promoting involvement and showing confidence in the performance of individual organizational members (Auh, Menguc & Jung, 2014). The relevance of this theory has been tested by Lorinkova, Pearsall & Sims (2013) whose empirical study established that enterprises led by empowering leaders post significantly higher performance. Research on entrepreneurial readiness of the youth conducted by Olugbola (2017) among Malaysian youth found that empowerment trigger motivational factors such as achievement, profit and autonomy that are key to the success of youth owned SMEs.

Like any other theory, empowering leadership theory has its downsides. The practice of empowering leadership demands for a high level of security and trust. Besides, the theory erroneously assumes that every member of the organization has the best interest of the organization at heart (Ngetich & Muchemi, 2018). This downside notwithstanding, empowering leadership theory was applicable in explaining the performance of youth owned SMEs in Ruiru Constituency due to the increased sense of responsibility for results. The next section presents the conceptual framework used including the variables and underlying constructs represented.

Balanced Scorecard Theory

The balanced scorecard theory was developed by Kaplan and Norton (1992). The theory gives equal importance to both financial and non-financial dimensions of performance (Dudic, Dudic, Gregus, Novackova, & Djakovic, 2020). The balanced scorecard theory draws attention to four dimensions of performance management and measurement. These are: financial dimension such as profitability, customer dimension which is about the ability of the enterprise to satisfy customers, the internal business

process dimension which focuses on efficiency of operations and procedures, and the learning and growth perspective, which includes employee satisfaction (Owolabi, Adetula, & Taleatu, 2020). In this study, the two dimensions of Balanced Scorecard namely, profitability and employee satisfaction were used as proxies for performance of youth-owned SMEs. This is because unlike other frameworks, the BSC framework allowed for the collection and analysis of both financial and nonfinancial data.

Synthesis of the Research Gaps

Key studies	Authors	Location	Focus	Findings	Research gaps	How gaps were filled
Democratic or Autocratic Leadership Style? Participative Management and its Links to rewarding Strategies and Job Satisfaction in SMEs	Dyczkowska, J. & Dyczkowski, T. (2018)	Poland	SMEs and large companies	Involvement of employees in managerial activities is a precondition for developing performance-based rewarding strategies, and that such involvement makes employees more satisfied with their work	Study was not done in Kenya thus a dearth of local knowledge	Study was done in Kenya
Leadership style and its impact on employee performance	Chua, J., Basit, A., Hassan, Z. (2018)	Malaysia	Large corporates	Democratic leadership style had a significant impact on performance	Players in the SME sector were left out	The current study focused on the SME players
Impact of leadership styles on organizational performance	Al Khajeh, E. H. (2018)	United Arab Emirates	Corporate sector	There was a positive relationship between democratic leadership and performance	Study did not delineate the features of democratic leadership that had the greatest impact on performance	The current study broke democratic leadership into constituent elements and examines the effect of each on SME performance
Effect of participative leadership style on employee performance	Iqbal, N., Anwar, S. & Haider, N. (2015)	Pakistan	Large corporate	Democratic leadership, and especially the participative approach to leadership, had a long term positive effect on performance	The SME sector was not represented in the study	Study was based on the SME sector

Impact of participative leadership on organizational citizenship behavior: Mediating role of trust and moderating role of continuance commitment: evidence from the Pakistan Hotel Industry	Bhatti, M. H., Ju, Y., Akram, U., Bhatti, M. H., Akram, Z. & Bilal, M. (2019)	Pakistan	Hospitality sector	A participative approach to leadership leads to the development of a climate of open communication in which employees feel empowered	Narrow focus on a single sector outside Kenya	Research was undertaken in Kenya
The Effects of Leadership Styles on Employee Motivation in Auditing Companies in Ho Chi Minh City, Vietnam	Khuong, M. N. & Hoang, D. T. (2015)	Vietnam	Professional service firms	Democratic leadership practices motivate employees to perform better since they believe that their opinions and views are valued	Study narrowly focused on one line of business	Data was gathered from a cross-section of business sectors
The influence of leadership styles on organizational performance in Nigeria	Ukaidi, C. U. A. (2016)	Nigeria	Business firms in Nigeria	Democratic leadership practices accounted for the highest explanatory power on performance	Mechanism of cause and effect relationship was not clear	This study explained the path from democratic leadership to performance
Impact of leadership on organizational performance	Ibrahim, A. U. & Daniel, C. O. (2019)	Nigeria	Large corporate	The style of leadership a manager adopted has a direct effect on performance of the employee	Measures of employee performance were not clear	This study specified clear indicators for each variable

Conceptual Framework

Conceptual framework represents the researcher's understanding of how he will explore the problem under study. It defines the relationship between the variables in a study. It can be graphical or a narrative. It explains how the variables in a study affect each other (Adom, Hussein & Joe, 2018). The conceptual framework that guided this study is presented in Figure 2.1. The figure illustrates the independent, moderator and dependent variables. The figure presents democratic leadership as the independent variable. This is represented by three the dimensions of democratic leadership as revealed in the literature review, namely: consultative approach, participative approach and shared responsibility. The figure shows that the indicators of consultative approach are: Advice seeking, opinion seeking, acceptance of criticism, encouragement of feedback and giving of information. Participative approach was measured by room for dialogue, group discussion, involvement of others in planning, negotiation and majority will. Shared responsibility was indicated by: Delegation of responsibility, collective decision making, consensus seeking and accountability.

Figure 2.1 presents sense of empowerment as the mediator variable whose indicators are: Collegiality, reciprocity, trust, respect, co-operation, sense of ownership, sense of inclusion, knowledge sharing, harmonious relationship and sense of empowerment. The dependent variable which is performance of youth owned SMEs was measured by profitability and employee satisfaction. The arrows in the conceptual framework indicate the direction of the relationship between the study variables. The framework indicates that the practice of the three dimensions of democratic leadership lead to a conducive work environment, which in turn leads to performance of youth owned SMEs.

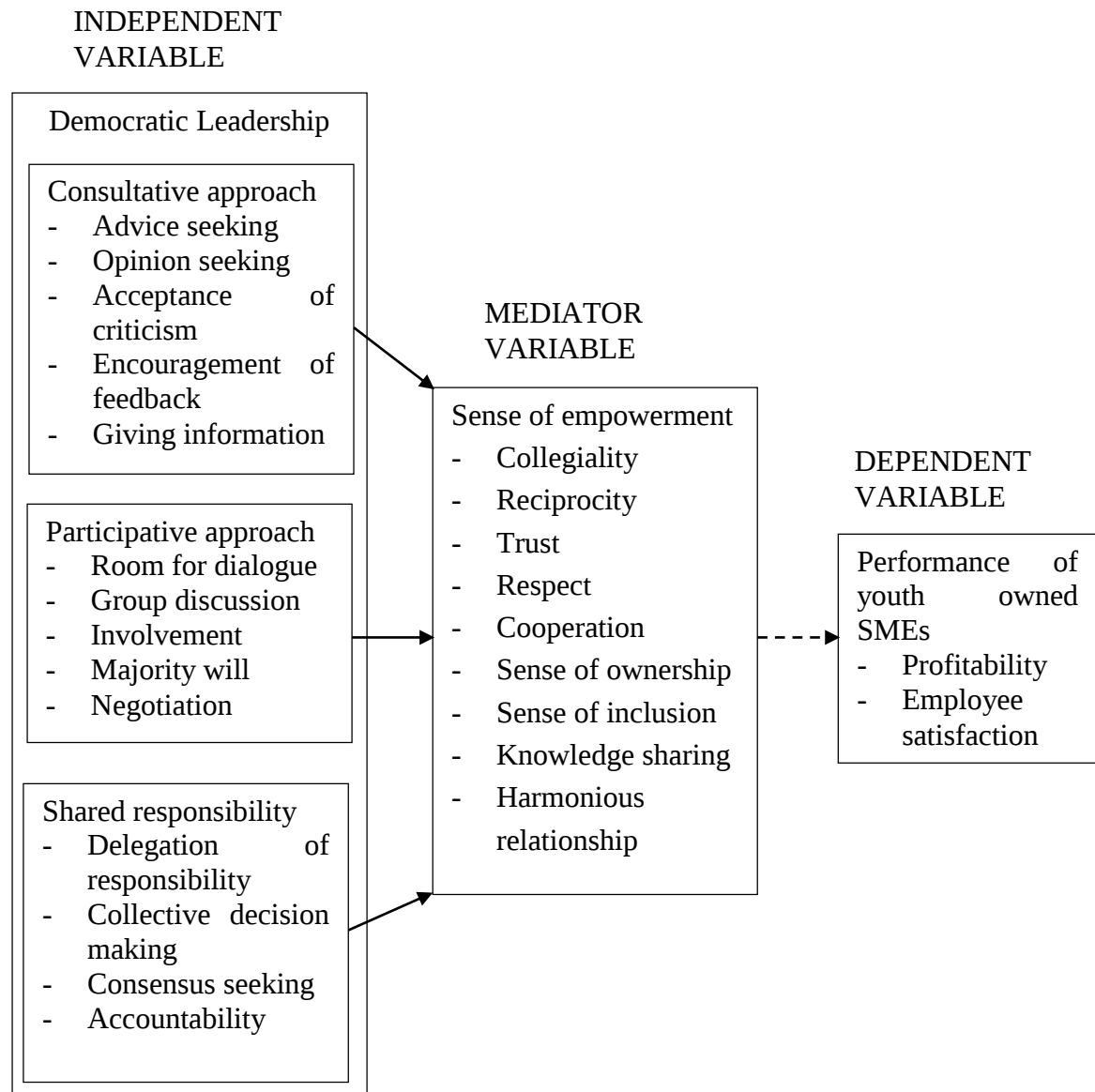


Figure 2.1: Conceptual Framework

Chapter Summary

This chapter has critically reviewed the literature and exposed the current knowledge on democratic leadership and its link to organizational performance. The chapter has also presented a conceptual framework that guided the undertaking of the current study so as to close the knowledge gap. In the next chapter, the methodology to be used is explained.

CHAPTER THREE: RESEARCH METHODOLOGY

Introduction

This chapter explores the research design adopted, its suitability to the research questions and objectives. It details the research design, population, sample and sampling techniques, data collection instruments, data collection procedures, data analysis and the ethical considerations necessary for the research to be done ethically.

Research Philosophy

The research philosophy for this study was positivism, which is based on the idea that objective facts, typically generated from quantitative observations, provide a more reliable scientific explanation of phenomena that can be generalized (Saunders, 2011). The design and methodological implications of this philosophical stand is that scientific inquiry should begin with hypotheses or propositions as the starting point, with the design characterized by empirical surveys of large samples of organizations (Easterby-Smith, Thorpe & Jackson, 2015). In this study, a positivist lens was suitable because of the need to test the proposition that democratic leadership practice can predict performance of youth owned SMEs in Ruiru Constituency.

Research Design

A research design is a grand plan that specifies the methods and procedures for the collection, processing and analysis of data (Akhtar, 2016). There are several research design available to choose from depending on the purpose of the study and research questions to be answered. Explanatory research design that comprised of descriptive research and correlational study design was used. A correlational study refers to a type of design which is applied to establish whether and to what extent an association exists between study variables, that is, whether a change in one variable is reflected in change in other variables (Apuke, 2017). This research design was anchored on positivist philosophy

which holds that objective reality exists and its evidence can be put forth and measured through hypothesis testing using quantitative methods and deductive reasoning (Hammersley, 2019; Kaushik & Walsh, 2019). The research design was appropriate for the current study because it allowed for the testing of whether democratic leadership significantly affects the performance of youth owned SMEs in Ruiru Constituency and whether this effect is mediated by teamwork. In this case, the main study variables were: Democratic leadership (the independent variable), teamwork (the mediator variable) and performance (the dependent variable).

Correlational research design was supplemented with descriptive design. Descriptive research design was used to guide the collection and analysis of descriptive data to gain a depth of insights into the various characteristics of the phenomenon under study. As the name suggests, descriptive research design is intended to guide the detailed description of a population characteristics (Denscombe, 2014). In this study, it was appropriate for characterizing the performance of youth-owned SMEs in Ruiru Constituency.

Target Population

Mugenda & Mugenda (2003) define target population as the entire group a researcher is interested in or the group about which the researcher wishes to draw conclusion. In order to control for lack of finances which has been severally cited as a key constraint to performance of SMEs, the target population of this study was based on 572 people who are members of 36 youth owned enterprises which received loans from the YEDF according to the records at the Youth Office in Ruiru Constituency (Wanja, 2014). This in effect eliminates lack of finance as a factor since all the youth owned SMEs had access to finance.

Sample

A sample is defined as a small section of the population that is examined to draw inferences about the entire population (Denscombe, 2014). When determining an adequate sample to use, a number of formulas have been proposed in research methods literature. This study applied Mugenda & Mugenda (2003) formula which simply takes 10 to 30 percent of the target population to be adequate. The sample size for this study was 86 respondents representing fifteen percent of the target population. These respondents were drawn from the membership of the youth-owned SMEs as they were run as self-help groups.

Sampling Method

The sampling method selected should target an accurate representation of the entire population to enhance accuracy of the results generalized to the entire population. (Taherdoost, 2016). Researchers are often concerned with the question of representativeness to ensure that the sample matches the population in every way (Denscombe, 2014). In probability sampling methods, all individuals/ objects in the population have an equal chance of being selected as part of the study. In non-probability sampling methods, some individuals/ objects have no chance of being selected (Barratt & Shantikumar, 2018).

In this study, stratified random sampling method was used to select participants to be targeted as respondents. This sampling method is whereby the population is first divided into different homogenous categories and a sample is selected from each category in proportion to its size in the whole population based on a pre-determined criteria for stratification (Denscombe, 2014). This sampling method was used because it enhanced representativeness of the sample to the target population because the number of

respondents included into the sample was proportionate to share of the size of the category it represented in the entire population. In this study, the sample was stratified by the size of the enterprise as measured by the number of youth as presented in Table 3.1 below. The following formula was used for stratified random sampling.

$$\text{Stratum sample size} = \frac{\text{Stratum population} \times \text{Total sample}}{\text{Total population}}$$

Within each stratum, simple random sampling was performed by generating a list of random numbers that corresponded to each SME using Microsoft Excel.

Table 3.1: Sampling Frame

Strata	Number of SMEs	Total population	Sample size	Percent
10 youth	3	30	5	5%
11 youth	2	22	3	4%
13 youth	2	26	4	5%
14 youth	1	14	2	2%
15 youth	10	150	22	26%
16 youth	6	96	14	17%
17 youth	3	51	8	9%
18 youth	4	72	11	13%
20 youth	1	20	3	3%
21 youth	2	42	6	7%
24 youth	1	24	4	4%
25 youth	1	25	4	4%
Total	36	572	86	100%

Type of Data

Quantitative data was collected. This refers to information expressed in the form of numbers after structuring naturally occurring data numerically (Punch, 2005). In this study, quantitative data was collected in line with the research design adopted and the nature of the study variables. It facilitated the testing of hypothesis regarding the practice of democratic leadership and related performance outcomes.

Data Collection Methods

This is the process that involves gathering information on variables that inform and affect the study in a systematic way (Denscombe, 2014). Questionnaire method was adopted for collecting data since quantitative data collection uses close ended questions administered through structured questionnaires (Kabir, 2016). The questionnaire contained three main sections. The first section elicited the profile of youth owned SMEs such as years of existence, business sector, gender composition and performance in terms of profitability and employee satisfaction.

The second section contained Likert Scale statements measuring the various dimensions of democratic leadership on a 5-point scale from strongly disagree to strongly agree. These were: consultative approach, participative approach and shared responsibility. The items for consultative approach addressed thematic areas such as advice seeking, opinion seeking, acceptance of criticism, encouragement of feedback and giving of information. The themes included in the items for participative approach were: room for dialogue, group discussion, involvement, majority will and negotiation. Lastly, the items that represented the shared responsibility entailed themes such as: delegation of responsibility, collective decision making, consensus seeking and accountability.

The third section contained a battery of statements measuring sense of empowerment. The themes captured in the items for this variable were: collegiality, reciprocity, trust, respect, cooperation, sense of ownership, sense of inclusion, knowledge sharing, and harmonious relationship.

In terms of performance measurement, profitability and employee satisfaction were the two measures used. The questionnaires were issued to members of the youth groups on the basis that they would provide an objective evaluation of the practice of democratic leadership.

Research Procedures

The research was submitted for clearance by PAC University Ethics Review Board. Subsequently, an introduction letter was obtained from the university which was used to apply for a research permit from the National Commission Science, Technology and Innovation (NACOSTI). Upon receipt of the permit, permission was sought to obtain records of the members of the Youth Enterprise Development Fund office in Ruiru Constituency. The youth groups were then classified by size of membership. The sampling matrix was used to guide the gathering of data. Individual respondents were then contacted by phone and necessary rapport created whereby they were introduced to the study and appointments and their informed consent sought. Finally, the questionnaire was administered to each respondent until a desirable response rate was obtained.

Pilot Testing

Pilot testing refers to the act of trying out the research instrument prior to conducting a study in order to gauge the suitability of the instrument based on the responses obtained (Alshwaih, 2016). This process is necessary to ensure that any errors of omission or commission are addressed and potential ambiguities in item construction

and language used are removed. In the current study, a pilot test was done by administering the questionnaire to nine members of six youth owned SMEs in the neighboring Juja Constituency representing 10 percent of the target sample as guided by Viechtbauer, Smits, Kotz, Bude, Spigt et al. (2015). The data collected was examined and analyzed as part of reliability and validity procedures.

Validity of the Research Instrument

Instrument validity is the term used to represent the extent to which the questions asked accurately and adequately cover the construct being investigated (Al Kindy, Shah & Jusoh, 2016; Taherdoost, 2016). The validity of the content of the questionnaire was secured by developing a series of statements that exhaustively encompassed the independent, dependent and moderator variables under study. This was informed by an extensive review of literature that helped identify the related items. In order to ensure face validity, the instrument was then presented to the research supervisor to gauge its soundness based on expert opinion. Feedback obtained was used to make necessary amendments.

Reliability of the Research Instrument

Instrument reliability refers to the consistency with which accurate results can be obtained by using the instrument and the instrument can be dependent on to measure the underlying latent construct (Tavakol & Dennick, 2011; Ursachi, Horodnic & Zait, 2015). The determination of instrument reliability involves a statistical procedure that yields a coefficient on a scale from 0 to 1 with a coefficient closer to 0 denoting low reliability and a coefficient closer to 1 representing high reliability (Cooper & Schindler, 2016). The coefficient is known as Cronbach's Alpha. It is computed easily using SPSS, a popular

computer software for researchers and academicians (Leech, Barrett & Morgan, 2014). Although no universally accepted value exists, most scholars agree that a coefficient of 0.7 or high provides sufficient assurance that the instrument is reliable (Bonett & Wright, 2014; Taherdoost, 2016). Table 3.2 below shows the results of Cronbach's alpha test. The table shows that the alpha coefficient for all variables exceeded 0.7, implying the high reliability of the research tool.

Table 3.2: Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Consultative leadership	.763	5
Participative leadership	.878	5
Shared responsibility	.759	4
Sense of empowerment	.944	10
Democratic leadership	.968	5

Data Analysis Plan

Data analysis refers to “the process of performing certain calculations and evaluation in order to extract relevant information from data” (Ibrahim, 2015, p. 99). In this study, the plan for analyzing data entailed four main stages: Data coding, data entry and preparation, descriptive data analysis, inferential data analysis, data interpretation and discussion.

The first stage which is data coding, entry and preparation commenced with coding the instrument into SPSS by converting the responses into numerical codes and assigning relevant levels of measurements to each variable. The data collected was then entered and inspected for any errors and the existence of outliers which may distort reality.

The second stage involved descriptive data analysis which involves the generation of frequencies, mean and standard deviation of the dataset. This process is important

because it gives a general summary of data that provides a feel of the shape and distribution of the dataset (Kaliyadan & Kulkarni, 2019).

The third stage comprised of inferential analysis. This aspect of data analysis aids in arriving at a conclusion about a population group based on the findings from the sample (Sulistyani, 2019). The inferential statistical techniques used in this study were correlation and regression analysis. These facilitated the testing of various study hypotheses in order to determine the relationship between the study variables. Specifically, Spearman's rank correlation analysis was run and regression modelling technique was applied to test the study hypotheses using the following general multiple linear regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e.$$

Where;

y = The Dependent Variable

β_0 = The value of Y when X is zero

β_{1-4} = Is the coefficient of X

X_{1-3} = The Independent Variables

e = Standard error

The fourth and final stage of the data analysis plan entailed presenting, interpreting, reporting and discussing the results. Various figures and tables were used to facilitate data visualization and ease of interpretation. This included scatter diagrams, tables, histograms and bar charts. The findings were discussed in light of existing knowledge as published in the scholarly literature.

Ethical Considerations

Ethical considerations refer to the rules and guidelines that govern the moral conduct of a researcher. They are a necessary part of any piece of scientific inquiry (Akaranga & Makau, 2016). This study adhered to a number of ethical issues throughout the research process. This included anonymity, privacy and confidentiality of the respondents, informed consent, avoidance of harm to the research participants and guaranteeing their voluntary participation (Creswell & Creswell, 2018). These were detailed in an informed consent form. The researcher also ensured compliance with all the requirements of the University's Research Ethics Procedures including the acquisition of research permit from NACOSTI. Data protection measures included keeping hard copy data under lock and key and password protecting all electronic versions.

Chapter Summary

This chapter has discussed the method through which the researcher followed to get answers to the research questions. The target population is the youth owning, running and working in youth owned SMEs in Ruiru constituency. The sample size, sampling techniques and primary data collection tool; the questionnaire have been described. Similarly, the data analysis plan and ethical issues have also been discussed.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

Introduction

This chapter presents, analyzes and discusses the findings of the study. The chapter is organized into six sections. The first two sections analyze the response rate and profile the SMEs in Ruiru Constituency. The remaining sections are arranged according to the specific objectives. These were: to explore the extent to which a consultative approach to leadership affects performance of youth owned SMEs in Ruiru Constituency; to determine the effect of participative approach to leadership on performance of youth owned SMEs in Ruiru Constituency; to determine the effect of shared responsibility on performance of youth owned SMEs in Ruiru Constituency; and to determine whether sense of empowerment explains the relationship between democratic leadership and performance of youth owned SMEs in Ruiru Constituency. Each section comprises both descriptive and inferential analysis.

Response Rate

Data on response rate is presented in table 4.1 below. The table shows that 73% of the sampled participants responded and 27% did not. The finding suggests that a high response rate was obtained. This agrees with the recommended response rate considered adequate for statistical analysis in line with Finchman (2008) who argues that a response rate of 60% or higher should be the goal of researchers.

Table 4.1 : Response Rate

Category	Frequency	Percent
Responded	63	73%
Did not respond	23	27%
Total	86	100%

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Descriptive Analysis of youth owned SMEs in Ruiru Constituency

This section presents and discusses the distribution of SMEs by characteristics such as years of operation, economic sector, profitability and employee satisfaction.

Age of youth owned SMEs in Ruiru Constituency

The distribution of youth owned SMEs in the sample by age is shown in Figure 4.1 below. The figure shows that most of the SMEs had been in operation for less than 3 years (40%), followed by those that had been in existence for 3 to 5 years (22%), 6-10 years (21%) and over 10 years (17%).

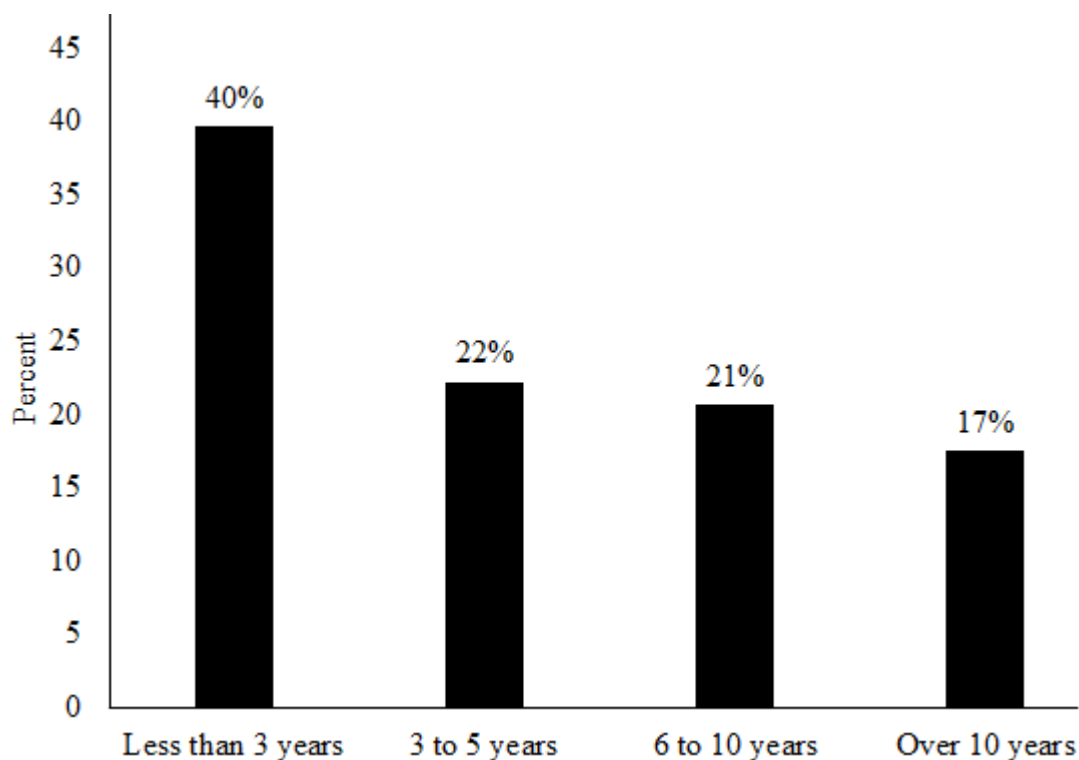


Figure 4.1 : Age of youth owned SMEs in Ruiru Constituency

The finding in figure 4.1 may be explained by the high mortality of SMES beyond their first few years of existence in line with past studies (Ngugi, 2013; World Bank, 2014)

which suggest that Kenyan SMEs barely survive more than three years. This finding thus entrenches the narrative that SMEs struggle to sustain their existence.

Business Sector of youth owned SMEs in Ruiru Constituency

The distribution of the participant youth owned SMEs by the business sector is presented in Figure 4.2 below. The figure shows that majority of the respondents' youth owned SMEs were in the ICT sector (36%). Ten percent of the enterprises were in building and construction. Seven percent did agribusiness. Six percent were in hospitality and tourism. Three percent operated transport business and another three percent in the health and sanitation sector. All the other sectors combined accounted for 35% of the sample. This distribution may be due to two reasons. Firstly, as compared to all other sectors, starting a business in the ICT sector does not require a huge financial outlay, making venturing in the sector attractive. Secondly, the location of the study is in close proximity to Kenya's capital city and the infrastructure is potentially most supportive of ICT based youth owned SMEs.

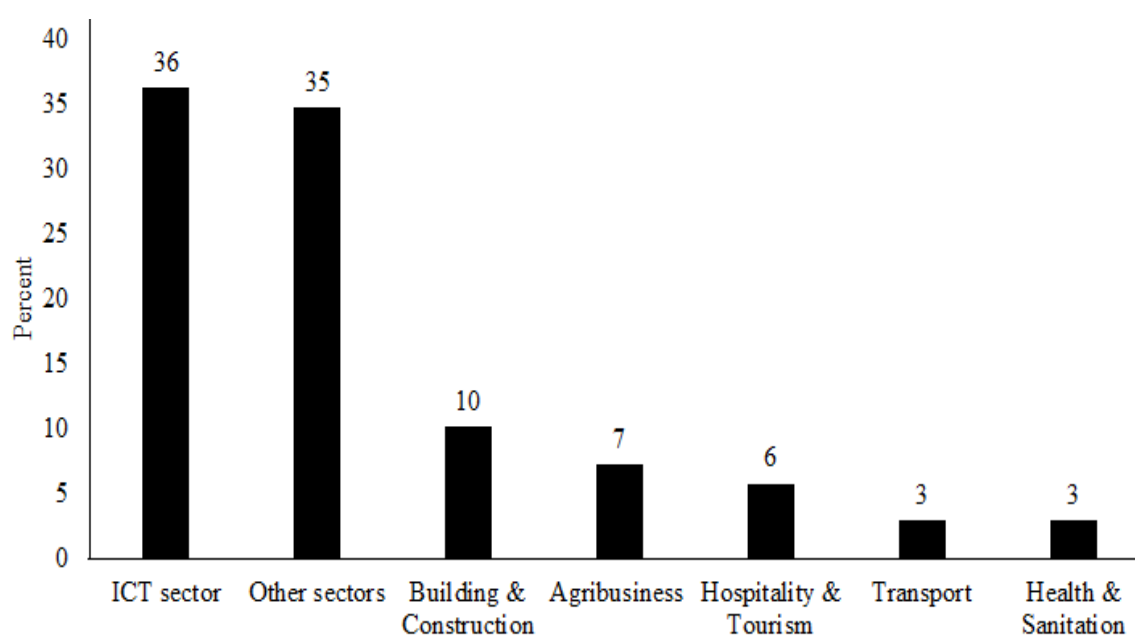


Figure 4.2: Business Sector of youth owned SMEs in Ruiru Constituency

Profitability of youth owned SMEs in Ruiru Constituency

Respondents were asked to rate the profitability of their enterprises. Figure 4.3 below displays respondents' rating on a scale of 0 to 6 where 0=non-existent and 5=very high. The figure shows that 71.4% of the SMEs posted average profits, 14.3% recorded high profits and 6.3% reported very high profits. However, some 4.8% realized low profits, 1.6% realized very low profits and another 1.6% did not make any profits. The distribution suggests that majority of the youth owned SMEs in Ruiru Constituency posted average performance. This finding agrees with the results of a study by Mutuku (2011) who found out that SMEs struggle to realize significant profits. This may be due to the unique challenges of SMEs such as smallness which constrains them from enjoying economies of scale savings as alluded to by Muthee and Ngugi (2014).

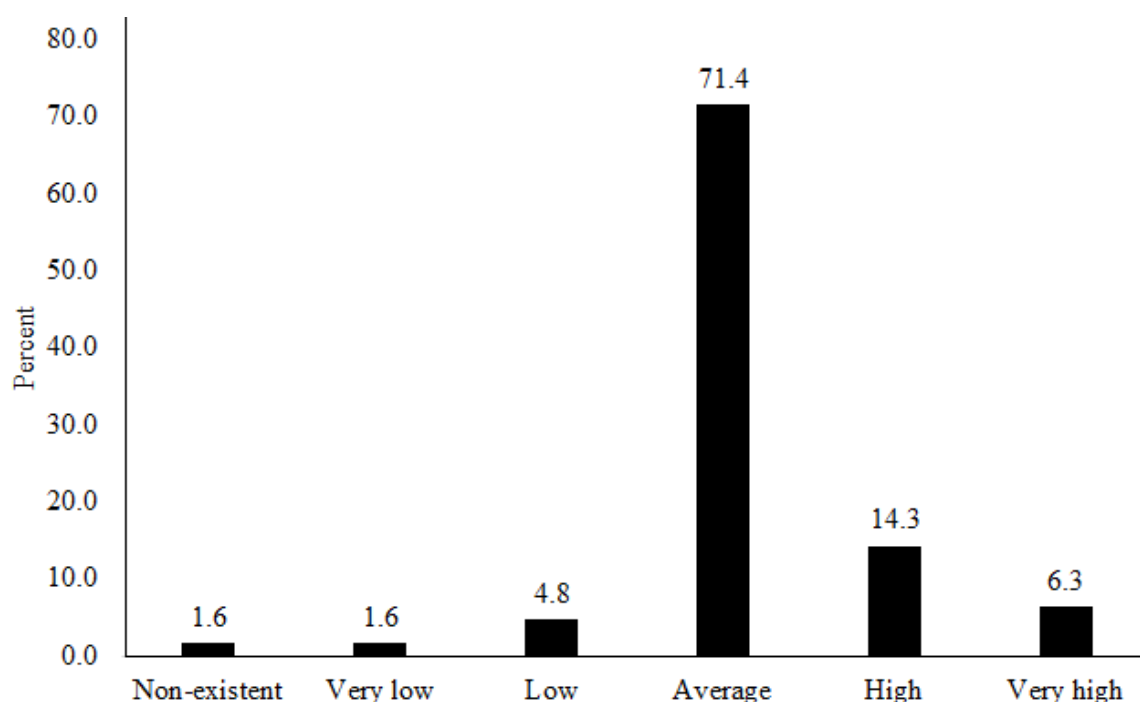


Figure 4.3 : Profitability of youth owned SMEs in Ruiru Constituency

Satisfaction Rating of youth owned SMEs in Ruiru Constituency

Respondents rated their level of satisfaction with the youth owned SMEs as a member of the organization on a scale of 1 to 5 where 1=very low and 5=very high. The findings are presented in Figure 4.4 below. The figure shows that majority (52.4%) of the respondents rated their level of satisfaction as average, 31.7% rated their satisfaction levels as high and 11.1% rated their level of satisfaction as very high. However, some 1.6% of the respondents rated their level of satisfaction as low and another 3.2% gave their SMEs a very low satisfaction rating. The results suggest that the performance of youth owned SMEs in Ruiru Constituency as measured by member satisfaction was moderate as perceived by the respondents. This implies that there was a potential mismatch between respondents' expectation of performance and reality.

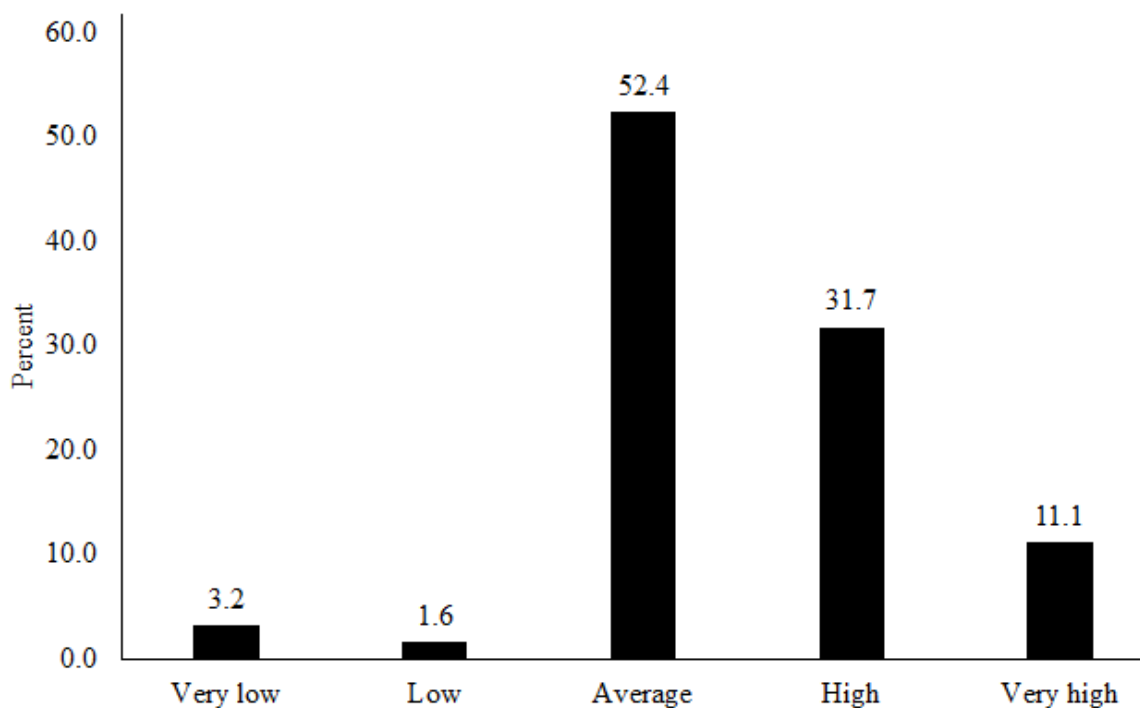


Figure 4.4 : Satisfaction Rating of Youth Owned SMEs

Effect of Consultative Approach to Leadership on Performance of Youth Owned SMEs in Ruiru Constituency

The first objective of the study was to investigate the effect of consultative approach to leadership on performance of youth owned SMEs in Ruiru Constituency. This section presents descriptive analysis of consultative approach to leadership and inferential analysis of the effect of consultative leadership participant SME performance.

Descriptive Analysis of Practice of Consultative Leadership

The respondents' perception was sought concerning their practice of consultative approach to leadership in their respective SMEs. Table 4.2 below presents the minimum (Min), maximum (Max), mean (M), standard deviation (SD) and sample size (N) of the rating for each item.

Table 4.2 : Descriptive Statistics of Practice of Consultative Leadership

Item	Min	Max	M	SD	N
I feel involved in the decisions and actions taken in the firm	1	5	3.98	1.055	63
Leaders give room for negotiation whenever there is a stalemate	1	5	3.97	1.092	63
Leaders agree with the decisions of the majority	1	5	3.86	1.105	63
Leaders allow for group discussions before making decisions	1	5	3.79	1.109	63
Leaders give room for dialogue	1	5	3.78	1.084	63
Consultative leadership aggregate	1	5	3.75	.8633	63

Table 4.2 above shows that pertaining whether respondents felt involved in the decisions and actions taken in the firm, a moderately high mean score was computed (M=3.98, SD=1.055, N=63). This means that the SME leaders almost always involved their members in the decisions and actions of the enterprise. The finding suggests that the

leadership of youth owned SMEs in Ruiru Constituency involved their members in business decisions. This is in line with participative leadership style which is characterized in literature as the giving of voice and involvement of organizational members in decisions and actions that affect the organization or its members (Kayode et al., 2014; Idahosa & Nchuchuwe, 2018).

Regarding whether leaders gave room for negotiation whenever there was a stalemate, the mean score obtained was high ($M=3.97$, $SD=1.092$, $N=63$) meaning that the leadership of youth owned enterprises negotiated with stakeholders to break any standoff. It can be adduced from this high score that the SME leaders were almost always keen at conflict resolution through constructive engagement. This is in line with the notion of consultative leadership as discussed by Uzohue et al. (2016) who note that it has an orientation for compromise.

In terms of whether leaders agree with the decisions of the majority, a high mean score ($M=3.86$, $SD=1.105$, $N=63$) was obtained on a scale of 1 to 5, which means that the majority had their say in decisions made in youth owned SMEs in Ruiru Constituency. This is a manifestation of democratic leadership which adopts a majority rule approach to leadership. This is emphasized by Khoshhal & Guraya (2016) who hold the viewpoint that participative leadership means that everybody has a say in decisions that affect the organization. In this study, the results are indicative that decisions were made after seeking the views of all organizational members and where there was no consensus, then decisions were taken democratically by going with the will of the majority.

With respect to whether leaders allowed for group discussions before making decisions, a high mean score ($M=3.79$, $SD=1.109$, $N=63$) was computed. This means that business matters were subjected to discussion before the leaders arrived at a decision. This is in line with participative leadership, which, according to Roy (2016), is characterized by

leaders encouraging discussion. It can be argued that from such discussions, superior decisions may emanate besides enhancing morale since members feel recognized. This trend is further reflected in subsequent finding which showed that leaders gave room for dialogue as was indicted by a high mean score on a scale of 1 to 5 was high ($M=3.78$, $SD=1.084$, $N=63$). This suggests that the practice of dialogue was a feature of leadership practices adopted by leaders of youth owned SMEs in Ruiru Constituency.

The overall mean score for the practice of consultative approach to leadership was moderately high ($M=3.75$, $SD=0.863$, $N=63$). From these results, it can be deduced that majority of the leaders of youth owned SMEs in Ruiru Constituency practiced participative dimension of democratic leadership. It is thus evident that the practice of participative leadership was the norm rather than the exception, with tenets of democratic leadership theory highlighted by (Pares, 2017) manifesting. This was evidenced in the peaked distribution above the mean as presented in Figure 4.5 below.

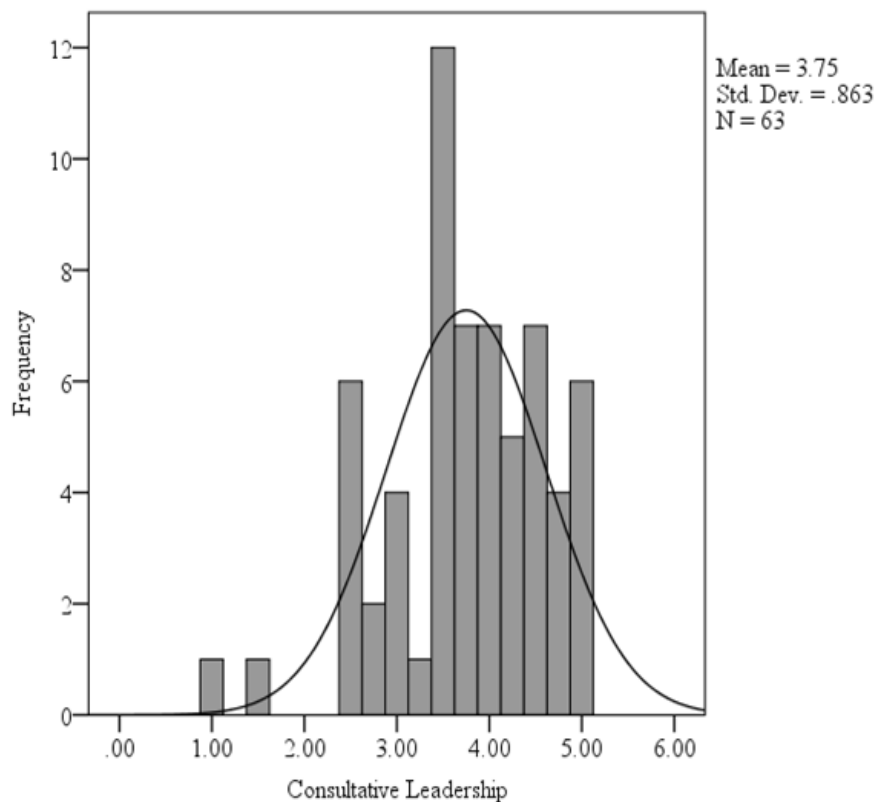


Figure 4.5 : Histogram of Consultative Leadership Composite Score

Inferential Analysis of Consultative Leadership and SME Performance

The study hypothesized that consultative approach to leadership has no effect performance of youth owned SMEs in Ruiru Constituency. This sub-section presents the output of hypothesis testing. Both correlation and regression tests were run.

Correlation between Consultative Leadership and Performance of Youth Owned SMEs in Ruiru Constituency

A test of the significance of correlation coefficient was performed to establish the association between consultative approach to leadership and two measures of performance of youth owned SMEs in Ruiru Constituency: Profitability and member satisfaction. Spearman's rank correlation technique was run at $p < .01$. Table 4.3 below presents the correlation coefficients and their statistical significance.

Table 4.3: Intercorrelation between Consultative Leadership, Profitability and Member Satisfaction

Spearman's Rho		1	2	3
1. Consultative Leadership	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	63		
2. Profitability of SME	Correlation Coefficient	.094	1.000	
	Sig. (2-tailed)	.464	.	
	N	63	63	
3. Member Satisfaction	Correlation Coefficient	.366**	.481**	1.000
	Sig. (2-tailed)	.003	.000	.
	N	63	63	63

** . Correlation is significant at the 0.01 level (2-tailed)

Table 4.3 above shows that consultative leadership was positively correlated to member satisfaction at a statistically significant degree ($r = .366$, $p < .01$). This means that member satisfaction levels increased with more practice of consultative leadership. The table also shows that a stronger correlation was obtained between member satisfaction and

profitability of SMEs ($r=.481, p<.01$), implying that member satisfaction increased with increase in profitability. However, the correlation between consultative leadership and profitability of SMEs was not statistically significant ($r=.094, p>.05$). This indicates that there was no direct correlation between consultative approach to leadership and profitability of youth owned SMEs in Ruiru Constituency.

Regression of Performance of Youth Owned SMEs on Consultative Leadership

The composite performance measure of youth owned SMEs was regressed on the aggregate index of consultative leadership to establish the variability in performance that was accounted for by consultative leadership. Simple linear regression analysis was run and the output presented in Table 4.4 below. The table displays the model summary, ANOVA statistics and the regression coefficients. The table shows that the consultative leadership accounted for 5.2% of the variability in performance of youth owned SMEs in Ruiru Constituency. This effect was statistically insignificant ($R^2=.052, F(1)=3.345, p>.05$). The coefficients data indicate that one unit increase in consultative leadership was associated with 1.288 unit increase in performance ($B=1.288, p>.05$). These results contradict the theory that consultative leadership predicts performance. This may be explained by the significance of other factors not included in the regression model. Halaychik (2016) faulted the notion that consultative leadership always translated into high performance; pointing out that followers lack the skills, knowledge or information to contribute to the issue at hand. In line with his thinking, it may also be that in the process of consulting, the SME leaders did not share some important information, putting the followers at a disadvantage of not having the full information.

Table 4.4 : Regression Output of Consultative Leadership on SME Performance

Table 4.4 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.228 ^a	.052	.036	4.78573

a. Predictors: (Constant), Consultative Leadership

Table 4.4 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.620	1	76.620	3.345	.072 ^b
	Residual	1397.094	61	22.903		
	Total	1473.714	62			

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Consultative Leadership

Table 4.4 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.314	2.708		2.331	.023
	Consultative Leadership	1.288	.704	.228	1.829	.072

a. Dependent Variable: SME Performance

The association between the composite index of consultative leadership and the aggregate measure of performance of youth owned SMEs in Ruiru Constituency is summarized in Figure 4.6 below. There was a lot of scatter of data away from the line of best fit. The figure shows that overall, the positive association between consultative leadership and aggregate performance of youth owned SMEs in Ruiru Constituency was positive but insignificant. This finding agrees with the criticisms Rabbi et al. (2017) associated with a participative approach to leadership such as poor performance due to lack of clearly defined roles, suggesting that the environment must be conducive for participative leadership to have meaningful impact. They authors further noted that participative leadership process is time intensive; from the consultations, processing information and analysis in order to get to a conclusion . This delays decision-making processes. It proves to be a challenge where quick decisions are expected. It is possible

that these weaknesses of consultative leadership affected the performance of youth owned SMEs, thereby undermining the appeal of consultative leadership.

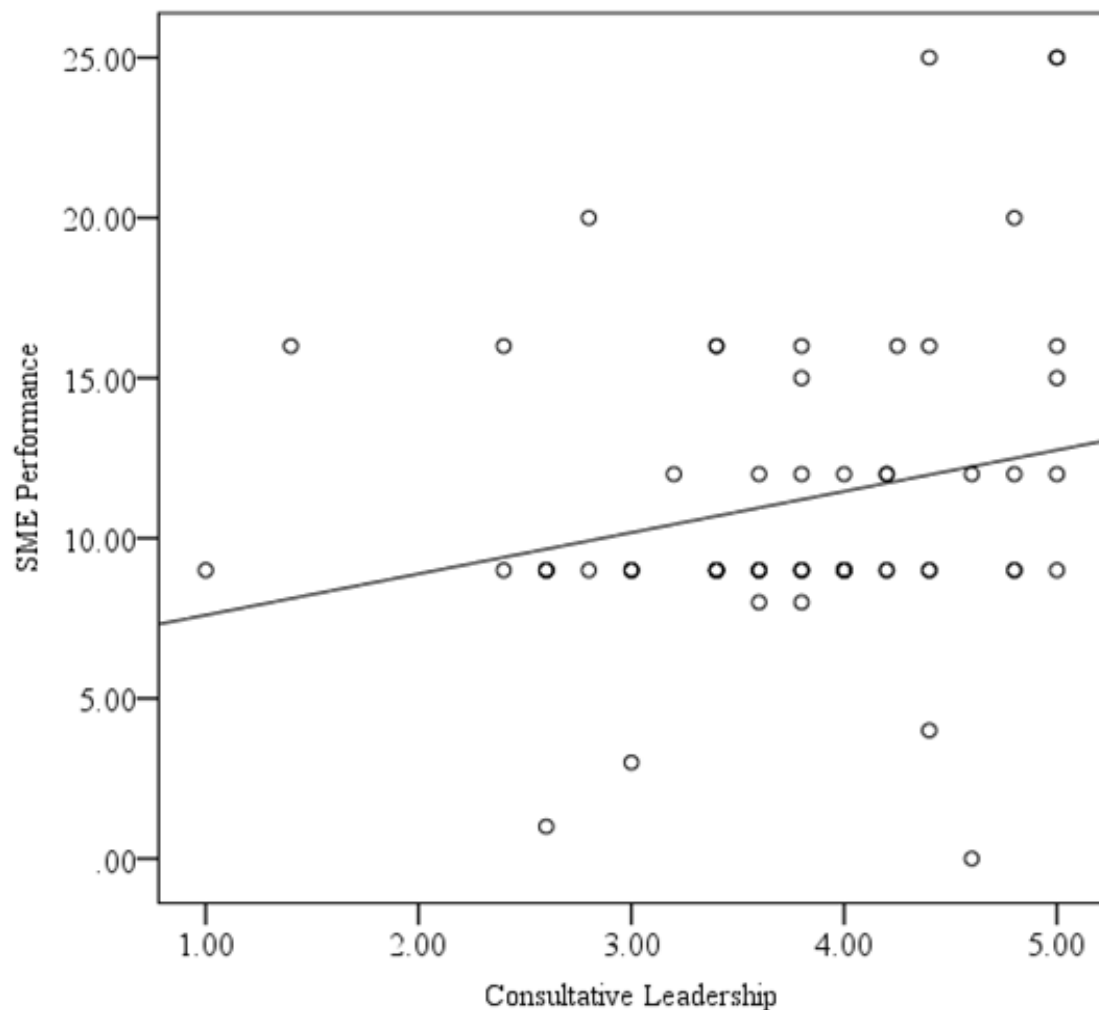


Figure 4.6 Scatterplot of Consultative Leadership and SME Performance

Effect of Participative Approach to Leadership on Performance of Youth Owned SMEs in Ruiru Constituency

The second objective of the study was to investigate the effect of participative approach to leadership on performance of youth owned SMEs in Ruiru Constituency. This section presents a descriptive analysis of participative approach to leadership and inferential analysis of the effect of participative leadership and SME performance.

Descriptive Analysis of Practice of Participative Leadership

Research participants were asked to rate the practice of participative leadership in their enterprise on a 5-point scale from 1=Never to 5=Always. Table 4.5 below presents the minimum (Min), maximum (Max), mean (M), standard deviation (SD) and sample size (N) of the rating for each item.

Table 4.5 : Practice of Participative Leadership in Youth Owned SMEs in Ruiru Constituency

Item	Min	Max	M	SD	N
Leaders in the organization accept criticism	1	5	3.98	1.055	63
I am kept informed of what goes on in the organization	1	5	3.97	1.092	63
Feedback is encouraged in the organization	1	5	3.86	1.105	63
My opinion is sought on matters that affect the business	1	5	3.79	1.109	63
Leaders seeks advice of members before making decisions	1	5	3.78	1.084	63
Participative leadership aggregate	1	5	3.83	0.986	63

Table 4.5 above shows that a high mean score was obtained for the statement; “leaders in the organization accept criticism” (M=3.98, SD=1.055, N=63), suggesting that youth owned SME leaders in Ruiru Constituency were almost always receptive to criticism. This agrees with Idahosa and Nchuchuwe (2018) who posit that participative leadership can manifest through encouragement of feedback and acceptance of criticism. This potentially fostered openness in the organization which is an important condition for knowledge sharing. Pertaining whether the respondents were kept informed of what goes on in the organization, a high mean score was computed on a 5-point scale (M=3.97, SD=1.092, N=63), meaning that the leadership of youth owned SMEs in Ruiru Constituency almost always kept their members informed of activities in the enterprise.

These results reflect Uzohue et al. (2016), the tenets of participatory approach; a key feature of which is the practice of keeping each other informed about what is going on.

The foregoing findings were further reinforced by results which showed that with regarding to whether feedback was encouraged, a high mean score was computed ($M=3.86$, $SD=1.105$, $N=63$). This indicates that the leadership usually encourages feedback from organizational members. In terms of whether respondents opinions were sought on matters that affect the business, the mean score on a scale of 1 to 5 was high ($M=3.79$, $SD=1.109$, $N=63$). This means that members' opinions were considered in organizational decisions. These results highlight all the features of participative leadership as itemized by Kayode et al. (2014) who argued that leaders are consultative when they seek advice and opinions of organizational members before making a decision or taking a course of action and maintain an open door policy.

Concerning the statement, "leaders seeks advice of members before making decisions", the mean score computed was high ($M=3.78$, $SD=1.084$, $N=63$). This implies that leaders of youth owned SMEs in Ruiru Constituency usually sought advice from members to inform decision-making. It means that there was a high level of openness to ideas. On aggregate, the overall practice of participative leadership on a scale of 1 to 5 was high ($M=3.83$, $SD=1.055$, $N=63$). The finding is consistent with the findings of a study by Uzohue et al. (2016) who observed that participative leadership approach takes the input of others into account.

The distribution of composite rating of participative leadership is presented in Figure 4.7 below. The figure shows that the distribution peaked above the mean, meaning that majority of the respondents rated the practice of participative leadership in youth owned SMEs in Ruiru Constituency highly.

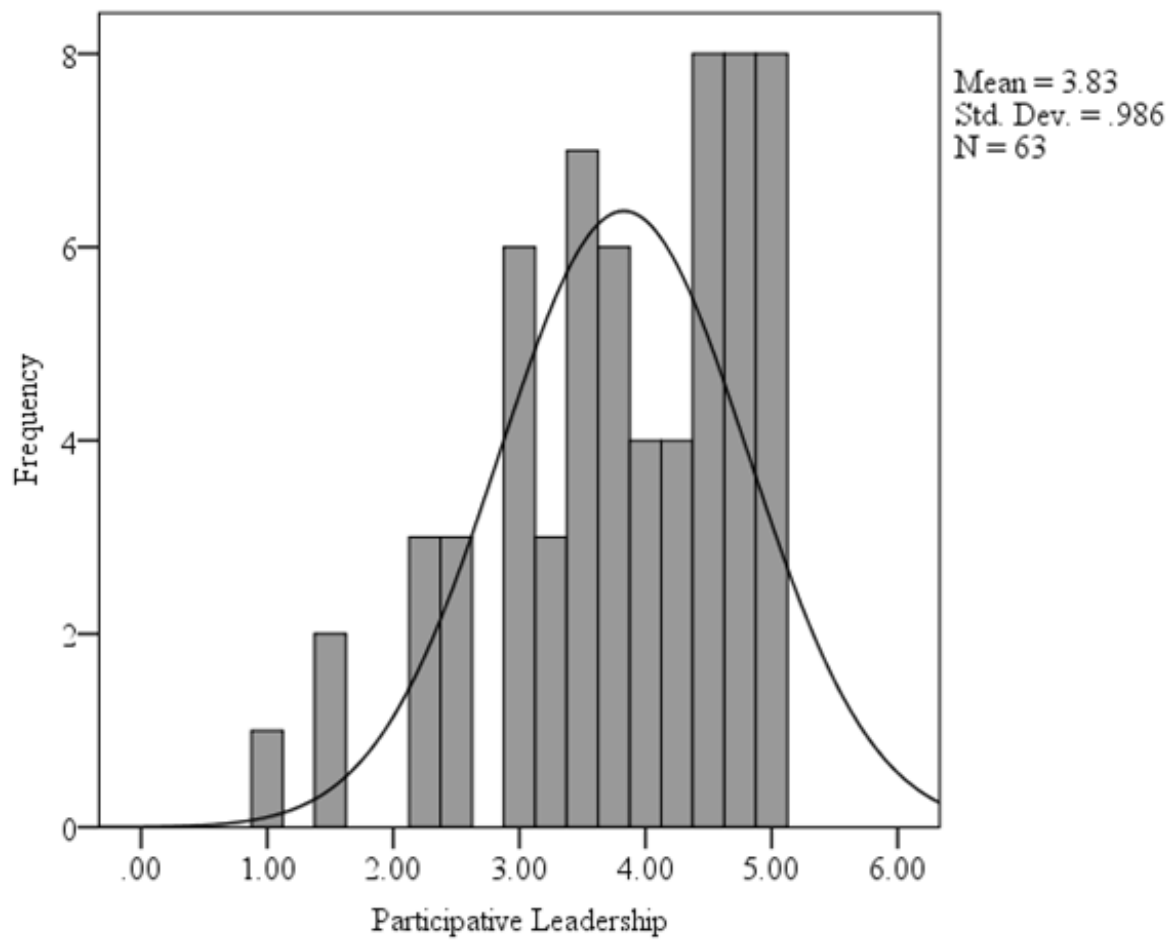


Figure 4.7: Histogram of Participative Leadership Composite Score

Inferential Analysis of Participative Leadership and SME Performance

The study hypothesized that participative approach to leadership has no effect performance of youth owned SMEs in Ruiru Constituency. This subsection presents the output of hypothesis testing of this dimension of democratic leadership.

Correlation Between Participative Leadership and Performance

A test of the significance of correlation coefficient was performed to establish the association between participative approach to leadership and the two indicators of performance of youth owned SMEs in Ruiru Constituency: Profitability and member

satisfaction. Statistical significance was accepted at $p < .05$. Table 4.6 below presents the output of Spearman's Rank Correlation Analysis.

Table 4.6 : Intercorrelation between Participative Leadership, Member Satisfaction and Profitability of SMEs

Spearman's Rho		1	2	3
1. Participative Leadership	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	63		
2. Member Satisfaction	Correlation Coefficient	.267*	1.000	
	Sig. (2-tailed)	.034	.	
	N	63	63	
3. Profitability of SME	Correlation Coefficient	.013	.481**	1.000
	Sig. (2-tailed)	.922	.000	.
	N	63	63	63

*. Correlation is significant at the 0.05 level (2-tailed)

**. Correlation is significant at the 0.01 level (2-tailed)

The findings in table 4.6 shows that participative leadership was positively and significantly correlated to member satisfaction ($r = .267$, $p < .05$, $N = 63$) but not profitability of SMEs ($r = .013$, $p > .05$, $N = 63$). The findings imply that member satisfaction significantly increased with increase in participative leadership but did not significantly lead to a corresponding increase in profitability.

Regression Analysis of SME Performance on Participative Leadership

Simple linear regression was run to establish the predictive power of participative leadership on the aggregate measure of performance of youth owned SMEs in Ruiru constituency. The results are presented in Table 4.7 below. The table shows that participative leadership accounted for only 1.4% of the variance in SME performance; $R^2 = .014$, $F(1) = 891$, $p > .05$. The coefficients result indicate that one unit increase in participative leadership was associated with 0.595 increase in overall performance

($B=.585, p>.05$). From the findings, it can be inferred that participative leadership did not predict overall performance of youth owned SMEs in Ruiru Constituency. This finding contradicts Iqbal et al. (2015) finding which found out that democratic leadership; and especially the participative approach to leadership, had a long term positive effect on performance. This disparity in research results may be explained by the fact that majority of the SMEs under review had not been in existence for long. It may thus be too early to evaluate the performance outcomes of their practice of participative leadership.

Table 4.7 : Regression Output of Participative Leadership on SME Performance

Table 4.7 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.120 ^a	.014	-.002	4.87950

a. Predictors: (Constant), Participative Leadership

Table 4.7 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	21.332	1	21.332	.896	.348 ^b
1	Residual	1452.382	61	23.810		
	Total	1473.714	62			

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Participative Leadership

Table 4.7 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	8.865	2.484		3.570	.001
1	Participative Leadership	.595	.629	.120	.947	.348

a. Dependent Variable: SME Performance

Figure 4.8 below summarizes the association between the composite mean score of participative leadership and SME performance composite score. The figure shows that although there exists a positive slope of the line, the scatter points are so dispersed from the line of best fit such that no pattern emerge from the relationship. It can be inferred from the figure that there was no association between participative leadership and SME performance.

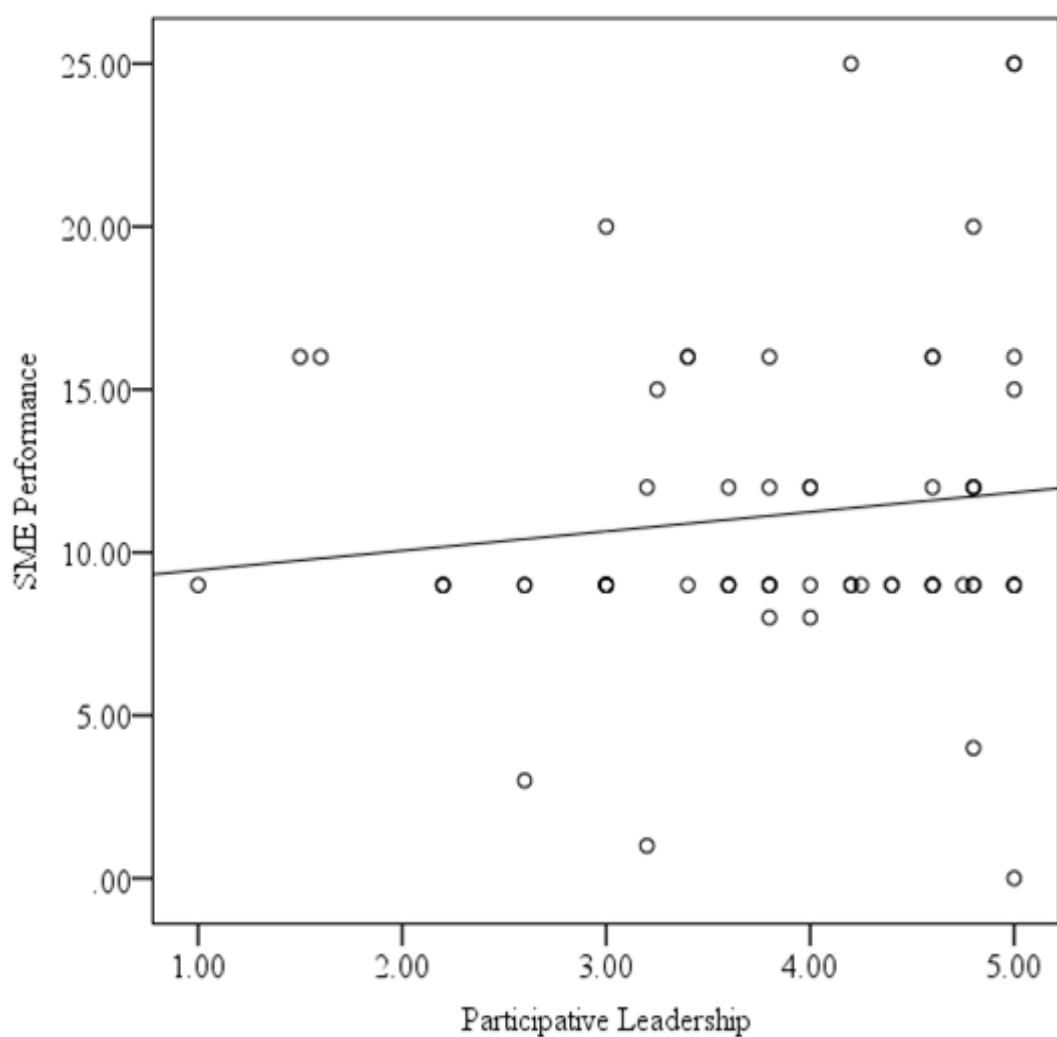


Figure 4.8: Scatter plot of Consultative Leadership and SME Performance

Effect of Shared Responsibility Making on Performance of Youth Owned SMEs in Ruiru Constituency

The third objective of the study was to determine the effect of shared responsibility on performance of youth owned SMEs in Ruiru Constituency. This section analyzes and discusses the descriptive findings on the practice of shared responsibility and inferential results of its effect on SME performance.

Descriptive Analysis of Practice of Shared Responsibility

Respondents were asked to rate the practice of shared responsibility in their enterprise on a 5-point scale from 1=Never to 5=Always. Table 4.8 below presents the minimum (Min), maximum (Max), mean (M), standard deviation (SD) and sample size (N) of the rating for each item.

Table 4.8 : Practice of Shared Responsibility in Youth Owned SMEs

Shared responsibility items	Min	Max	M	SD	N
Leaders delegate responsibility and authority to subordinates	1	5	3.84	1.081	63
Leaders hold subordinates accountable for decisions they make	1	5	3.83	1.086	63
There is collective decision making in the organization	1	5	3.78	1.142	63
Leaders seek consensus before taking a course of action	1	5	3.59	1.173	63
Shared responsibility aggregate	1	5	3.72	.920	63

Table 4.8 shows that with respect to delegation of responsibility, a high mean score was obtained on a 5-point scale (M=3.84, SD=1.081, N=63), which means that the leaders usually delegated responsibility and authority to organizational members. This finding corresponds to the fourth level of participative leadership as theorized by Bass & Bass

(2009) where members of the organization make decisions with minimal if any input from the leader because the leader has delegated responsibility.

Pertaining the practice of accountability, a high mean score was computed ($M=3.83$, $SD=1.06$, $N=63$). This suggests that leaders usually held subordinates accountable for decisions they made. This is in keeping with participative leadership theory discussed by Tang (2019) who noted that followers are held accountable for their decisions and actions. Tang argued that this potentially created higher productivity, better contributions from workmates and increase morale.

Pertaining collective decision making in the organization, the mean score computed was high ($M=3.78$, $SD=1.142$, $N=63$). This means that decisions in the youth owned SMEs were usually made collectively. This finding suggests that leaders adhered to the principles of democratic leadership theory. The finding agrees with Idahosa and Nchuchuwe (2018) who argue that collective decision-making is a central idea of successful leadership.

The mean score for whether leaders sought consensus before taking a course of action was moderate ($M=3.59$, $SD=1.173$, $N=63$). This implies that leaders sometimes but not always sought consensus in order to take action in business. The finding suggests that youth owned SME leaders have room for improvement in terms of consensus building. Bass & Bass (2009) theorized that consensus building is important for successful democratic leadership because it builds trust and fosters co-operation.

The aggregate mean rating of practice of shared responsibility was high ($M=3.72$, $SD=.920$, $N=63$), implying that shared responsibility was usually practiced by leaders of youth owned SMEs in Ruiru Constituency. This suggests that the leaders acknowledged the pivotal role of a shared responsibility to leadership effectiveness. Uzohue et al. (2016)

perceived shared responsibility as the real indication of the extent which the leaders value the input of their followers.

The distribution of the composite mean rating of shared responsibility is presented in Figure 4.9 below. The figure shows that the distribution peaked above the mean, meaning that majority of the respondents highly rated this dimension of democratic leadership. Overall, there was evidence that democratic leadership practices were cherished by the leaders of youth owned SMEs in Ruiru Constituency.

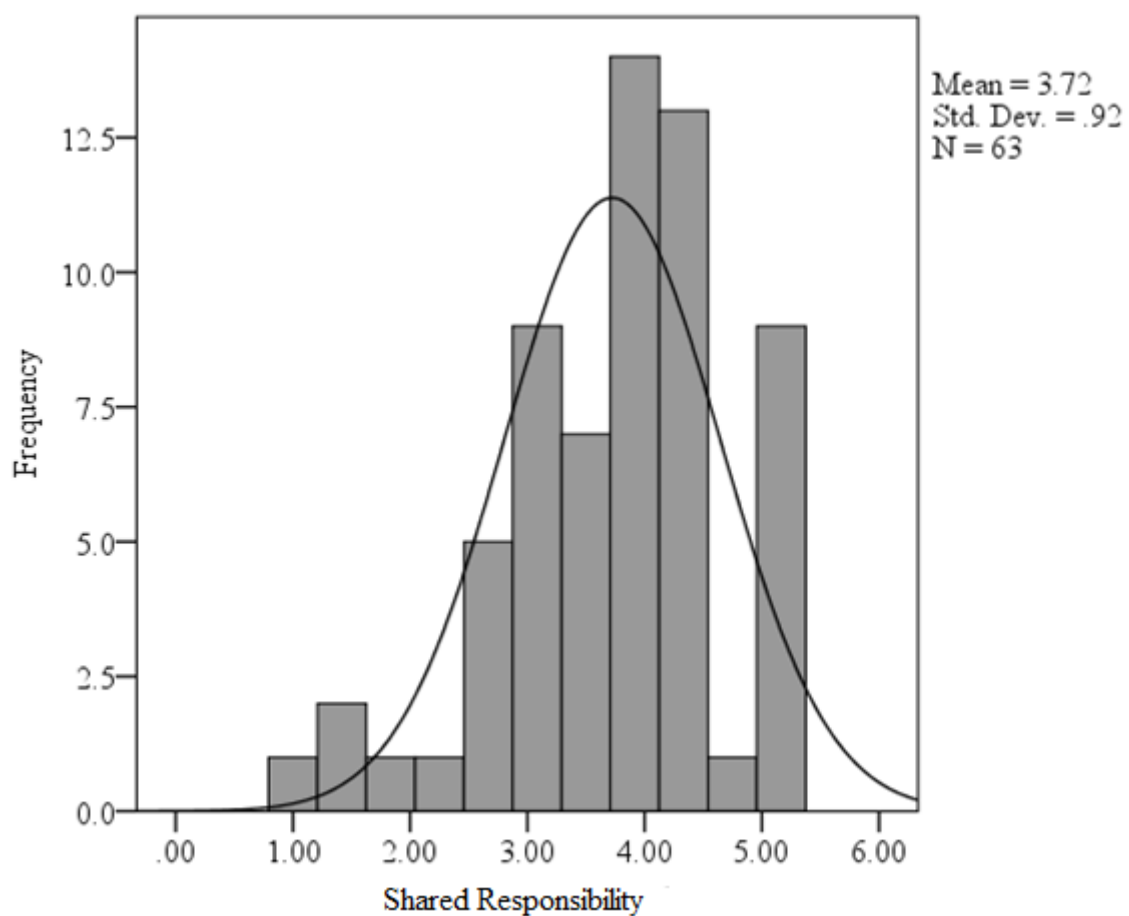


Figure 4.9 : Histogram of Shared Responsibility Composite Score

Inferential Analysis of Shared Responsibility and SME Performance

The study hypothesized that shared responsibility approach to leadership has no effect performance of youth owned SMEs in Ruiru Constituency. This subsection presents

the results of hypothesis testing of significance of correlation coefficient and predictive power of shared responsibility on SME aggregate performance.

Correlation Between Participative Leadership and Performance

Spearman's Rank Correlation analysis was run to establish the relationship between the study variables. Statistical significance is presented at $p < .01$. The correlation output is shown in Table 4.9 below.

Table 4.9 : Intercorrelation between Shared Responsibility, Profitability of SMEs and Member Satisfaction Scores

Spearman's Rho		1	2	3
1. Shared Responsibility	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	63		
2. Profitability of SME	Correlation Coefficient	-.015	1.000	
	Sig. (2-tailed)	.910	.	
	N	63	63	
3. Member Satisfaction	Correlation Coefficient	.126	.481**	1.000
	Sig. (2-tailed)	.323	.000	.
	N	63	63	63

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.9 shows that the composite score of shared responsibility was neither significantly correlated to the aggregate measure of profitability of SMEs ($r = -.015$, $p > .05$, $N = 63$) nor to member satisfaction rating ($r = .126$, $p > .05$, $N = 63$). The results suggest that SME performance did not significantly increase with increased sharing of responsibility. These results contradict the findings of Ukaidi's (2016) study in Nigeria who found out that shared responsibility accounted for the highest explanatory power on performance. The difference in research findings may be due to size since Ukaidi undertook his study in a large corporate as opposed to the current study which focused on small and medium-sized enterprises.

Regression Analysis of Shared Responsibility and SME Performance

The aggregate measure of performance of youth owned SME in Ruiru Constituency was regressed on shared responsibility to estimate its predictive power using simple linear regression technique. Table 4.10 below presents the output.

Table 4.10: Regression Output of SME Performance on Shared Responsibility

Table 4.10(a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.087 ^a	.007	-.009	4.89676

a. Predictors: (Constant), Shared Responsibility

Table 4.10(b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.040	1	11.040	.460	.500 ^b
	Residual	1462.674	61	23.978		
	Total	1473.714	62			

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Shared Responsibility

Table 4.10(c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.435	2.591		3.641	.001
	Shared Responsibility	.459	.676	.087	.679	.500

a. Dependent Variable: SME Performance

The table shows that shared responsibility explained 0.7% of the variability in SME performance; $R^2=.007$, $F(1)=.460$, $p>.05$. The table further indicates that one unit increase in shared responsibility was associated with 0.459 unit increase in SME performance ($B=.459$, $p>.05$). These results suggest that shared responsibility did not significantly explain the performance of youth owned SMEs in Ruiru Constituency. This finding

contradicts the findings of Ibrahim & Daniel (2019) who studied the impact of leadership on the performance of Coca Cola Company in Nigeria. As opposed to the results of the current study, they found out that shared leadership and delegation of duties enhanced the employee performance and attainment of corporate goals and objectives. It is noteworthy that corporate organizations are endowed with both financial muscle and professional human resources which are important preconditions for achievement of superior organizational performance. The association between shared responsibility and performance of youth owned SMEs is illustrated in Figure 4.12 below.

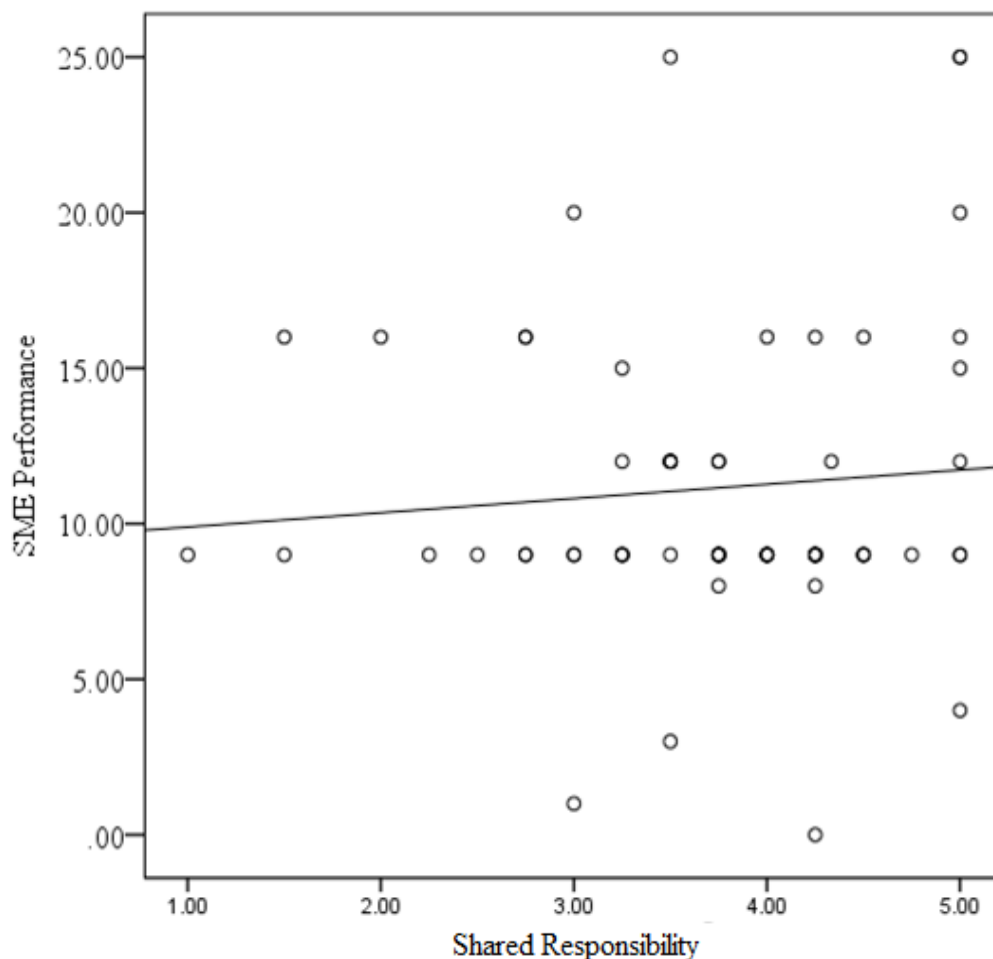


Figure 4.10: Scatterplot of Shared Responsibility and SME Performance

The figure depicts that while a positive slope of the line was obtained, the scatter points were too dispersed away from the fit line for any pattern to emerge. It can be inferred from the diagram that no association existed between the practice of shared responsibility as a dimension of democratic leadership and performance of youth owned SMEs in Ruiru Constituency.

Sense of Empowerment as an Explanator of the Effect of Democratic Leadership on Performance of Youth Owned SMEs in Ruiru Constituency

The fourth and final objective of the study was to determine whether sense of empowerment explains the relationship between democratic leadership and performance of youth owned SMEs in Ruiru Constituency. This sub section of the analysis presents descriptive rating of respondents' sense of empowerment and inferential analysis of its explanatory effect on the association between democratic leadership and SME performance.

Descriptive Analysis of Practice of Sense of Empowerment

Respondents were asked to rate how often they felt a sense of empowerment as a member of their organization on a 5-point scale from 1=Never to 5=Always. Table 4.11 below presents the minimum (Min), maximum (Max), mean (M), standard deviation (SD) and sample size (N) of the rating for each item.

Table 4.11 above shows that sense of respect to each other in the organization scored a high rating (M=4.29, SD=.906, N=63). This means that respondents usually felt respected. Pertaining the statement, "knowledge is freely shared in the organization", a high mean score was computed on a 5-point scale (M=4.24, SD=.928, N=63). This means that knowledge was usually shared in the organization. This is consistent with the

observation by Tang (2019) who noted that because of democratic leadership, the resultant environment is conducive for knowledge sharing and generation of better solutions to problems because work colleagues are motivated to share their thoughts and ideas.

Table 4.11 : Descriptive Statistics of Sense of Empowerment Items

Item	Min	Max	M	SD	N
There is a sense of respect to each other in the organization	1	5	4.29	0.906	63
Knowledge is freely shared in the organization	2	5	4.24	0.928	63
I feel empowered to serve in the organization	1	5	4.22	1.039	63
I feel included in the organization	1	5	4.13	1.000	63
There is a harmonious relationship among members and leaders	1	5	4.13	0.992	63
Each member of the organization work co-operatively with the other	1	5	4.08	0.972	63
I have a cordial relationship with the leadership of the organization	1	5	4.03	1.086	63
There is a sense of ownership of the organization	1	5	4.02	1.114	63
Everyone in the organization works to help one another to achieve business objectives	1	5	3.92	1.222	63
There is an atmosphere of trust between leaders and members	1	5	3.92	1.021	63
Sense of empowerment aggregate	1	5	4.05	0.931	63

Concerning sense of inclusion, a high mean score was determined (M=4.13, SD=1.000, N=63), suggesting that respondents usually felt included in the organization. In relation to fostering harmonious relationships, a high mean score was computed (M=4.13, SD=0.992, N=63), suggesting that a harmonious relationship usually existed among members and leaders. With respect to co-operation in the enterprise, a high mean score was established (M=4.13, SD=0.992, N=63), implying that each member of the

organization almost always worked cooperatively with the others. Similarly, the mean rating for the statement, “I have a cordial relationship with the leadership of the organization” was high ($M=4.03$, $SD=1.086$, $N=63$). This implies that members of their organization related cordially with each other.

Table 4.11 further shows that in terms of whether there was a sense of ownership in the organization, a high mean score was realized on a scale of 1 to 5 ($M=4.03$, $SD=1.086$, $N=63$). This means that respondents usually felt a sense of ownership of their organization. Concerning the idea that everyone in the organization works to help one another achieve business objectives, a high mean score was computed ($M=3.92$, $SD=1.222$, $N=63$). This means that members of the organization usually supported one another to realize business goals. Pertaining whether there was an atmosphere of trust between leaders and members, the mean score on a 5-point scale was high ($M=3.92$, $SD=1.02$, $N=63$). This suggests that there was an environment of trust. These results are in keeping with democratic leadership practices. They are reflective of teamwork which Puni et al. (2016) associate with the benefits of a truly empowering approach to leadership.

Figure 4.11 also shows that the aggregate sense of empowerment was high ($M=4.05$, $SD=0.93$, $N=63$). This means that the overall sense of empowerment in youth-owned SMEs in Ruiru Constituency was high. The distribution of mean rating of overall sense of empowerment score showed that the data peaked above the mean. This means that a sense of empowerment was usually felt in majority of the youth owned SMEs in Ruiru Constituency. The finding affirms Nevarez et al. (2013) listing of a number of benefits of democratic leadership style such as member empowerment, shared responsibility, respect, trust and reciprocity. The democratic leader keeps his employees informed about everything that affects their work, shares decision making and problem solving responsibilities.

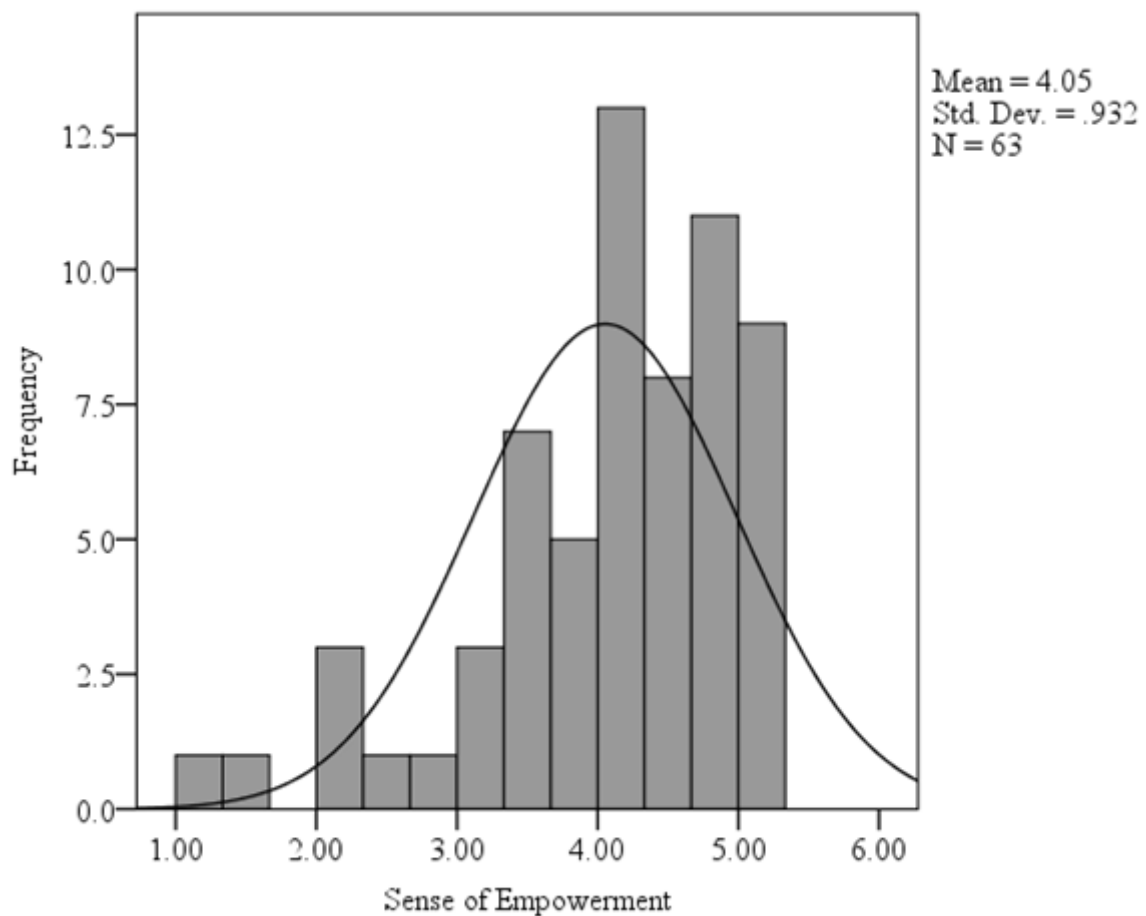


Figure 4.11 Histogram of Sense of Empowerment Composite Score

Inferential Analysis of Sense of Empowerment as an Explanator of the Association between Democratic Leadership and SME Performance

This subsection addresses H_{04} : “Sense of empowerment does not explain the relationship between democratic leadership and performance of youth owned SMEs in Ruri Constituency.” Both correlation and regression analyses were performed. The results are presented and discussed as follows.

Correlation Analysis of Sense of Empowerment as an Explanator of Performance

Spearman’s rank correlation coefficient analysis was run to establish the significance of intercorrelation between sense of democratic leadership composite score,

sense of empowerment composite score and the aggregate measure of SME performance.

Table 4.12 below shows the findings.

Table 4.12 : Intercorrelation between Democratic Leadership, Sense of Empowerment and SME Performance

Spearman's Rho		1	2	3
1. Democratic Leadership	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	63		
2. Sense of Empowerment	Correlation Coefficient	.814**	1.000	
	Sig. (2-tailed)	.000	.	
	N	63	63	
3. SME Performance	Correlation Coefficient	.149	.098	1.000
	Sig. (2-tailed)	.243	.443	.
	N	63	63	63

*. Correlation is significant at the 0.05 level (2-tailed)

**. Correlation is significant at the 0.01 level (2-tailed)

Table 4.12 above shows that democratic leadership was significantly correlated to sense of empowerment ($r=.814$, $p<.01$, $N=63$), implying that sense of empowerment increased with more practice of democratic leadership. This finding supports the results of a previous study by Al Khajeh (2018), whose study showed that democratic leadership practices motivated organizational members since they felt a sense of empowerment. They believed that their opinions and views were valued. The table indicates that neither democratic leadership ($r=.149$, $p>.05$, $N=63$) nor sense of empowerment ($r=.098$, $p>.05$, $N=63$) were significantly correlated to the aggregate measure of SME performance, suggesting that a sense of empowerment accruing from democratic leadership practices does not necessarily translate into organizational performance.

Regression Analysis of Sense of Empowerment as an Explanator of Performance

The first step in analyzing the explanatory effect of sense of empowerment on the relationship between democratic leadership and SME performance involved the

transformation of the scores for the three dimensions of democratic leadership into a composite index. Figure 4.12 below presents the distribution of scores.

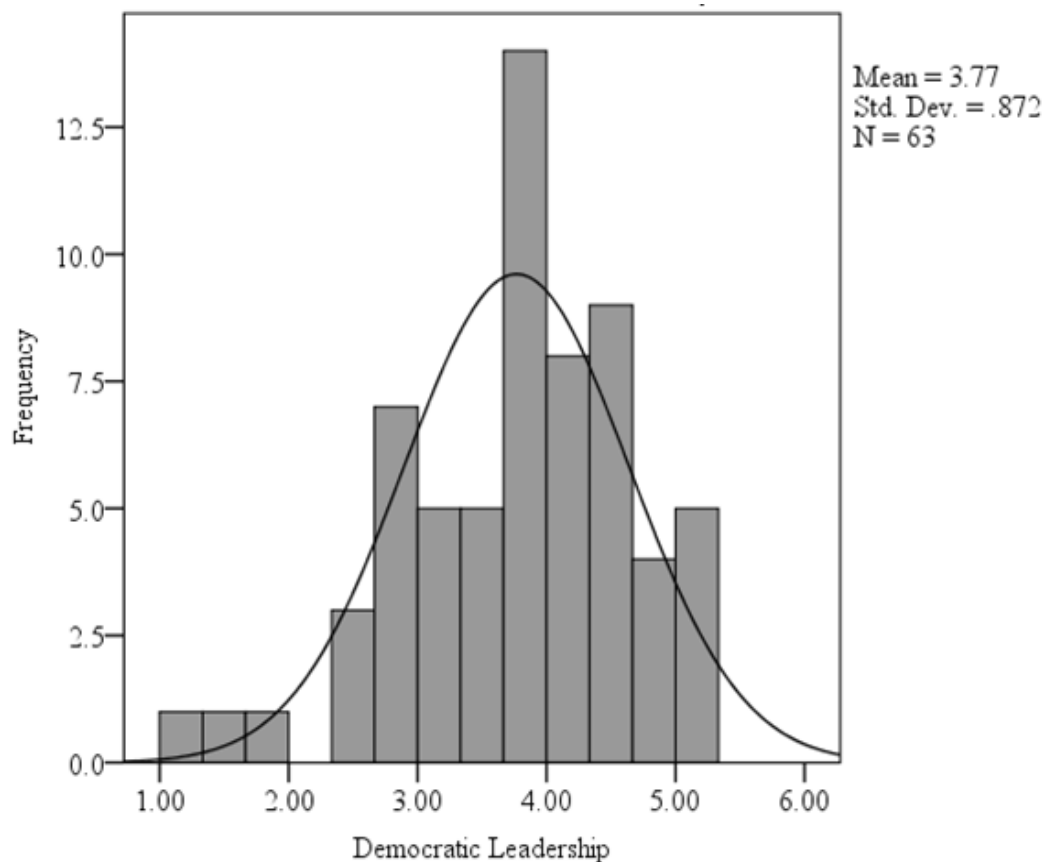


Figure 4.12 Histogram of Democratic Leadership Composite Score

Figure 4.12 shows that the aggregate mean score of democratic leadership practices was moderately high ($M=3.77$, $SD=0.872$, $N=63$). The figure further indicates that the distribution peaked above the mean, implying that the leadership of majority of the youth owned SMEs almost always practiced democratic leadership. This finding supports the observation made by Mamoglu et al. (2015) who recognized democratic leadership as a popular practice among many modern day enterprises. This may be explained by the recent trends characterized by the youth forming groups as a means to access resources and information. Wanjia (2014) reported that many of the youth have formed self-help groups

through which they benefit from empowerment initiatives by the government such as YEDF among others. It is noteworthy that democratic leadership is a feature of all self-help groups since democracy in the management of the affairs of youth groups is a requirement of self-help groups.

In order to test the hypothesis, three sets of mediated regression analysis were performed as follows:

- i) Mediation effect of sense of empowerment on youth owned SME profitability performance.
- ii) Mediation effect of sense of empowerment on youth owned SME member satisfaction performance.
- iii) Mediation effect of sense of empowerment on youth owned SME aggregate performance.

Test of Mediation Effect of Sense of Empowerment on SME Profitability

Two sub stages were involved in testing for mediation effect of sense of empowerment on SME profitability. Firstly, the indirect effect of democratic leadership on SME profitability was tested by regressing SME profitability on both democratic leadership and sense of empowerment as shown in Table 4.13 below. The table above shows that there was no statistically significant indirect effect of democratic leadership on SME profitability ($B=.233, p>.05$). This implies that sense of empowerment potentially did not mediate between democratic leadership and SME profitability.

Table 4.13 : Regression Output for Indirect Effect of Democratic Leadership on SME Profitability

Table 4.13(a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.153 ^a	.023	-.009	.804

a. Predictors: (Constant), Sense of Empowerment, Democratic Leadership

Table 4.13 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.930	2	.465	.720	.491 ^b
	Residual	38.784	60	.646		
	Total	39.714	62			

a. Dependent Variable: Profitability of SME

b. Predictors: (Constant), Sense of Empowerment, Democratic Leadership

Table 4.13(c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.277	.471		6.955	.000
	Democratic Leadership	.233	.222	.253	1.046	.300
	Sense of Empowerment	-.250	.208	-.290	-1.199	.235

a. Dependent Variable: Profitability of SME

The second stage involved testing the direct effect of democratic leadership on SME profitability by running a simply linear regression analysis as presented in table 4.14 below. Findings in table 4.14 above show that there was no statistically significant direct effect of democratic leadership on SME profitability ($B=.006$, $p>.05$). This means that there was no association between democratic leadership and SME profitability, thus no mediation effect of sense of empowerment. This finding contradicts the findings by Lorinkova et al. (2013) whose empirical study established that enterprises led by empowering leaders post significantly higher performance. The findings of this study suggest that democratic leadership alone may not translate into SME performance.

Table 4.14 : Regression Output for Direct effect of Democratic Leadership on SME Profitability

Table 4.14 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.006 ^a	.000	-.016	.807

a. Predictors: (Constant), Democratic Leadership

Table 4.14 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.002	1	.002	.003	.960 ^b
	Residual	39.713	61	.651		
	Total	39.714	62			

a. Dependent Variable: Profitability of SME

b. Predictors: (Constant), Democratic Leadership

Table 4.14 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.121	.454		6.869	.000
	Democratic Leadership	.006	.118	.006	.050	.960

a. Dependent Variable: Profitability of SME(the table is not clearly presented)

Figure 4.13 below illustrates the association between democratic leadership and SME profitability. The figure shows that although some data points were very close to the line of best fit, there was no corresponding increase in SME profitability with increased practice of democratic leadership. This finding supports the criticisms leveled against democratic leadership such as put forth by Ngetich & Muchemi (2018) who observed that the notion of majority having their way while conferring a sense of empowerment, may not always work in the best interest of the enterprise if members put their own interest ahead of the interest of the organization. It means that performance of youth owned SMEs may be dependent on the goodwill and organizational citizenship behaviors which may not automatically result from a sense of empowerment.

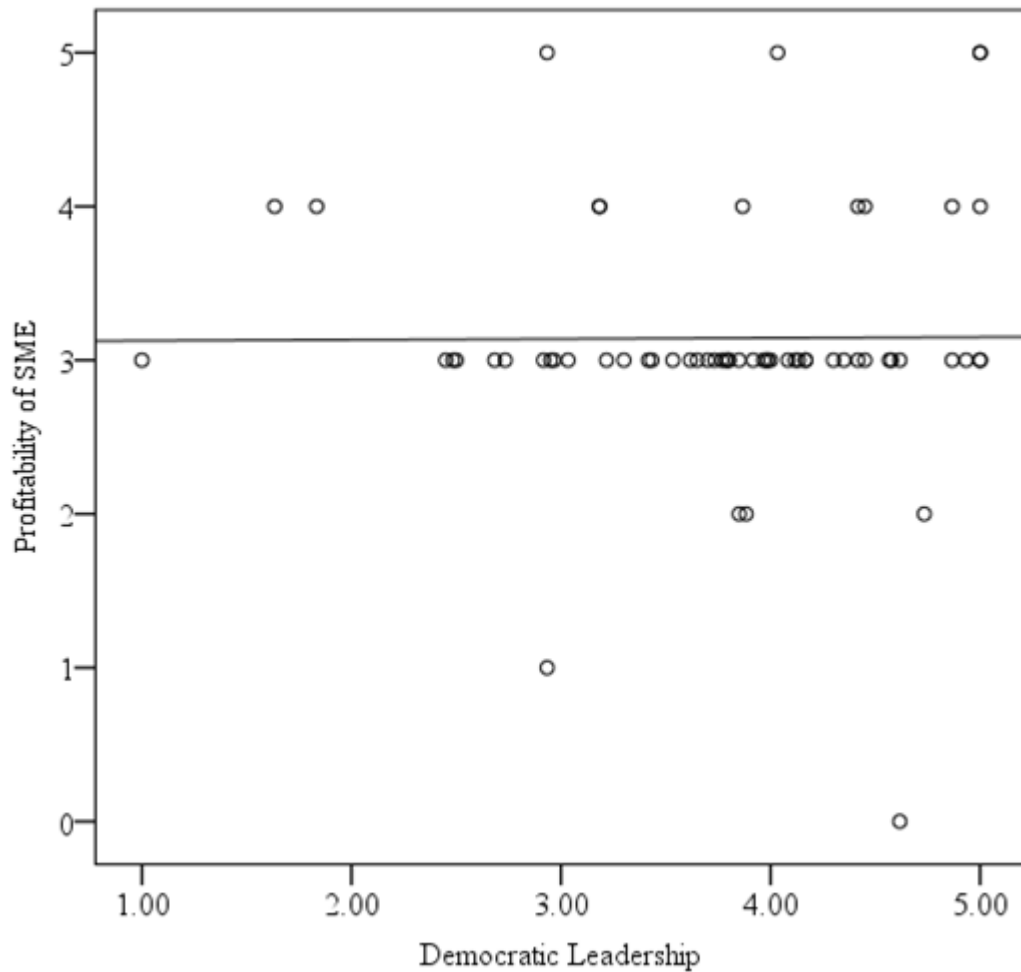


Figure 4.13 Scatter plot of Democratic Leadership and SME Profitability

Test of Mediation effect of Sense of Empowerment on Member Satisfaction

The test for mediation effect on member satisfaction was performed by first establishing the indirect effect of democratic leadership on member satisfaction then regressing the direct effect of democratic leadership in order to determine the difference between the two coefficients. Tables 4.15 and 4.16 below present the results. Table 4.15 reveals that there was no statistically significant indirect effect of democratic leadership on member satisfaction through sense of empowerment ($B=.326, p>.05$). This means that it was unlikely that sense of empowerment explained the relationship between democratic leadership and member satisfaction.

Table 4.15 : Regression Output for Indirect Effect of Democratic Leadership on Member Satisfaction

Table 4.15 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.280 ^a	.078	.048	.819

a. Predictors: (Constant), Sense of Empowerment, Democratic Leadership

Table 4.15 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.422	2	1.711	2.552	.086 ^b
	Residual	40.229	60	.670		
	Total	43.651	62			

a. Dependent Variable: Member Satisfaction

b. Predictors: (Constant), Sense of Empowerment, Democratic Leadership

Table 4.15 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.495	.480		5.199	.000
	Democratic Leadership	.326	.227	.338	1.437	.156
	Sense of Empowerment	-.065	.212	-.072	-.305	.762

a. Dependent Variable: Stakeholder Satisfaction

Table 4.16 presents simple linear regression analysis of the direct effect of democratic leadership on youth owned SME member satisfaction performance. The table shows that there was a statistically significant direct effect of democratic leadership composite score on member satisfaction composite score ($B=.267$, $p<.05$). This finding suggests that democratic leadership predicted member satisfaction without being mediated by sense of empowerment. This finding is consistent with the finding of a study by Marhoobi & Attan (2017) in Oman where they found out that democratic leadership has a

positive impact on employee satisfaction. This finding suggests that democratic leadership directly and positively predicts non-financial performance.

Table 4.16: Regression Output for Sense of Empowerment on Democratic Leadership

Table 4.16 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.277 ^a	.077	.062	.813

a. Predictors: (Constant), Democratic Leadership

Table 4.16 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.359	1	3.359	5.086	.028 ^b
	Residual	40.292	61	.661		
	Total	43.651	62			

a. Dependent Variable: Member Satisfaction

b. Predictors: (Constant), Democratic Leadership

Table 4.16 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.455	.458		5.364	.000
	Democratic Leadership	.267	.118	.277	2.255	.028

a. Dependent Variable: Stakeholder Satisfaction

The relationship between democratic leadership and member satisfaction performance of the youth owned SMEs is depicted in Figure 4.16 below.

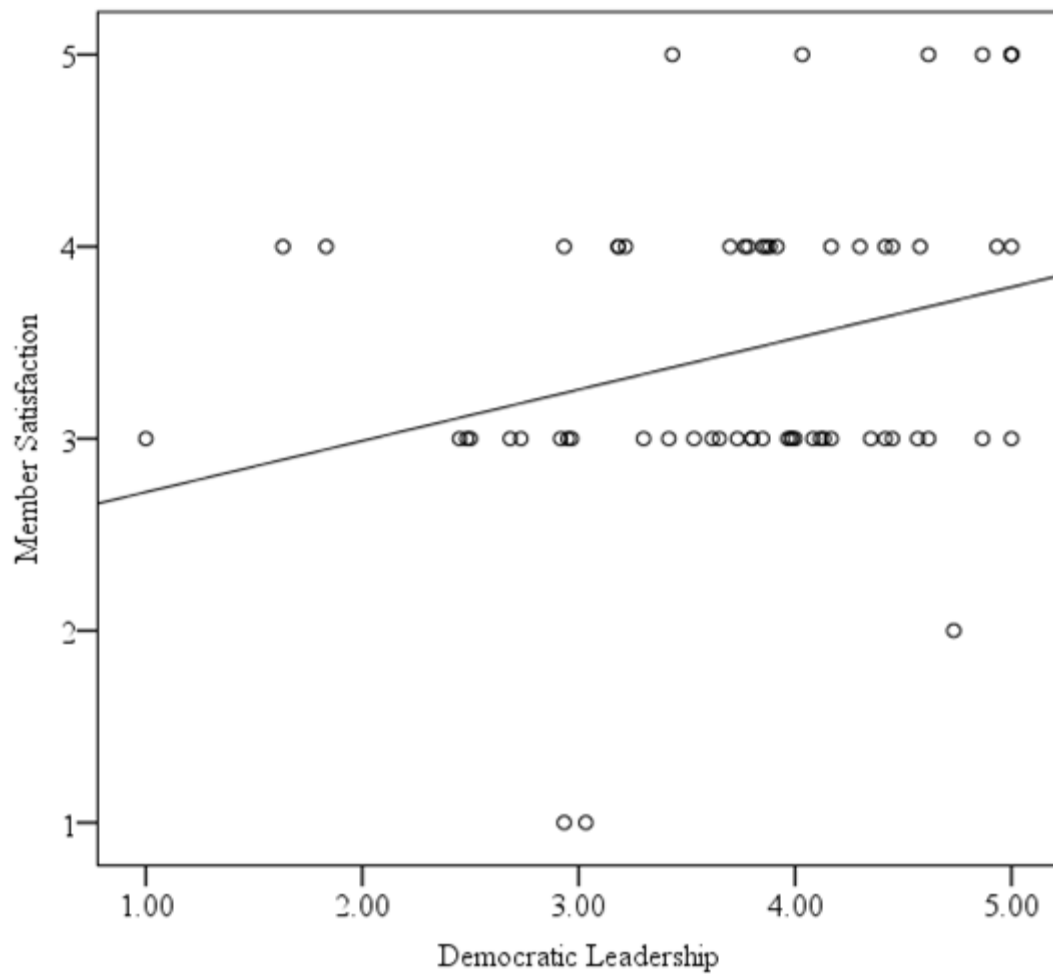


Figure 4.14 Scatter plot of Democratic Leadership and Member Satisfaction

Figure 4.14 above indicates that a high increase in the practice of democratic leadership was associated with a moderate rise in members' level of satisfaction with the business. This means that while democratic leadership significantly predicts member satisfaction, its impact on this measure of SME performance was not strong. The finding agrees with Uzohue et al. (2016) whose study linked democratic leadership to improved firm performance. In this case, the measure of firm performance is member satisfaction, which is a dimension of an important non-financial performance of a business.

Regression Analysis of the Effect of Democratic Leadership on Sense of Empowerment

Sense of empowerment was regressed on democratic leadership to test whether there was any statistically significant association. Table 4.17 below shows that democratic leadership explained 85% of the variability in sense of empowerment ($R^2=.850$, $F(1)=159.117$, $p=.000$). The table further shows that one unit increase in democratic leadership caused 0.909 unit increase in member sense of empowerment ($B=.909$, $p=.000$). This means that democratic leadership strongly predicted sense of empowerment within youth owned SMEs in Ruiru Constituency. This finding affirms the argument that democratic leadership fosters a sense of empowerment in followers as theorized in literature (Bass & Bass, 2019).

Table 4.16 Regression output for Sense of Empowerment on Democratic Leadership

Table 4.17 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850 ^a	.723	.718	.49452

a. Predictors: (Constant), Democratic Leadership

Table 4.17 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.912	1	38.912	159.117	.000 ^b
	Residual	14.917	61	.245		
	Total	53.829	62			

a. Dependent Variable: Sense of Empowerment

b. Predictors: (Constant), Democratic Leadership

Table 4.17 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.629	.278		2.258	.028
	Democratic Leadership	.909	.072	.850	12.614	.000

a. Dependent Variable: Sense of Empowerment

The association between democratic leadership and sense of empowerment is summarized in figure 4.15 below.

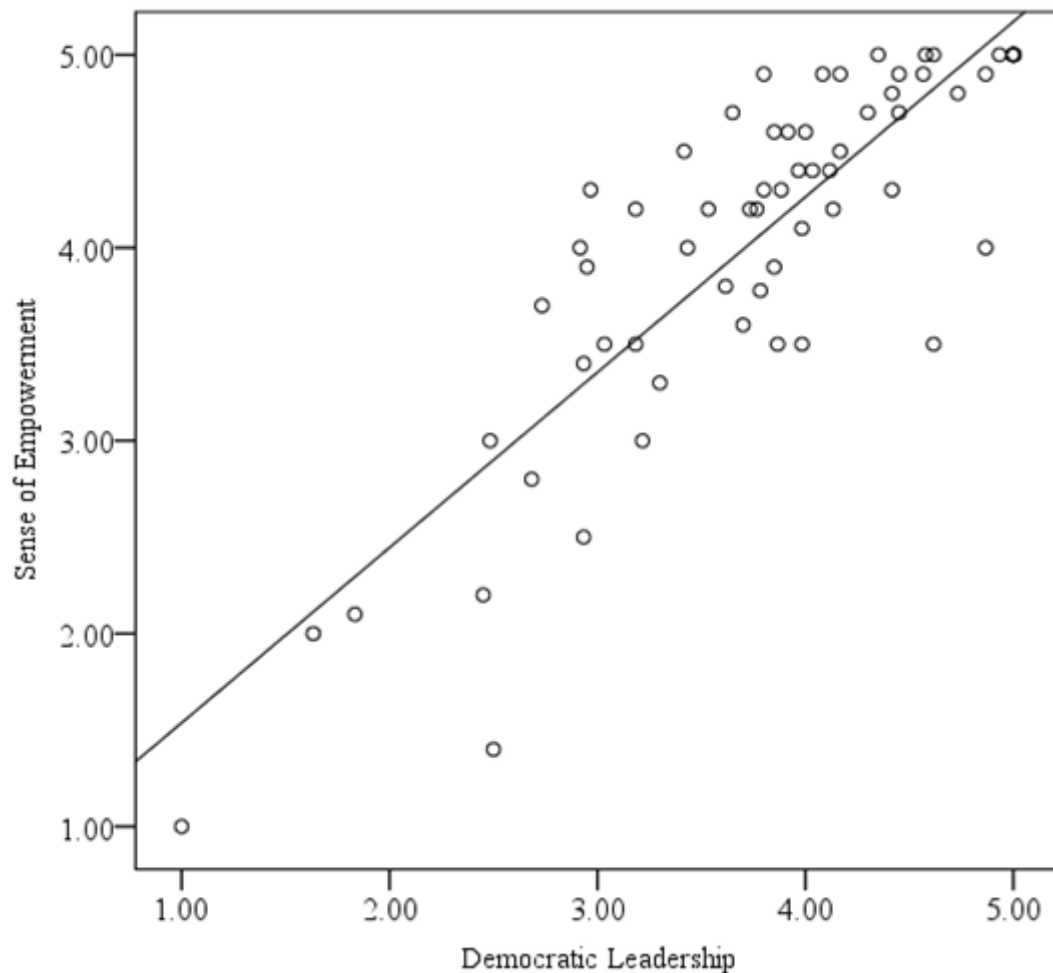


Figure 4.15 Scatterplot of Democratic Leadership and Sense of Empowerment

The figure indicates that the data points were clustered relatively close to the line of best fit with a positive trend line obtained. The results suggest that there was a corresponding increase in sense of empowerment with every increase in the practice of democratic leadership. This is in line with the observation by Bunyasi et al. (2014) who associate democratic leadership with the generation of high levels of commitment from colleagues. It also agrees with Chui et al. (2018) depiction of democratic leadership as

entailing delegation of authority which promotes employee empowerment. The finding further supports empowering leadership theory by Caldwell & Dixon (2010) which holds that the central function of leadership is to empower subordinates by distributing responsibility, encouraging autonomy and facilitating teams to achieve the best for themselves and their organization.

Regression Analysis of the Effect of Sense of Empowerment on Member Satisfaction

Member satisfaction was regressed on sense of empowerment to establish whether member sense of empowerment predicted their satisfaction levels. Table 4.18 below shows the regression results.

Table 4.17 Regression Output of Member Satisfaction on Sense of Empowerment

Table 4.17(a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.216 ^a	.047	.031	.826

a. Predictors: (Constant), Sense of Empowerment

Table 4.17(b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.036	1	2.036	2.985	.089 ^b
	Residual	41.615	61	.682		
	Total	43.651	62			

a. Dependent Variable: Stakeholder Satisfaction

b. Predictors: (Constant), Sense of Empowerment

Table 4.17(c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	2.672	.468		5.711	.000
	Sense of Empowerment	.194	.113	.216	1.728	.089

a. Dependent Variable: Stakeholder Satisfaction

Table 4.18 shows that sense of empowerment explained 4.7% of the variance in member satisfaction ($R^2=.047$, $F(1) =2.985$, $p>.05$). This means that sense of empowerment had no statistically significant explanatory power on member satisfaction performance. An examination of the coefficients reveals that sense of empowerment did not significantly predict member satisfaction ($B=.194$, $p>.05$). This finding challenges the results of Bhatti et al. (2019) which suggested that employee sense of empowerment translated into to high performance as employees work with passion. A visual representation of the relationship between sense of empowerment and member satisfaction is displayed in Figure 4.16 below. The figure shows that although there was a positive slope of the line, an increase in members' sense of empowerment was associated with a minimal increase in their level of satisfaction.

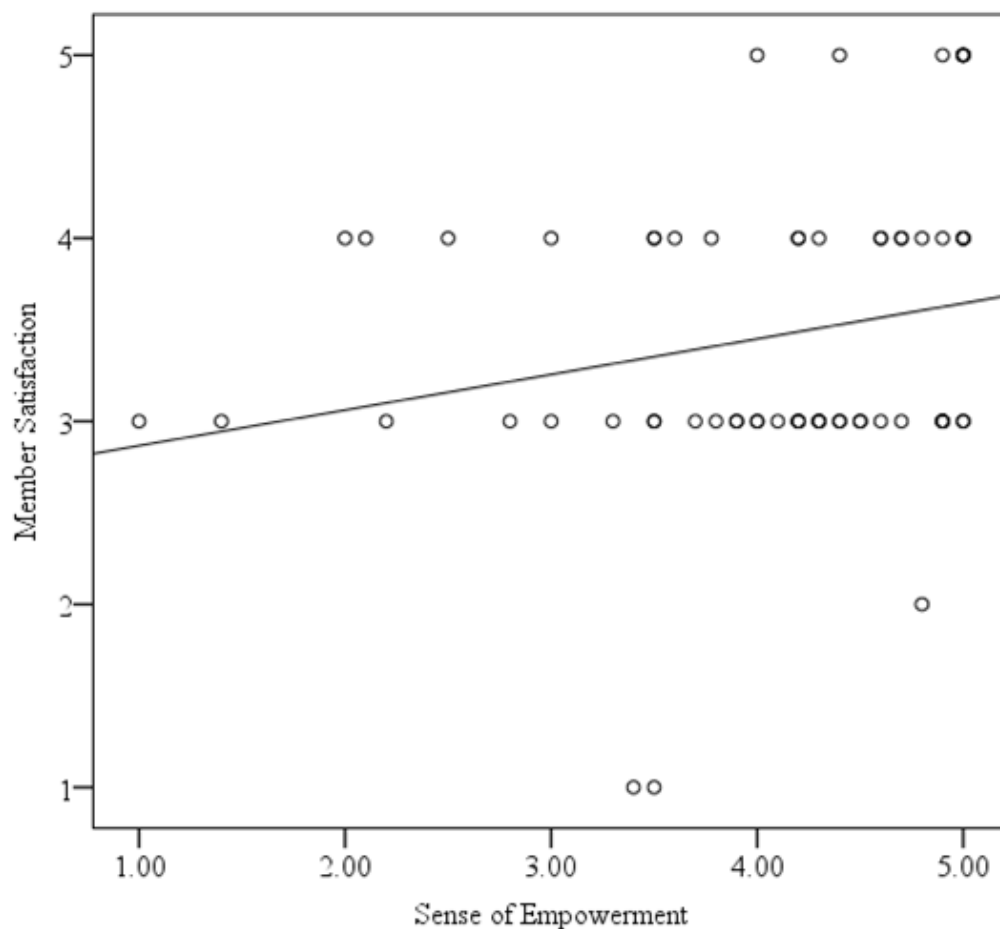


Figure 4.16 Scatter plot of Sense of Empowerment and Member Satisfaction

Regression Analysis of the Effect of Democratic Leadership on the Aggregate Performance of Youth Owned SMEs in Ruiru Constituency

To test the joint effect of democratic leadership dimensions on overall performance of youth owned SMEs, simple linear regression analysis was performed on the composite rating of practice of all democratic leadership items on overall performance index of the enterprises represented in the study. The output is shown in table 4.19 below. The table shows that collectively, democratic leadership practices explained an insignificant 2.3% of the overall performance of youth owned SMEs; $R^2=.023$, $F(1) =1.424$, $p>.05$). As per the coefficients results, one unit increase in democratic leadership practices was associated with 0.845 unit increase in overall performance, though to a statistically insignificant degree ($B=.845$, $p>.05$).

Table 4.18 Regression Analysis of the Effect of Democratic Leadership on the Aggregate Performance of Youth Owned SMEs in Ruiru Constituency

Table 4.18 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.151 ^a	.023	.007	4.85881

a. Predictors: (Constant), Democratic Leadership

Table 4.18 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.627	1	33.627	1.424	.237 ^b
	Residual	1440.087	61	23.608		
	Total	1473.714	62			

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Democratic Leadership

Table 4.18 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.961	2.736		2.910	.005
	Democratic Leadership	.845	.708	.151	1.193	.237

a. Dependent Variable: SME Performance

The finding in Table 4.18 implies that democratic leadership made a limited contribution to overall performance of youth owned SMEs. This finding challenges the notion that democratic leadership style is ideal for realizing the performance of SMEs as has been argued by Punita et al. (2017). By extension, it also questions the maxim by Maxwell (2011) that everything rises and falls on leadership and leads to the argument that while it may be true that leadership is central to organizational performance, there may be other factors which are just as critical if not more important with respect to youth owned SMEs. An illustration of the relationship between the joint effects of democratic practices on overall performance of youth owned SMEs is presented in Figure 4.17. The figure shows that increased practice of democratic leadership was associated with minimal change in overall SME performance.

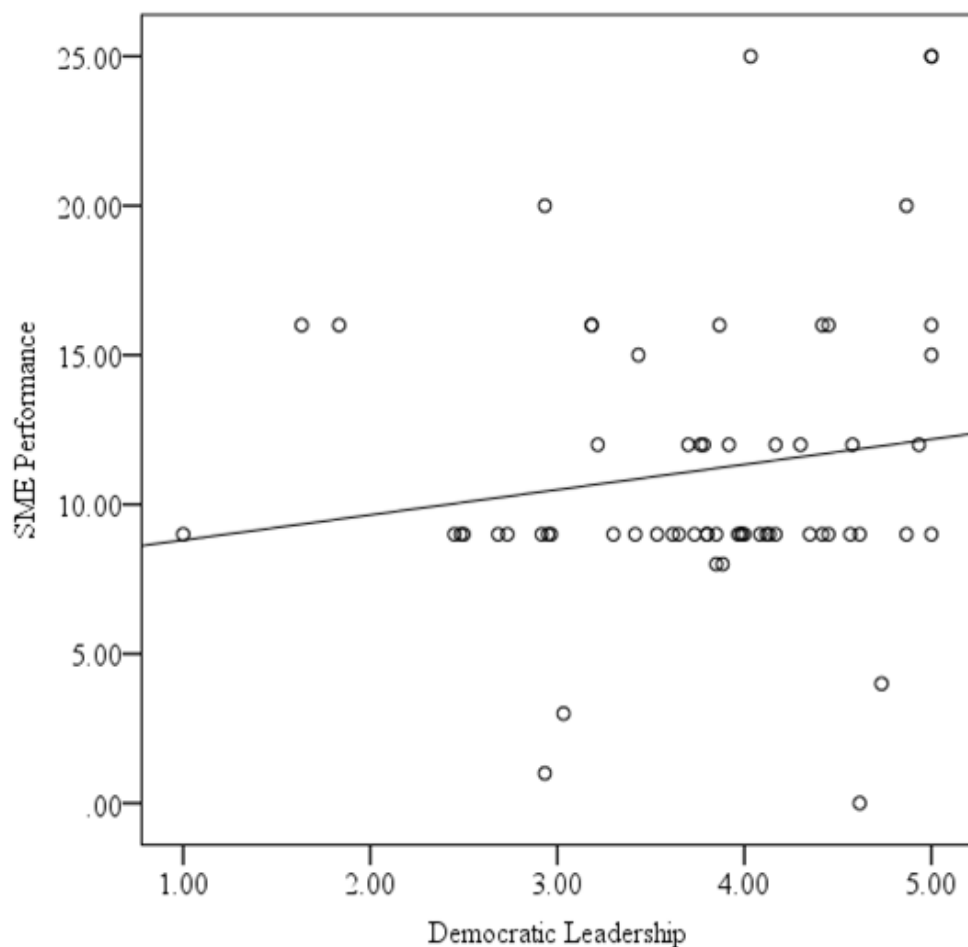


Figure 4.17 Scatter plot of Democratic Leadership and Overall SME Performance

Regression Analysis of the Effect of Individual Democratic Leadership Dimensions on the Aggregate Performance of Youth Owned SMEs in Ruiru Constituency

The study sought to analyze the individual contribution of each dimension of democratic leadership style to performance of youth-owned SMEs after holding other factors constant. Multiple linear regression was conducted and the output presented in Table 4.19.

Table 4.19 Multiple linear regression of performance on democratic leadership dimensions

Table 4.19 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.310 ^a	.096	.034	4.79226

a. Predictors: (Constant), Democratic Leadership, Sense of Empowerment, Shared Decision Making, Consultative Leadership

Table 4.19 (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	141.702	4	35.426	1.543	.202 ^b
	Residual	1332.012	58	22.966		
	Total	1473.714	62			

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Democratic Leadership, Sense of Empowerment, Shared Decision Making, Consultative Leadership

Table 4.19 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.684	2.893		2.656	.010
	Consultative Leadership	3.668	2.490	.650	1.473	.146
	Shared Decision Making	-.450	2.299	-.085	-.196	.845
	Sense of Empowerment	-1.007	1.248	-.192	-.807	.423
	Democratic Leadership	-1.205	4.352	-.216	-.277	.783

a. Dependent Variable: SME Performance

The finding in Table 4.19 indicates that all else held constant, the individual democratic leadership dimensions did not significantly explain variability in performance of youth owned SME's ($p>.05$).

Chapter Summary

This chapter has presented both descriptive and inferential analysis of data. Subsequently, the data has been interpreted and discussed. In the next chapter, the implications of the study are considered and conclusions drawn.

CHAPTER FIVE: SUMMARY OF FINDINGS, RECOMMENDATIONS, AREAS FOR FURTHER RESEARCH AND CONCLUSION

Introduction

The purpose of the study was to investigate the effects of democratic leadership on performance of youth owned SMEs in Ruiru Constituency. The study has demonstrated how and to what extent democratic leadership tenets predict the performance of youth owned enterprises. This section summarizes the findings of the study, discusses their implications, makes recommendations and proposes areas for further research. The chapter concludes with reflections on democratic leadership suitable for youth owned SMEs in Kenya.

Summary of Findings

Effect of Consultative Approach to Leadership on Performance of Youth Owned SMEs in Ruiru Constituency

The first objective of the study was to determine the effect of consultative approach to leadership on performance of youth owned SMEs in Ruiru Constituency. Consultative leadership was positively correlated to member satisfaction at a statistically significant degree ($r=.366, p<.01$). However, the correlation between consultative leadership and profitability of SMEs was not statistically significant ($r=.094, p>.05$). Overall, consultative leadership accounted for 5.2% of the variability in performance of youth owned SMEs in Ruiru Constituency. This effect was statistically insignificant ($R^2=.052, F(1) = 3.345, p>.05$). One unit increase in consultative leadership was associated with 1.288 unit increase in performance albeit to a statistically insignificant degree ($B=1.288, p>.05$). The null hypothesis was not rejected: Consultative approach to leadership has no statistically significant effect on performance of youth owned SMEs in Ruiru Constituency.

Participative approach to leadership has no effect on performance of youth owned SMEs in Ruiru Constituency

The second objective of the study was to investigate the effect of participative approach to leadership on performance of youth owned SMEs in Ruiru Constituency. The study established that the overall practice of participative leadership on a scale of 1 to 5 was high ($M=3.83$, $SD=1.055$, $N=63$), suggesting that the leadership of youth owned SMEs in Ruiru Constituency practiced participative leadership. Inferential analysis showed that participative leadership was positively and significantly correlated to member satisfaction ($r=.267$, $p<.05$, $N=63$) but not profitability of SMEs ($r=.013$, $p>.05$, $N=63$). Participative leadership accounted for only 1.4% of the variance in SME performance ($R^2=.014$, $F(1)=.891$, $p>.05$). One unit increase in participative leadership was associated with 0.595 increase overall performance to a statistically insignificant degree ($B=.585$, $p>.05$). The researcher failed to reject the null hypothesis: Participative approach to leadership has no statistically significant effect on performance of youth owned SMEs in Ruiru Constituency.

Shared responsibility has no effect on performance of youth owned SMEs in Ruiru Constituency

The third objective was to determine the effect of shared responsibility on performance of youth owned SMEs in Ruiru Constituency. Results showed that the aggregate mean rating of practice of shared responsibility was high ($M=3.72$, $SD=.920$, $N=63$), implying that shared responsibility was usually practiced by leaders of youth owned SMEs in Ruiru Constituency. The composite score of shared responsibility was neither significantly correlated to the aggregate measure of profitability of SMEs ($r=-.015$, $p>.05$, $N=63$) nor to member satisfaction rating ($r=.126$, $p>.05$, $N=63$). Regression results showed that shared responsibility explained 0.7% of the variability in SME performance (

$R^2=.007$, $F(1) = .460$, $p>.05$). Coefficient statistics indicated that one unit increase in shared responsibility was associated with 0.459 unit increase in SME performance to a statistically insignificant degree ($B=.459$, $p>.05$). The null hypothesis that shared responsibility has no effect performance of youth owned SMEs in Ruiru Constituency was not rejected.

Sense of empowerment does not explain the relationship between democratic leadership and performance of youth owned SMEs in Ruiru Constituency

The fourth objective of the study was to determine whether sense of empowerment explains the relationship between democratic leadership and performance of youth owned SMEs in Ruiru Constituency. Descriptive findings showed that the aggregate sense of empowerment was high ($M=4.05$, $SD=0.93$, $N=63$). The aggregate mean score of democratic leadership practices was moderately high ($M=3.77$, $SD=0.872$, $N=63$), implying that the overall practice of democratic leadership was high and there was a sense of empowerment among SMEs. Inferential analysis showed that democratic leadership was significantly correlated to sense of empowerment ($r=.814$, $p<.01$, $N=63$). Neither democratic leadership ($r=.149$, $p>.05$, $N=63$) nor sense of empowerment ($r=.098$, $p>.05$, $N=63$) were significantly correlated to the aggregate measure of SME performance, suggesting that a sense of empowerment accruing from democratic leadership practices did not necessarily translate into organizational performance. There was neither a statistically significant indirect effect ($B=.233$, $p>.05$) nor direct effect ($B=.006$, $p>.05$) of democratic leadership on SME profitability. There was no statistically significant indirect effect of democratic leadership on member satisfaction through sense of empowerment ($B=.326$, $p>.05$). There was a statistically significant direct effect of democratic leadership composite score on member satisfaction composite score ($B=.267$, $p<.05$). The null

hypothesis that sense of empowerment does not explain the relationship between democratic leadership and youth owned SME performance was not rejected.

Additional inferential analysis showed that democratic leadership explained 85% of the variability in sense of empowerment ($R^2=.850$, $F(1)=159.117$, $p=.000$) and that one unit increase in democratic leadership caused 0.909 unit increase in member sense of empowerment ($B=.909$, $p=.000$). Further, democratic leadership practices explained an insignificant 2.3% of the overall performance of youth owned SMEs ($R^2=.023$, $F(1)=1.424$, $p>.05$). One unit increase in democratic leadership practices was associated with 0.845 unit increase in overall performance, though to a statistically insignificant degree ($B=.845$, $p>.05$).

Implications

The study findings have implications for the theory and practice of leadership. The practical implication is that democratic leadership has more value for the achievement of non-financial objectives like member satisfaction, which potentially carried more weight for youth owned SMEs in this study than profitability. This is especially due to the strong predictive power of democratic leadership on sense of empowerment. For the leadership of youth groups, this is arguably an important determinant of leadership success because there must be cordial relationship in the group; an atmosphere of trust, a sense of respect, ownership and co-operation. Each member must feel included for the youth owned SMEs to survive. Democratic leadership creates a conducive environment for success. The practice of democratic leadership alone is no adequate for achieving high performance. Too much democracy may be counterproductive. To thrive, leaders of youth owned SMEs may need to consider other factors of production needed for an enterprise to perform.

The theoretical implication of this study is that democratic leadership yields different outcomes for youth owned SMEs compared to large corporate enterprises. Thus, the explanatory power of democratic leadership theory on enterprise performance may be moderated by organizational size. In contrast with large corporations, the literature on SMEs suggests that they face many constraints that corporate organizations do not face. Among these are lack of adequate finance or access to it, lack of economies of scale due to their smallness, and lack of management competencies and experience. Given that democratic leadership explained only a small share of SME performance overall, these factors may be at play. Therefore, there are potential variables that moderate performance outcomes that must be put into account when applying democratic leadership theory in the SME sector and especially among youth owned SMEs.

Recommendations

The following recommendations are made:

- i) The leadership of youth owned SMEs should leverage on the high sense of empowerment that accrues from their practice of leadership practice tenets to improve enterprise profitability. This may necessitate the establishment of reward systems tied to performance to incentivize organizational members contribute to enterprise profitability.
- ii) The leadership of youth owned SMEs should also distinguish between democratic leadership practices that promote enterprise performance from those that are counterproductive to performance. On this respect, they should increase consultative leadership but reduce participative leadership and only make exception when participation leads to contribution of knowledge, skills, networks or valuable experience that make participative leadership worth the effort.

- iii) Shared responsibility should be matched with increased clarity of roles, accountability for performance and person-job fit. This may call for undertaking a training needs assessment to identify skill gaps that require enhancement through training. It may also necessitate organizational redesign to align organizational members with roles that best suit them.
- iv) Leaders of youth owned SMEs should look into the reasons for the average performance, especially with respect to profitability of the enterprises. The outcomes of such investigations should form the basis of a candid discussion with members in order to find ways in which everyone can contribute to improved performance.

Contribution to Knowledge

The contribution of this study to knowledge is inherent in its examination of the subject of performance of youth-owned SMEs in Kenya from a leadership perspective. This is because prior research on the role of leadership on performance of youth-owned SMEs is sparse. The research therefore can be used as a repository of knowledge for theory development and advancement of leadership theories as a useful lenses for explaining SME performance. The study is one of the first its kind that has explored impact of democratic leadership on performance of youth-owned SMEs run through the self-help group model. It has examined the components of democratic leadership and analyzed how each component individually influences performance. The study adds to the growing body of knowledge that increasingly directs focus on leadership and firm performance in the SME sector within a developing country setting.

Recommendations for Future Studies

The current study has yielded interesting results that lead to the need for additional research inquiry. Therefore, the following areas for further research are proposed:

- i) A study should be done to establish the conditions under which a high sense of empowerment translates into superior enterprise performance for youth owned SMEs.
- ii) This study should be replicated in other constituencies to determine whether similar results can be obtained among youth owned SMEs in other parts of Kenya.
- iii) Another research can investigate the contribution of leadership practices to the performance of youth owned SMEs using qualitative research designs in order to explore various nuances that undergird success.
- iv) Research should also be done to establish which performance metrics are important for youth groups. This can lead to the development of an index that can be used to compare the performance of group based youth owned enterprises.

Conclusion

This chapter has summarized the findings of the study and discussed the implications for theory and practice. The main conclusion that can be drawn from the study is that democratic leadership is good for non-financial performance aspect of youth owned enterprises, which may be more important for group based youth owned enterprises than financial performance. A raft of recommendations for leadership practice and scholarly research have been made.

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APPENDIX I: INFORMED CONSENT FORM

Dear Respondent,

My name is Joseph Murimi Nyambura. I am a post graduate student undertaking an academic research in partial fulfillment of the requirement for the award of a Master's Degree in Leadership at Pan Africa Christian University (Reg. no. MALD/1234/9/18)

The purpose of the study is to investigate "the effects of democratic leadership on performance of Youth Owned SMEs in Ruiru Constituency."

All the information that you provide will be kept confidential and will be used for the purpose of this research study only. Please do not write your name or disclose your identity anywhere on the questionnaire.

I understand that participation in this study is voluntary and that I am free to withdraw my consent to participate in this study at any time. Refusal to participate or withdrawal will involve no penalty or benefits. I have been given the opportunity to ask questions about the research, and I have received answers concerning the areas that I do not understand.

I willingly give my consent to participate in this research.

Signature of respondent

Date

APPENDIX II: QUESTIONNAIRE

This questionnaire is designed to explore “the effects of democratic leadership practices in youth owned SMEs in Ruiru constituency.” The information obtained will only be used for academic purposes and shall be treated in utmost confidence. You are requested to complete this questionnaire as honestly and objectively as possible.

SECTION A: PROFILE OF YOUTH-OWNED SMES IN RUIRU CONSTITUENCY

1. Please indicate how long the business has been in operation? _____ years.

2. In what sector does the business operate?

Information, communication and technology[]

Agriculture/agribusiness []

Manufacturing/production []

Building and construction []

Hospitality/tourism []

Transport []

Health and sanitation []

Other (please specify) []

3. How would you rate the profitability performance of the business?

Nonexistent []

Very low []

Low []

Average []

High []

Very high []

4. How would you rate your level of satisfaction as a member/employee of the business?

Very low []

Low []

Average []

High []

Very high []

SECTION B: DEMOCRATIC LEADERSHIP PRACTICES IN YOUTH OWNED SMES IN RUIRU CONSTITUENCY

In this section, please rate your perception by against the number which most closely represents your opinion on the practice of democratic leadership as represented by the statement below:

Key: 1=Never; 2= Rarely; 3= Sometimes; 4=Almost always; 5=Always

Democratic leadership practices	1	2	3	4	5
Consultative approach					
5. Leaders seeks advice of members before making decisions					
6. My opinion is sought on matters that affect the business					
7. Leaders in the organization accept criticism					
8. Feedback is encouraged in the organization					
9. I am kept informed of what goes on in the organization					
Participative approach					
10. Leaders give room for dialogue					
11. Leaders allow for group discussions before making decisions					
12. I feel involved in the decisions and actions taken in the firm					
13. Leaders agree with the decisions of the majority					
14. Leaders give room for negotiation whenever there is a stalemate					
Shared responsibility					
15. Leaders delegate responsibility and authority to subordinates					
16. There is collective decision making in the organization					
17. Leaders seek consensus before taking a course of action					
18. Leaders hold subordinates accountable for decisions they make					

SECTION C: WHETHER SENSE OF EMPOWERMENT MEDIATES THE RELATIONSHIP BETWEEN DEMOCRATIC LEADERSHIP AND BUSINESS PERFORMANCE

In this section, please rate your perception by against the number which most closely represents your opinion about sense of empowerment in the organization as represented by the statement below:

Key: 1=Never; 2= Rarely; 3= Sometimes; 4=Almost always; 5=Always

Sense of empowerment items	1	2	3	4	5
19. I have a cordial relationship with the leadership of the organization					
20. Everyone in the organization works to help one another to achieve business objectives					
21. There is an atmosphere of trust between leaders and members					
22. There is a sense of respect to each other in the organization					
23. Each member of the organization work cooperatively with the other					
24. There is a sense of ownership of the organization					
25. I feel included in the organization					
26. Knowledge is freely shared in the organization					
27. There is a harmonious relationship among members and leaders					
28. I feel empowered to serve in the organization					

Thank you for your time and cooperation

APPENDIX III: NACOSTI PERMIT

 REPUBLIC OF KENYA National Commission for Science, Technology and Innovation Ref No: 601360	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION Date of Issue: 01/September/2020
RESEARCH LICENSE	
	
This is to Certify that Mr. Joseph Nyambura of Pan Africa Christian University, has been licensed to conduct research in Kismu on the topic: DEMOCRATIC LEADERSHIP AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN RUIRU CONSTITUENCY, KIAMBU COUNTY, KENYA for the period ending : 01/September/2021.	
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