

Effect of Transformational Leadership Style on Performance of SMEs in Maiduguri Metropolis, Borno State. A Conceptual Framework

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Abstract: *Small and medium enterprises are widely recognised as the backbone for sustaining economic development of any country. They constitute the bulk of the business activities in developing nations like Nigeria. SMEs contribute to the economy in terms of employment opportunities, poverty reduction, income generation, and offer a breeding ground for entrepreneurial and managerial activities. Equally, Transformational leadership approach is one of the essential factors that play pivotal role in motivating and influencing the interest and commitment of the employees in the enterprise. Thus, transformational leadership style contributes critically to profitability, sale growth, market share as well as capital employed which has a positive significant influence to the performance of SMEs. The purpose of the study is to propose a research framework that examined the effect of transformational leadership style on the performance of small and medium enterprises in Maiduguri Metropolis by integrating the transformational leadership theory. The propose research framework is developed through a synthesis of previous literature on these variables. Thus, the study employed secondary sources of data to gather crucial and relevant literature. Findings of the study revealed that transformational leadership style has positive significant effect on small and medium enterprises performance. Equally, the study would be beneficial to SMEs owners-managers, business practitioners, policy makers, government agencies as well as future researchers in the field of management and organisational behaviour. Therefore, the study recommended that owners-managers should consider every individual employee as a part of the organisational team, valued them, show support to them to achieve performance. Moreover, future research should be conducted to test the framework empirically in different context to validate the propositions in the study.*

Key word: *Transformational leadership style, Performance of SMEs, Maiduguri Metropolis.*

Introduction

Small and medium enterprises have been widely recognised as the backbone for sustaining the economic development of any country. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development (World Bank, 2022). They represent about ninety-nine percent of businesses and fifty percent of employment worldwide. Formal SMEs contribute up to forty percent of national income (GDP) in emerging economy. Additionally, these number are significantly higher when informal SMEs are included (World Bank, 2022).

Similarly, World Economic Forum report (2021) indicate that small and medium enterprises represent 90% of all firms globally, provide roughly 70 percent of all employment, and by some

estimates, contribute up to 70 percent of global growth domestic product (GDP). This proves that small and medium enterprises are the engine that pushes world economies. Similarly, Small and medium enterprises have played the impetus role in the developed countries such as USA, UK and emerging economies like India, Brazil, Malaysia, South Africa, Nigeria, Ghana and Cameroon among others (World Bank, 2022; SMEDAN/NBS, 2021). SMEs in those countries have contributed substantially to the total business establishment and gross domestic product (GDP).

Similarly, the performance of SMEs remained catalyst for economic transformation and sustainability for both developed and underdeveloped world (Jeremiah et al., 2021). In the United States, SMEs contribute 43.5% to GDP and constitute 99.9% of total business establishment. As of July 2024, there are 34.8 million SMEs compared to 19,688 large businesses which increases their performance (Liberto, 2024). In United Kingdom (UK), SMEs made up approximately 5.55 million or 99% of total businesses establishment and 51% of GDP, supported 27 million of the country total workforce (Liberto & Valesque, 2024). Also, in India, SMEs grown exponentially, accounting 46% of India's total export, contribute 30% to GDP, create 80% of total business establishment and 40% of the country workforce (MSMEs Survey, 2024).

Likewise, in Brazil SMEs contribute 27% to GDP and 93.7% of total business formation, and they play a significant role to Brazilian economy (OECD, 2024). In Malaysia, SMEs constitute 97% of the Malaysian economy, contribute 39.1% to GDP, 48% of employment and 97.4% of total business establishment (United Nations Development Programme, 2024). Moreover, in South Africa, it is estimated that SMEs constitute 40% of GDP, provide employment to more than 50% of the citizens and 92.5% of total business establishment (UNDP, 2024). In Ghana, SMEs contribute 70% to GDP and 92% of total business formation, which potentially registered higher growth rate to Ghanaian economy (Adam, 2024). This proves that small and medium enterprises are the engine that pushes the world economy.

In Nigeria, government has devised and executed several programme and institutional framework in recent years in order to reap the benefit of SMEs sub sector, the most notable one among them is the establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2003 to facilitate the promotion and development of structured and efficient MSMEs sector that enhance sustainable economies growth (NMR, 2022). However, SMEs contribution to national economy indicates that it is engine room for economic growth and development.

The performance of SMEs in Maiduguri Metropolis, Borno State is lower than expected as they contribute only a negligible portion to the nation's gross domestic product (GDP). Various studies have suggested that several factors are contributed to the under-performance of the SMEs. Such factors include, limited access to finance, lack of market access, disruption in supply chain, difficulty in accessing raw materials, lack of managerial and technical skills, under developed infrastructure and poor access to electricity which is posed by ongoing security challenged. Although, some pockets of resilience and growth exist, particularly in the study area. These factors are critical for identifying actionable solutions to enhance the performance of SMEs (Gulani, Abdullahi & Kyari, 2022).

Therefore, owners-managers can adopt any of the suitable approach by looking at the enterprises and situations. Transformational leadership style provides direction, encourage creativity and foster a culture of continuous improvement of owners-managers' skills and expertise toward the achievement of SMEs performance (Anderson, 2022). Moreover, leaders develop a type of influence derived from their expertise, strength of relationship, and charismatic abilities to enhance

performance. They inspire subordinates through communicating expectation and serve as role model for high ethical performance (Eyamba, 2020).

Despite the potential contribution of SMEs to the national economy in term of employment generation as well as innovation through technological enhancement to the global economy. SMEs in Nigeria have been facing enormous challenges such as low entrepreneurial and technical capacities in the SMEs sector (SMEDAN, 2022). Other factors militating the growth and competitiveness of SMEs in Nigeria were identified to include poor unreliable infrastructure and harsh business environment, poor service delivery, heavy regulatory burden and high incidence of informal sector, low international competitiveness. Moreover, SMEs performance is aligned with the dimensions of transformational leadership style such as idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

Statement of the Problem

In Nigeria, Small and medium enterprises operations cut across all sectors of the economy and sustain a sizable number of households (SMEDAN, 2022).

Despite the potential contributions of small and medium enterprises to nation's economic growth and development, they consistently face by numerous constraints that seems to hamper their performance, such constraints include lack of managerial skills which leads owners-managers to make poor decisions, lack of technical skills to produce goods and services in line with the firm standard, lack of financial skills to keep up to date record of transactions as well as in ability of the owners-managers to come up with innovation in order to develop the new idea into the market, thereby facing difficulty in differentiating their product in the market (Adamu, 2023). Therefore, these challenges affect their sales growth, profits, market share, customer satisfaction, service quality, employee satisfaction and innovation, which eventually lead to their extinction, and most of these enterprises wind up between three to five years of their businesses that leads to poor performance (Beluhu, 2021).

Though many studies have been conducted on transformational leadership style and performance of SMEs, such as Alkhazraji and Yusoff, (2022) conducted a study on impact of transformational leadership on the performance of small and medium enterprises in United Arab Emirate. Ali, (2021) conducted a study on impact of transformational leadership on organisational performance in small and medium enterprises in Uganda. Maskurochman et al., (2020) conducted a study on the influence of transformational leadership, organisational support, on job satisfaction on motivation and employee performance. Ashoor, (2021) conducted a study on effect of transformational and innovation for competitive advantage for large firms and SMEs in Saudi Arabia and Ilesanmi and Ayodeji, (2019) carried out a study on the relationship between transformational leadership transactional leadership and performance of SMEs in Nigeria. Despite these studies, there appears to be paucity of study on effect of transformational leadership style on the performance of small and medium enterprises in Maiduguri Metropolis, Borno State. However, the study is to propose a research framework that examines the effect of transformational leadership style on the performance of small and medium enterprises in Maiduguri Metropolis by integrating the great man theory, the trait theory and transformational leadership theory.

Literature Review

The concept of small and medium enterprises, performance and transformational style are discussed. In addition, literature is reviewed in line with stated specific objectives.

Small and Medium Enterprise (SMEs)

Small and medium enterprises are critical for economic growth and development of any nations. SMEs are catalyst for employment generation, wealth creation and thereby enhancing poverty

reduction in the country. Nowadays, scholars, management practitioners, prolific writers as well as government and non-governmental organisations focus more attention on small and medium enterprises nationally and internationally. Likewise, there are no single universally accepted definitions of small and medium enterprises that exist. SMEs are variably defined in the legislation across countries. Several definitions have been proposed and these definitions are frequently linked to the level of economic activity and development. The dimension “Small and medium” of a firm is dependent on the size of the domestic economy (OECD, 2022).

The United State of American (USA) defined Small and Medium Enterprises (SMEs) as any business with fewer than 500 employees (Verma, 2023). Similarly, The United Kingdom (UK) classifies SMEs into three categories as micro having less than 10 employees, small with employees from 10 to 49, and medium from 50 to 250 employees (Telefonica, 2023).

Similarly, World Bank Group (2022) defined small and medium enterprises (SMEs) as firm having a strength of 10-300 work force. Similarly, OECD (2022) defined small and medium enterprises (SMEs) as enterprises that are employing up to 249 people. Micro employs between 1 to 9 people, small refers to hiring 10 to 49 people and medium ranges between 50 and 249 people. In the European Union (EU), SMEs must have annual revenue equal to or over 40 million Euros and/or the balance sheet value not exceeding 27 million Euro. Equally, in the emerging economies such as India, SMEs are defined based on the investment in plant and machinery for manufacturing enterprise and equipment for service rendering enterprise (Okeke, Onuorah & Jakpa, 2016).

In the same vein, Zaato et al. (2020) report several definitions of SMEs based on different African countries. In Ghana, small enterprises employs 6 to 29 with fixed assets not more than US\$ 10,000 which excludes land and building. while medium enterprises those employs from 30 to 99 having fixed assets up to US\$ 100,00. In South Africa, SMEs are defined as distinct and separate business entities, including cooperative enterprises and non-governmental organisations that are self-managed by a single owner or more which include its branches or subsidiaries, if any. In Cameroon, SMEs are defined as firms that have turnover value of not less than 1 billion Cameroon Franc (cfa), and accrued investments are not more than 500 million cfa, its short-term credit is not more than 200 million cfa and it has at least 5% owners of the capital and managers are Cameroonians.

In Nigeria, SMEs are defined as the firms that employ fewer than 200 employees and have less than 500 million Naira worth of total assets, excluding land and building (SMEDAN/NBS, 2020). Specifically, small enterprises refer to business which employed between 10 to 49 and have N5m to less than N50m assets excluding land and building. While firms which employed between 50 to 199 and have N50m to less than N500m assets excluding land and building is referred to as medium enterprises (SMEDAN/NBS, 2020). Thus, CBN (2020) defined SMEs as any enterprise with an annual turnover of less One Hundred Million (N100, 000, 000) Naira and staff strength of Three Hundred (300) employees. The National Economic Reconstruction Fund (NERFUND), also defined SME as one whose total assets are less than N10 million, but makes no reference either to its annual turnover or the number of employees.

In the same light, Liberto, (2022) stated that small and medium enterprises are businesses that maintain revenues, assets or a number of employees below a certain threshold. More so, each country has its own definition of what constitute a small and medium sized enterprises. Certain size criteria must be meet and occasionally, the industry in which the company operation is taken into account as well. Equally, Asokan (2023) asserts that SMEs as businesses have a limited number of employees and a relatively low turnover. The definition of SMEs varies by country, but

generally they are defined as businesses with fewer than 250 employees and annual turnover of less than 50 million pounds. Third National Development Plan in Nigeria provides another perspective, defining SMEs as businesses employing fewer than ten (10) workers with asset base not exceeding N600,000 (Emmanuel & Ogechukwu, 2021). These different definitions underscore the multifaceted nature of SMEs and highlight the significance of contextualizing their classification base on unique economic and policy landscapes of each nation. As SMEs serve as critical drivers of economic growth and development, job creation, and comprehensive understanding of their diverse characteristics and contributions is essential for formulating concrete policies and initiatives to support their growth and sustainability.

Small and Medium Enterprises Performance

Performance has been defined as the resultant of efforts in form of activities of the business enterprises which include strategy and operational activities, management of all segment of business enterprise such as human resources, finance, production as well as marketing (Babafemi, 2015). Performance measurement constitute one of the crucial elements for assessing and improving the success of small and medium-sized enterprises. Small and medium enterprises performance is the effort expended by an enterprise in order to achieve its desired objectives in form of employee's satisfaction, customer's satisfaction, the societal satisfaction, firm survival, sales growth, and return on investment, employment, and profitability which resulted to positive performance of small and medium enterprises (Mwakare et al., 2023).

Abdullahi et al. (2021) posits that majority of SMEs used both financial and non-financial indicators to measure their performance. Thus, Ahmad and Jimal (2020) stated that there is numerous measurement of financial performance, such as profitability, firm size, market growth, capital employed and cash flow. Similarly, Salkic (2024) opine that financial performance of SMEs include profitability, sales growth, market share, capital employed, return on asset and return on investment. Financial measures of performance have previously been the most predominant method of assessing enterprise performance. Thus, Mashovic (2018); Munir and Braid (2016) argued that financial measures based on historical cost related indices is not adequate for measuring performance, especially in the current competitive environment of small and medium enterprises.

Similarly, Salkic (2024) indicate that non-financial performance measures, include employee satisfaction, customer satisfaction, service quality, customer loyalty, new product development and innovation, which provide better insight into future of business operations as well as achieving long enterprises goals. Thus, the use of non-financial performance indicators to capture the interest of various owners-managers, employees and to overcome some of the criticism of the financial method was advocated by these scholars (Kaplan & Norton 1996; Islam et al., 2011; Khan et al., 2018). Therefore, it has now become the most common practice among SMEs owners-managers to use both financial and non-financial indicators that will result to effective measurement of outcomes in the enterprises. Small and medium enterprises enhance their performance through various factors such as organisational culture, marketing and product innovation (Kamil & Saeed, 2023).

In the same vein, the criteria, features as well as bases of measuring SMEs performance in Nigeria and around the world will be the focus of concern, as every country have different criteria in term of performance measurement. However, in order to achieve SMEs performance, owners-managers are expected to adopt some strategic measures that will aggressively give them an edge in the business they operate (Adamu, Hussin & Ismail, 2020). Equally, Pulka (2019) assert that SMEs performance as the abilities of the enterprises to harness, integrate and utilise various internal and

external resources with timely and right reconfiguration to achieve the set objectives. Therefore, performance of SMEs leads to provision of employment opportunities, growth of GDP, export, and to uplift the standard of living of the society at large.

Transformational Leadership Style

One of the contemporary style advocated by managers/owners nowadays is transformational leadership. It is the leadership approach in which the leaders inspire their followers and transfer their attributes to the followers in such a way that they develop a sense of identity and responsibility towards the goals of the organisation (Anderson, 2022). Equally, transformational leadership is a leadership approach that causes change in subordinates in its ideal forms, and creates valuable and positive change in the subordinates with the end goals of developing them into leaders (Whateley, 2023). The main focus of transformational leadership style is essentially the subordinate to become a leader through motivation and inspiration.

Similarly, Emmanuel and Ogochukwu (2023) asserts that transformational leadership style is a model of leadership that relies on the encouragement of employees to realise overall success of the enterprises to achieve efficiency and effectiveness. Transformational leaders raise employees' morale and confidence, as they can align themselves with the vision and mission of the small and medium enterprises. Hence, transformational leaders create a vision for their subordinates and guide the change through inspiration and motivation. Thus, transformational leaders are role models and their subordinates emulate from their leadership style to achieve a desired result. Moreover, Mathews (2021) are of the view that transformational leadership is an approach in which leaders exert their leadership ability to motivate followers so that they can identify organisational goals and perform beyond expectations.

Equally, White (2023) sees that transformational leaders inspire and motivate their employees without micromanaging. Transformational leadership style is a management approach that is designed of give employees more room to be initiative and creative, as well as focus the future and find new solution to already existing problem. Hence, employees on the leadership track will also prepared to become transformational leaders themselves through mentorship and training. They encourage employees to take authority over decisions in their assigned job to achieve the performance of SMEs. The transformational leadership style involves the leader, the subordinates, and the system for which the leader and the subordinates are working together to achieve set target (Stanescu, Zbucea & Pinzaru, 2021). Likewise, Deshwal and Ali (2020) opines that when subordinates are encouraging to work towards best of their knowledge and the leaders attend to their needs and desires, a climate of trust, creativity, and accomplishment are established, causes positive change among the subordinates, and a desire to act in the organisation's best interests as a whole. Therefore, transformational leadership has four dimensions, such as idealized influence, individualised consideration, intellectual stimulation and inspiration motivation.

In the same light, Tamunomiebi and Okwudiri (2021) considered transformational leadership as a leadership style that raises employee's awareness of the significant of task outcomes. This style is concerned with engaging the heart and mind of subordinates in order to contribute their best to the achievement of the enterprises. Likewise, transformational leaders work with subordinates by using effective mechanism, such as adaptability, charisma, empathy-based relationship as well as communication. More so, transformational leaders are proactive and adaptable, they are innovative and lead with humility as well as remain open minded as per as small and medium enterprises performance is concerned. To transformational leadership to thrive in small and medium

enterprises, there is need to have a culture that encourage a range of different view point from employees of different genders, backgrounds, experiences, roles and age work in the same or similar enterprises. This diversity and more importantly inclusion bring different Point of view which allow employees to solve their complex problems in different and creative ways to achieve the performance of the organisation.

Furthermore, Ray (2023) state that it is incumbent on transformational leaders to heighten their respective sensitivities in day to day activities of their enterprises, as every employee's has a unique set of personal challenges to manage, but organisational interest should supersede employee's individual interest to achieve the performance of the organisation. Though, there are four dimensions of transformational leadership which use by enterprises to achieve efficiency and effectiveness. Such dimensions include; idealized influence, individualised consideration, intellectual stimulation and inspirational motivation (Eyamba, 2020).

Additionally, there must be a culture of employees' empowerment, employees team orientation as well as coordination and integration of employees to align with the vision and mission of the enterprises to achieve the desired result. Hence, owners-managers of SMEs should be able and willing to share their knowledge, skills and time with their employees in order to achieve efficiency and effectiveness in the enterprises. Therefore, transformational leadership style has four essential dimensions, such as idealized influence, individualised consideration, intellectual stimulation and inspirational motivation.

Idealized Influence

Bass and Riggio (2006) argued that transformational leaders uncovered the pioneer to end up plainly the good example viewed with securing magnificence abilities, quality of character and steadiness. The leaders face the Idealized influences are bold and courageous individual, and continually reliable in the globalization. The key pointers of the domain are the intellect that consists rare proficiency such as remunerating the supporters with thankfulness and used energy to increase constructive impacts (Kickbride, 2006). The idealized influence is the leader's ability to generate pride, faith, and respect (Sladjana 2017). Transformational leadership is a component of change, and idealized power consists of idealized attributes and idealized acts (Budur and Demir 2019).

Additionally, Effendi and Maunah (2021) stated that idealized influence first dimension is described as a leader's behavior that makes his followers admire, respect, and trust him at the same time. Thus, the idealized influence is the factor which corresponds to the charismatic qualities of the leaders. It influences people and makes them ready to change by providing a rational vision. Moreover, the followers believe and trust their visions and strategies. As a result, followers work under the command of transformative leaders for achieving the predetermined goals of an organization (Shrestha, 2020). Therefore, the diffusion of the leadership urged that people acknowledge gainful convictions and welfare to achieve the principle targets.

Individualized Consideration

Individualized consideration receives coordinated physical approach which utilizes better correspondence aptitude than engaging the devotees (Stone, 2004, Dionne, 2004)). This surely demonstrated individualized contemplation that organizes the worries of their supporters or individuals concerns and thoughts. A transformational leader is even more concerned with individualized considerations (i.e., leaders are concerned with the desires of their followers and have training to assist them flourish in a collaborative work environment) (Prabowo et al. 2018). Leaders, on the other hand, inspire followers to think for themselves by fostering innovation and originality (Al-Sada et al., 2017).

However, the individualized consideration is another dimension of transformational leadership which mainly focus on individual basis of followers. It further creates learning opportunities with a supportive climatic environment within the enterprise and it promotes the desired changes in organization (Shrestha, 2020). Therefore, individualized consideration as a dimension, a transformational leader is described as a leader who is willing to listen attentively to the input of subordinates and is incredibly willing to pay attention to the needs of subordinates for career development (Effendi & Maunah, 2021).

Intellectual Stimulation

The Intellectual stimulation empowers to make open exchange arrangements. It is cutting edge pathways which profoundly significance in the constantly changing organisational development (Ringim & Sayedi, 2018). It is one of the importance of transformational leadership activity that empowers to engage the community to unwind their greatest potential where the related leaders stimulated as resourcefulness, sensibleness and vigilant critical thinker. The estimations of this transformational pioneer space are similar elements of empowering the people. Equally, intellectual Stimulation is the leader's ability to help followers to think on their own, through challenging them by questioning and developing their beliefs, assumptions and values (Camps., 2016), then followers are motivated to be creative and innovative in solving problems (Northouse, 2016).

Therefore, Intellectual stimulation is the behavior of the leaders who develop the employees' ability and inclination to think about problems in a new way (Sladjana 2017). Caspi and Roccas (2013) figured out that intellectual stimulation achieves leaders with groundbreaking artistic judgment already in the hands of the followers by implementing fresh techniques with a new perspective (Bass and Riggio 2006). The basic feature of intellectual stimulation of transformational leaders is enabling the employees to solve problems associated with the work; those leaders appear to be more knowledgeable regarding the dealing with work challenges.

Inspirational Motivation

According to Ringim and Sayedi, (2018) inspirational motivation is the transformational pioneer's conduct which shares one particular articulating vision to overpower the impediment to create excellent progress. The inspiration motivation domain communicated the impressions using the motivation of the individuals adequately in the association (Ringim & Sayedi, 2018). Similarly, Inspirational Motivation entails the ability of a leader to promote followers' emotional commitment and excitement to a mission by not only providing challenging tasks and promoting positive expectations what needs to be done, but also, demonstrating commitment to the shared vision (Renjith et al., 2015).

Furthermore, Transformational leadership is built on inspiring people and motivation through transformative communication skills that present the leader as an icon which motivate the followers (Prabowo et al. 2018). Inspirational motivation is the degree to which a leader articulates the vision that is appealing and inspirational to employees. When transformational improvements are required in the organization, the leader shall inspire followers to embrace new values and make changes in doing the work continuously. Accordingly, transformation leaders can then act in a special way to inspire their followers (Boamah et al. 2017).

Theoretical Framework

There are so many theories that can explain the study of this nature. Therefore, great man theory, the trait theory, social learning theory and transformational leadership theory will be reviewed for the purpose of this study.

Great Man Theory

This theory was developed by Thomas Carlyle in 1940. The Great Man theory has been introduced as the earliest theory of leadership. This theory implicit that great leaders are innate and not made and the theory was standard in the 19th and early 20th centuries (Kirkpatrick and Locke 1991). According to (Dowd 1936) this theory exposed that great leaders as heroic, mythic and intended to increase to leadership when is essential. At that time, around the late 1940s, studies on leadership started to consider the trait theory of leadership. This approach had some similarities to Great Man theory as it was derived from the theory. The Great Man Theory of leadership tried to clarify leadership in the view of inheritance. The theory essential concept is that the leader is genetically able with higher qualities that distinguish him from his followers. Great Man theories accept that the ability for leadership is inherent – that means great leaders are born not made. These individuals come into world possessing certain characteristics and traits not found in all people. These abilities enable them to lead while shaping the very pages of history. Equally, the theories regularly characterize great leaders as heroic, mythic, and intended to rise to leadership when required. According to (Cherry 2010) the term “Great Man” was used for the reason that, leadership was accepted of mostly as a male .369/quality, especially in terms of military leadership.

In sum up, the earlier concept of leadership focused on “great men” born with qualities of leadership. The Great Man Theory of leadership attempt to explain leadership on the basis of inheritance. The theory essential concept is that the leader is genetically gifted with superior qualities that differentiate him from his followers. The weaknesses of this theory is that, it lacks scientific validity and only considers men in power. And, as 19th century-sociologist Herbert Spencer argued, great leaders may be shaped by their society, not the other way round.

The Trait Theory

This theory was proposed by Gordon Allport in 1936. The Trait Theory of leadership concentrated on diverse behavior traits with which leaders might be devoted. Green (1994) were studied traits such as weight, height, appearance, intelligence, knowledge, power, and creativity. The theory expected that people inherit certain traits and qualities that distinguish them as great leaders. The trait theory attempt to categorize the characteristics that distinguish leaders from followers. Trait theory explains that some people are born with certain traits that make them good leaders it means leadership is innate. Traits such as energy, intelligence, honesty, self-confidence, appearance, knowledge, optimism, tolerance of stress, determine when facing problems and result-orientation entirety were considered the characteristics of effective leaders (Yukl 1989; Northouse 2015; Yukl 2011). As hinted by (Gray and Smeltzer 1989) researchers observed leadership as a trait that could be selected as separate from non-leaders and measured. Stogdill (1948) revised 124 studies based on Trait Theory, despite the fact he finally concluded that the Trait Theory studies were indecisive, he concluded that leaders overdone others in several traits. These are: Intelligence; Scholarship; Dependability; Social Participation; Social and Economic Status.

Even though these determinations were assumed irritating, and later applicable to other leadership studies, Stogdill (1948) determined that leadership could not be adequately defined by the maxims of Trait Theory. Stogdill expected that effective leadership is reliant on situation as well as the leader’s individual characteristics. He established that “a person does not become a leader by virtue of the possession of some combination of traits” led to the final reduction of trait leadership

research. The weaknesses of trait theory of leadership is that there is bound to be subjective judgment in determining who is regarded as a good or successful leader. Similarly, the list of possible traits tends to be very long. Equally, there is also a disagreement over which traits are the most important for an effective leader in university system in the study area.

Transformational Leadership Theory

This theory was proposed by James MacGregor Burns in 1978. The theory distinguishes those leaders who have strong motivational relationship with their followers and subordinates and those who widely focus on exchange with transformational leadership interaction to create results. Transformational leadership is a conscious, moral and spiritual process which provides patterns of equal power relationships between leaders and followers to achieve a collective goal or real transformation. Transformational leadership is the process of creating commitment to organisational goals and empowering people to fulfill those goals. Transformational leaders help and encourage followers to increase their creativity and self-actualization level to encourage team, group, and organizational interests. A transformational leader induces change in the whole organization and creates a perspective for both managers and staff. (Arabiun et al., 2014).

According to Burns (1978), the basic theory of transformational leadership is interpersonal relationship, motifs and also value. The theory of transformational Burns is one of the earliest in psychological methodology in understanding and explaining the leadership itself (Fairholm, 2001). Burns explains the leadership, not only is power in influencing another person but also as a development of moral values in influencing others.

The adoption of a specific theory of leadership or style is subjective to the contextual factors such as the institutional arrangements, political legitimacy, leader's personality, and bases of power. Therefore, from the stated theories, transformational leadership theory is the most relevant to this study. However, the goal of the theory is to increase the value of the moral and motivation of followers to the extent subordinated can think about contributions to the university system. Theory explains that leaders have charismatic properties also have the characteristics of behaviour in mind as a leader. Theory related to the difficulty in differentiation between management and leadership. Burns claimed that the differences are in characteristics and behaviours. He established two concepts: "transforming leadership" and "transactional leadership". According to Burns, the transforming approach creates significant change in the life of people and also organizations. It redesigns perceptions and values, and changes expectations and aspirations of employees.

Proposed Conceptual Framework

Conceptual framework serves as guide and ballast to research (Ravitch & Riggan, 2016), functioning as an integrating ecosystem that helps researchers intentionally bring all aspects of a study together through a process that explicates their connections, disjuncture's, overlaps, tensions, and the context shaping a research setting and the study of phenomena in that setting. Additionally, the study propose a model based on Great man theory, the trait theory, social learning theory and transformational leadership theory that measure the direct relationship between independent variables, such as (idealized influence, individualized consideration, intellectual stimulation and inspirational motivation) and dependent variable small and medium enterprises performance depicted in figure 1 below

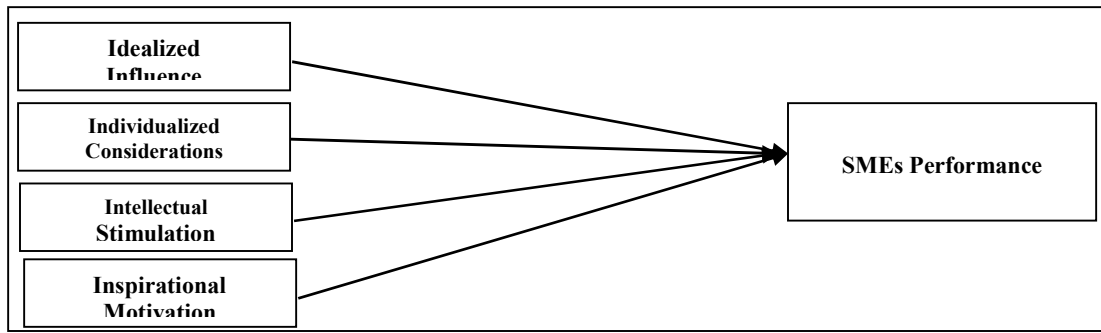


Fig. 1 Proposed conceptual Framework

As stated earlier in the introductory section, the main purpose of this study is to present a conceptual framework which depicts the relationship between transformational leadership style and the performance of small and medium enterprises. In addition to the review of relevant literature, the proposed conceptual framework (model) is developed. Hence, figure 1 shows the relationship between Transformational leadership style and performance of SMEs. The thick line shows the direct relationship between the independent variable and the dependent variables. Equally, the independent variable are assumed to have a direct relationship with the dependent variables.

Methodology

To propose this conceptual framework, an extensive review of both theoretical and empirical literature has been carried out, specifically on transformational leadership style dimensions and small and medium enterprises performance. Review of existing literature necessitates the need to investigate the effect of transformational leadership style which is independent variable and the performance of small and medium enterprises as dependent variables in the study area. Equally, many empirical research has been reviewed for the purpose of this study, such as Ashoor (2021), Transformational Leadership and innovation for competitive advantage in large firms and SMEs in Saudi Arabia. Alkhazraji and Yusoff (2022), the impact of transformational leadership on the performance of small and medium enterprises in U.A.E. Semwende and Solomon (2022), the impact of transformational leadership style on school academic performance in Gairo District. Manaf and Latif (2014), transformational leadership and job performance of SMEs technical personnel in Malaysia. Feranita nad Sampir (2020), effect of transformational and transactional leadership on SMEs in Indonesia and Probowo, Noermojati and Wirawan (2018), the influence of transformational leadership and work motivation on employee performance. In line with the similar previous studies carried out above, the propose study undertaken through various methodologies used by the authors in their studies.

Discussion of Findings

Transformational leadership style is geared towards improving small and medium enterprises performance in Maiduguri Metropolis. It is centered on effective leadership style, such as idealized influence, individualized consideration, intellectual and inspirational motivation. To begin with first hypothesis which postulate that idealized influence is significant on the small and medium enterprises performance. It is evident that idealized influence act in a way that builds other respect, work with others in a more satisfactory way, display a sense of power as well as increase positive view of leaders. The findings of this study is in line with the finding of Alkhazraji and Yusoff,

(2022) conducted a study on impact of transformational leadership style on the performance of small and medium enterprises in United Arab Emirates. The result revealed that idealized influence encompasses behaviours that instill pride in followers for being associated with the leader often connoted or synonymous to charisma. It indicates that a leader will go beyond their individual self-interest for the greater good of the group and make personal sacrifices for others benefits.

Similarly, second hypothesis also indicate a significant effect between individualized consideration and SMEs performance in the study area. Based on the finding, individualized consideration helps others to develop their strengths, increases other leaders willing to try harder as well as utilise better correspondence aptitude than engaging the subordinates. This finding is in conformity with the finding of Ali, (2021) that examine a study on Impact of Transformational Leadership on Organisational Performance in Small and Medium-Sized Enterprises in Uganda. The finding revealed that It is the behavior of the leaders in considering every individual as a part of the team, valued them, showing support to them to achieve performance.

Third hypothesis postulate that intellectual stimulation is a good predictor of small and medium enterprises performance in the study area. As predicted by the hypothesis, the finding revealed that intellectual stimulation has a significant effect on SMEs performance. The result further shows that a transformational leader seeks differing perspective when solving problems, and get other to look at the problem from a different angle as well. The findings of this study is in agreement with the finding of Alkhazraji and Yusoff, (2022) conducted a study on impact of transformational leadership style on the performance of small and medium enterprises in United Arab Emirates. The finding revealed that there is need for continuous improvement of the intellectual stimulation which is one of the dimension of transformational leadership style, so as to fully enhance organisational performance. Fourth hypothesis indicate that there is positive significant effect between inspirational motivation and SMEs performance. The finding indicate that transformational leadership influence the followers by its ideal values for initiating change process, which leads to performance of small and medium enterprises. The findings of this study is consistence with the finding of Ashoor, (2021) who conducted a study on Transformational Leadership and Innovation for Competitive Advantage in Large Firms and SMEs. The finding of this study suggest that a set of practices that firms can use in searching for innovation to maintain a competitive advantage.

Conclusion

The study concludes that the findings will help the owners and managers of SMEs in Maiduguri Metropolis to understand why the dimensions of transformational leaders (i.e. idealized influence, individualized consideration intellectual stimulation and inspirational motivation) have a direct effect on fostering the profitability, sales growth, capital employed and market share of small and medium enterprises. Moreover, in-depth literature review, this study found empirical evidences supporting the significant relationships between the transformational leadership and SME performance. Several theoretical contributions to the study of transformational leadership style in particular and SMEs performance has been achieved in this research. It seems that the potential for innovation lies within reach of owners/managers, also it is assumed in this study that transformation leaders always encourage the adoption of followers to adopt innovation in all activities in their enterprises. Whereas the financial resources are not enough to achieve growth in the market and sustainable profitability, the role of leaders could make a dramatic change to the small and medium enterprises performance.

Recommendations

Based on the findings of this proposed study, the following recommendations were made;

- i. Management should use idealized influence components such as praise, respect, trust as well as integrity to transform their employees to achieve performance.
- ii. Management should also consider every individual employee as a part of the organisational team, valued them, show support to them to enhance SMEs performance.
- iii. Owners-managers should stimulate their employees to solve problems associated with the work and to ensure that these leaders appear to be more knowledgeable as regards to their work.
- iv. Owner-manager of small and medium enterprises should use inspirational motive to excite their employees with the idea that they can achieve great results with extra effort.

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