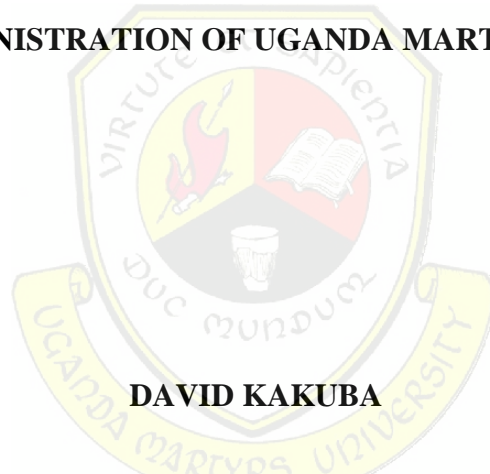


**THE ROLE OF LEADERSHIP STYLES ON OF SALES TURNOVER: A CASE OF
SMALL SCALE BUSINESSES IN MUKONO DISTRICT**

**A RESEARCH REPORT PRESENTED TO THE FACULTY OF BUSINESS
ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELORS OF
BUSINESS ADMINISTRATION OF UGANDA MARTYRS UNIVERSITY**



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ABSTRACT

This study was about the Role of Leadership Styles on Sales turnover of Small Scale Enterprises: A case of small businesses sampled from Mukono District. The objectives were to establish the relationship between leadership styles and sales turnover, employee commitment and retention in small scale business enterprises. The research design adopted was a case study design. The study however included a total of 20 small scale enterprises in the district and purposive and simple random sample techniques were used. The research instruments that were used during the process of data collection included questionnaires, interview guides and at times observation sessions.

During the study, the researcher examined the relationship between leadership styles and sales turnover, leadership and employee commitment and retention at work. Many studies on the effect of leadership styles in the performances of large industries, institutions, and manufacturing plants have been established, but studies on leadership styles and performances in the small scale enterprise sector had so far not been considered. This formed the base of this study.

Secondly, the omission of “leadership” whenever evaluating the performances of small scale enterprises was also identified to be leading to biased results. Data analysis was done both quantitatively and qualitatively using the percentage and chi-square tables with the help of SPSS Computer Programme, to establish the relationship between leadership styles and sales turnover of small scale enterprises. The overall findings showed that leadership has an effect on the sales turnover of small scale enterprises. The researcher recommended that there is a need for the leaders of small enterprises to have a clear vision, to educate and influence employees so as to perform well, Trustworthiness and motivational behavior, as the key components to employee satisfaction. Lastly “leadership” should be a major component to be evaluated among others, whenever evaluating the performances of small scale enterprises so as to get balanced results.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction to the Study

Leadership has existed since the creation of human beings. It is a concept that is used in our daily conversations, interactions, office work as well as on streets by the ordinary people. Many people all over the world, are aspiring to achieve leadership positions, the fact therefore, is that leadership is of a prime importance all over the world. However, despite its global importance, it is a discipline that has been disregarded for many years in terms of evaluating programs, projects and performances in organizations and business enterprises.

In Uganda, training in disciplines like medicine, engineering, agriculture, law, economics and education has been emphasized. However, training in professional leadership skills for those in leadership position is greatly lacking.

Recently, Uganda Martyrs University identified this gap and thereby introduced an intensive professional training programme in Leadership and Human Relations at a Masters Degree Level. This long-time lack of professional leadership training and the lack of emphasis on programme development results in it being omitted whenever the performance of small scale enterprises and other developmental programmes and projects are evaluated.

The researcher therefore will carry out this study to find out the significance of leadership styles on the sales turnover of small scale enterprises from which its conclusions and recommendations will be made to benefit the umbrella organizations such as the National Council of Uganda Small Scale Business Organization (NCUSBO); Uganda Small Scale Industries Association (USSIA); Uganda Women Entrepreneurs Association Limited (UWEAL); Micro-Credit Development Trust (MCDT); Micro-Enterprise Development Network (MedNet) and local governments in evaluating the successes or failures of enterprises to ensure their sustainability.

1.1 Background to the Study

Leadership has existed since time immemorial among human beings and in instances of unsatisfactory leadership; people would initiate a struggle and fight to achieve a better leadership an example is the 1789 French Revolution where the Bourgeoisie and Peasant Classes rose up

against the bad of administration of the Bourbon's monarchy during King Louis XVI's reign and they had to over throw it. This helped them achieve their goal of identifying a good leader since a few learnt from the mistakes of others and also know that they do need to work hand in hand with their followers in order to achieve their goal/objectives. (Muhanguzi, 2011) Some people grow up learning and being told about leadership through formal and informal education with some having experience and others born with leadership traits. Others learn from different events that have occurred in their community.

Maxwell (1993) defines leadership as "influence". He initiated a proverb which says that "He who thinketh he leadeth and hath no one following him is only taking a walk". In this regard, he identified five levels of leadership as being position, permission, production, people's development and personhood.

On the other hand Kapena Sumbye (2000) defines leadership as the behavior of another person or persons that is directed towards the accomplishment of some objective. She further analysed that whenever a person influences the behavior of another person or of a group of people towards achieving an objective then that is leadership.

A leadership style is a relationship that consists of three main components: the leader, the team members, and the organization. For leadership styles to work and create a supportive atmosphere for teams, everyone in the relationship must believe teams will work and perceive that the other one believes teams will work too. In small scale business enterprises, the leadership role is always evident because every building project has got a leader. However, according to information from the Uganda Revenue Authority (URA), many small scale businesses in Uganda have produced sub-standard work despite the fact that they have leadership in their organizations.

Leadership has become a more important aspect to organizations and the success or failure of any organization is a function of its leadership. The study of the role of leadership in organizations still remains an area of research since various organizations are in different environments and with different goals.

In human resources subject, high turnover rate is a main key issue that often highlighted (Foreman, 2009). As noted by Govaerts, Kyndt, Dochy and Baert (2011), most companies

nowadays give lots of effort to gain talented employees and retain them in the organization at the same time. Reduction in turnover means the reduction of total loss cost for organizations resources. Mobley (1982) describes employee turnover as “the cessation of membership in an organization by an individual who received monetary compensation from the organization”.

Leadership has diverse aspects and in most cases it is associated with exerting influence, motivating and inspiring others realize their potential, or sometimes defined as "enabling a group to engage together in the process of developing, sharing and moving into vision.” The early leadership theories focused on what qualities distinguished between leaders and followers, while subsequent theories looked at other variables such as situational factors and skill level. (Kendra 2005)

To inspire workers into higher levels of teamwork the leader must have ability to lead others. For good leadership to occur in teams, a leader must have certain beliefs, perceptions, characteristics, and skills and these do not come naturally but are acquired through continual work and study. Good leaders are continually working and studying to improve their leadership skills to guide and ensure that the employees clearly know goals and values of organization. Leadership is furthermore about motivating the employees in their work by involving them in the decision-making and by listening to the employees, but good leadership is also about daring to be the leader and making decisions to the overall benefit of the organization.

Secondly, the leader must believe that the employees are the company’s most valuable assets. Employees can grow, learn, and have the capability to lead. Thirdly, employees probably know more about the task they are working on than anyone else in the company and therefore should be involved in the decision making. However, when given availability to necessary information, resources, and training the team will be capable of making quality decisions. Lastly, leaders must also realize that they don’t have all the answers and cannot succeed without other members of the team and that teams are effective and make better decisions than individuals alone. These beliefs are important because a leader must first believe and have the perception that the team concept will work for it to work.

Small scale enterprises have leaders who are titled as entrepreneurs or proprietors of enterprises. In the actual sense, these people are the leaders of their established enterprises. By the very

nature of their work, they must look for opportunities to develop and sustain their enterprises for continuity, gather the physical, financial and human resources needed to run these enterprises. These enterprise leaders have a role to set the goals of these organizations and to direct and guide their employees to own such goals and work towards the accomplishment of the set goals.

Under their leadership there exist other leaders as managers, supervisors and fore persons. However, the situation on the ground is that many such enterprises have not developed to the required standards, while others are deteriorating despite their financial inputs. This study therefore has been designed to examine whether leadership is a major determinant factor to the growth and sustainability of enterprises.

1.2 Statement of the Problem

Many evaluators consider managerial skills and roles to be similar to leadership skills and roles which is not. During evaluation exercises, the evaluators focus on financial inputs, sales turnover, loan interest rates, staffing, the span of supervision, transport costs, material inputs and the levels of education attained by the managerial body. These types of evaluation tools affect small scale enterprises because leadership is not evaluated. As a result, the outcome may indicate success whereas on the ground the enterprise is deteriorating.

The omission of “leadership” in evaluation exercises on small scale enterprises, and the lack of a study on the role of leadership styles in relation to small scale enterprises revealed gaps that seriously motivated the researcher to conduct this study in Mukono district to understand the cause of the problem thereby come up with recommendations that will assist leaders of small scale enterprises, Community Based organizations, local governments and the community at large to be conducting objective evaluations and also to the scholars for further research.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The general objective of the study was to establish the role of leadership styles on sales turnover of small scale business enterprises.

1.3.2 Specific Objectives

- i. To examine the effect of Autocratic leadership on sales turnover of small scale business enterprises.
- ii. To establish how democratic leadership style affects employee commitment of small scale business enterprises.
- iii. To establish the relationship between laissez-faire leadership and employee retention of small scale business enterprises.

1.4 Research Questions

- i. What is the effect of Autocratic leadership on sales turnover of small scale business enterprises?
- ii. How do democratic leadership affect employee commitment of small scale business enterprises?
- iii. What is the relationship between laissez-faire leadership and employee retention of small scale business enterprises?

1.5 Scope of the Study

1.5.1 Geographical Scope

The study was conducted in Mukono district among the employees and management of selected small scale enterprises.

1.5.2 Contextual Scope

The study focused on the leadership style's roles and skills towards the development and sustainability of small scale enterprises. It examined the roles which leaders should play in order to develop and sustain projects and small scale business enterprises in particular. The study basically focused on the effect of leadership styles on sales turnover, employee commitment and employee retention among the selected small scale enterprises in Mukono District.

1.5.3 Time Scope

The study was to examine the enterprises covering the period from the year 2008 to 2013, thus five years activities. This period was chosen because this is the time when most private micro-finance organizations expand their loan schemes and financial services to the small scale

enterprises, with the view that, giving the loan boosters to these small scale enterprises can raise the profit turnovers hence their development and sustainability.

Secondly this period 2005-2010 was chosen because during that time loan officers from micro finance institutions administered loans to small scale business enterprises basing on the market revenue side, without considering seriously the performance of leadership in the enterprises.

1.6 Definitions of Key Terms

Enterprise	Any business organization involved in money generating activities through production or manufacturing of commodities for sale or making money to sustain the lives of the individuals involved.
Small scale enterprise	Any business body whether industrial or manufactural engaged in production for profit making and employing less than 100 workers.
Microfinance organization	Any agency that deals in giving out small loans to the business people involved in small scale businesses in order to promote income and wellbeing.
Scheme	A planned system of approach to solving problems

1.7 Significance of the Study

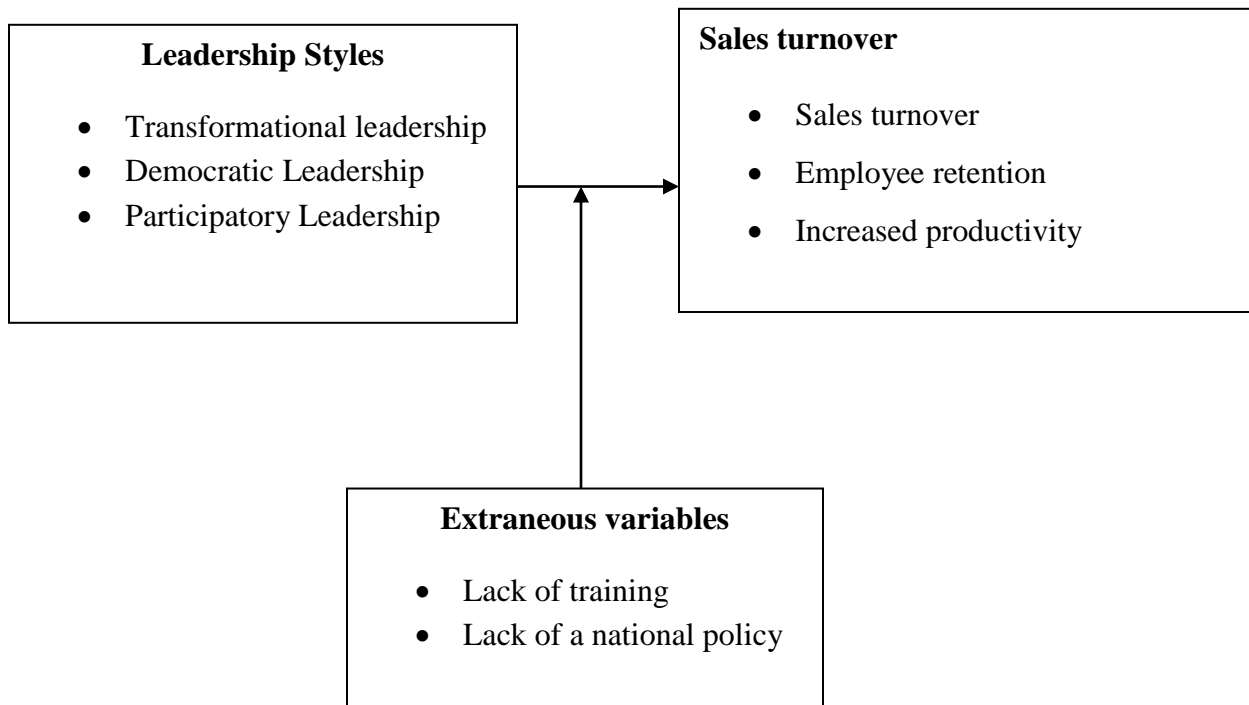
The study may help the leaders and management of small scale business enterprises to come up with appropriate ways of increasing sales turnover, commitment and employee retention through accountability, transparency, relations and motivation.

This study will act as a stepping stone for further research about the impact of leadership on sustainability of small scale business enterprises in form of literature for the future scholars on the same topic.

1.8 Conceptual framework

Independent variable

Dependent variable



Source: Developed from the behavioral theory (1940 – 1960)

In this scheme the independent variables concerning the styles of leadership influence the dependent variables concerning sales turnover, employee commitment and retention. However, the results will be confounded by the indicated extraneous variables.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents what other scholars have written about leadership especially on the role of leadership in the sustainability of business enterprises. It focuses on the effect of leadership on sales turnover, commitment and retention of employees in business enterprises.

2.1 Theoretical Framework

Traits theory in 1930s focuses on the innate leadership qualities and competence. These innate qualities are not found in others. The so-called quality can be divided into physiological and mental aspects. The physiological aspect includes: height, weight, looks, and vigor while the mental aspect includes intelligence, confidence, and aggressiveness etc. Stogdill (1948) proposed twelve leadership related studies and was considered as representative of this period.

The traits theory concludes that leaders are born or that leadership is from God basing on the physiological competences endowed by nature.

The traits theory in this study is selected because the researcher noted that entrepreneurs of small scale enterprises were leading these enterprises simply by virtue of their being the proprietors. Their leadership therefore was by proprietorship authority, and for that matter it was based on innate leadership qualities. Its role in this research was to relate its achievements to those of leaders whose skills were acquired through training hence a need for proving a scientific approach in practicing leadership.

Behavioral theory from late 1940s to late 1960s believes that a leader will be able to achieve ideal organizational efficiency if he demonstrates effective leadership behaviors. These leadership behaviors may be trained or learned through experience (Stogdill & Coons 1957). Actual behavior or leadership styles are emphasized. Representative research was conducted in Ohio State University, and concluded that the behavioural theory targets the use of different styles of leadership depending on the situation that prevails.

The behavioural theory was preferred because it advocates leaders to use different styles of leadership, depending on situations and the organisational set up

Whereas the Traits Theory in 1930 was dependent on the innate factors, this behavioural theory in the 1940s to 60s, was the beginning of the scientific leadership approaches. Its role in this study is that small scale enterprises are in different production set up in that sticking to a particular leadership style may cause inefficiency and so there may be a necessity to change the style to suit the enterprise set up or situations in order to achieve efficiency.

Fiedler, E. Fred and Joseph E. Garcia (1967 – 71), developed a theory of leadership effectiveness, or sometimes referred to as Fiedler's contingency model. The theory states that; *Leaders differ in the degrees of their orientation towards the task versus towards the people. This difference makes leaders more effective in some types of situations than in others.*

Fiedler's theory also emphasises situational leadership approach and concluded that leaders need to adopt the most optimum leadership style based on different organisational situations. Fiedler calls it "Engineering the job to fit the manager".

Bass & Avolio (1990) proposed transactional leadership and transformational leadership: (1) transactional leadership which encourages subordinates through incentive establishment. In other words, incentive elicits work performance. Transactional leadership is the basis for most leadership theories. It focuses on the exchange relationship between the leader and the subordinate. Transformational leadership states that people can choose to become leaders; people can learn leadership skills and this is the Transformational Leadership Theory. It is the most widely accepted theory today and the premise on which this study is based.

The transactional and transformational theories were selected because they emphasise that

Leaders can be made. In other words, people can acquire leadership skills through leadership training.

They emphasise leadership styles that target both organisation and employee development.

They emphasise leadership that conveys a strong vision for the future.

Their role in this study is to prove to the entrepreneurs of small scale business enterprises the vitality of scientific leadership approaches that can be used to attract the sustainability of their enterprises.

Bolman and Deal (1991) proposed the Four Framework Approach, in which they state that leaders display leadership behaviours in one of four types of frameworks, these are: Structural, Human Resource, Political and Symbolic.

They conclude that the style can either be effective or ineffective depending upon the chosen behaviour in certain situations.

The Four Framework Approach was selected because entrepreneurs of small scale enterprises have a role of structuring their enterprises such that the flow of information in the business has clear channels. They also have a role of a proper management of their staff and so the Human Resource Management style of leadership becomes a necessity.

Its role in this study is to assist the researcher to assess the structures and the Human Resource leadership in these enterprises whether they exist, how they are structured and whether they attract sustainability of the enterprises.

The Structural Leader focuses on structure, strategy, environment, implementation, experimentation, and adaptation.

The Human Resource Leadership believes in people and communicate that belief; they are visible and accessible; they empower, increase participation, support, share information, and move decision making down into the organization.

2.2 Understanding Leadership Styles Concept

Bennis and Burt Nanus (1997) said "leadership is like the Abominable Snowman, whose footprints are everywhere but who is nowhere to be seen". Leadership is everywhere but no one seems to be able to determine or figure out what makes up good leadership.

Bass Bernard (1990) researched on various primitive cultures around the world and concluded that leadership exists among all people, regardless of their culture, race or beliefs. No matter

where you look in history: at animals, primates, humans, Greek mythology, the Bible, Plato, or any other society, leaders appear. Even where societies do not have established or elected leaders, chiefs, or rulers, someone (a leader) always exists who initiates a process and plays a critical role in the decision making process of a group (Bass, 1990). Leadership has always been a crucial part of life.

Today leadership has become even more important, especially to the success of organizations. The reason why many organizations are switching to self managing work teams is to deal with the increasing change in their work environment and so they can adapt quickly to the change at minimum costs to them. The above authors, thus Bennis and Nanus, (1997) and Bass Bernard (1990) were chosen because they give a clear definition in relation with the role of leadership which is the core of the general objective of this study. They also give a clear image that leadership and evaluation are interwoven which is in line with the problem statement of this study.

According to Meridith Geoffrey etal (1982) “The total performance of a business is mainly determined by the attitudes and actions of the entrepreneur. Your effectiveness as a leader is determined by the results you achieve.”

Leadership does not come from one person. Bass & Stogdill’s Handbook of Leadership (1990) defines leadership as: An interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perceptions and expectations of the members. Leaders are agents of change – persons whose acts affect other people more than other people’s acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in a group.

This justifies that every group activity, in order to succeed, must have a leader to modify the motivation and competencies of others in a group. This further justifies that even the small scale business enterprises, in order to have their goals succeed, must have “persons whose acts affect other people more than other people’s acts affect them.” These persons therefore are the leaders and the other people are the employees and their customers/clients.

According to Meridith et al (1982) “There are two main areas of leadership behavior: (a) a goal setting, planning, goal achievement, task orientation and (b) a motivating human relations, person orientation.”

According to Hollander & Fiedler, (1971), leadership is a process that involves three main components. One is the leader, the second is the employees, and the third is the culture of the organization. If the relationship between these three components is not compatible then leadership will fail in the long run and so will the team. Just like a relationship between two people, if one of them does not believe it will work then it’s not going to work.

The first component of leadership is the leader. For good leadership to occur in teams a leader must have certain beliefs, perceptions, characteristics, and skills. A leader of self-managing work team’s job is basically to teach the members of the work team to be leaders themselves. To do this the leader must have certain beliefs and perceptions about employees and teams. First, the leader must believe that the employees are the company’s most valuable assets. Secondly, employees can grow, learn, and have the capability to lead.

Thirdly, employees probably know more about the task they are working on than anyone else in the company and, therefore, should be involved in the decision making. And when given availability to necessary information, resources, and training then the team will be capable of making quality decisions. And lastly, leaders must also realize that they don’t have all the answers and cannot succeed without other members of the team and that teams are effective and make better decisions than individuals alone (Bens, 1998). These beliefs are important because a leader must first believe and have the perception that the team concept will work for it to work.

A guideline for good leadership is to “treat others as you would like to be treated.” (Meridith et al 1982)

The above review justifies that for the leaders in small scale business enterprises to get effective services, from their employees, they should emphasise team leadership, team work, and encourage self-managing work teams.

Meridith et al (1982) Bass and Stogdill (1990) Hollander and Fiedler (1971) and Bens (1998) were chosen because the literature pulls out the clear identity of the leadership roles; such that the difference between leadership roles and managerial roles can easily be perused. On the same note, their literature corresponds with the study objectives ii and iii that seek to establish the effect of leadership on employee commitment and how leadership affects employee retention. The literature also indicates that, leadership is of a cardinal importance among the performances of organizations.

2.3 Autocratic Leadership and Sales Turnover in Small Scale Business Enterprises

Assessing leadership and sales people to ensure you have the best people in the right management and sales jobs, is a critical component of an organization's strategy to building a high performance sales organization that outperforms their competitors. Leaders and managers seek competitive advantage regardless of economic circumstances or market challenges. Successful companies recognize this importance and consistently invest in identifying and growing their people.

If the organization intends to keep outperforming in the violently competitive environment, leadership is the most influential factor. The objective of this research is to explore the relationships between leadership and sales turnover, commitment and employee retention respectively. We learn that the leader's leadership style has significant influence on the staff's job stress and turnover intention. Thus, this research develops the following hypothesis based on the research framework:

Management problems usually lead to quality problems, thus business owners and sales managers should recognize that workers are part of the capital equation. Organizations usually blame business failures on lack of capital, not knowing that the cause is human capital. Owners and sales managers give little importance to the sales people, unmindful of the expensive costs that bad hiring decisions cause.

According to Delaney and Huselid (1996), organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives) and it is a function of the organizational leadership. However, Bruce and Blackburn (1992), indicate that in recent years, many organizations have attempted to manage

organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: - financial performance (e.g. shareholder return), customer service and employee stewardship.

Delaney's literature was chosen because of its emphasis that the organization's output is a function of its leadership, hence an indication that there is a relationship between leadership and organizational output, this is related with sales turnover, which is the study objective No (i)

Kanter, (1977) disagrees with Bruce and Blackburn (1992), and instead points out that the effect of leadership styles on an organization's performance has been documented in the management literature and adds that the impact that leaders have on the work processes of organizations, have a direct impact on the success or failure of organizations.

On production and sales turn over, Maxwell, C. John (1993) concludes that 20% of the time set on priorities will yield 80% results in production. Maxwell named this principle "The Pareto Principle" or "The 20/80 Principle." According to Maxwell, "20 percent of your priorities will give you 80 percent of your production. If you spend your time, energy, money and personnel on the top 20 percent of your priorities"

This study examined how the leadership in small scale enterprises allocate time, money, energy and personnel on their top priorities, as compared to their output and sales turnover.

On the Job Mart page of the New Vision Monday November 9, 2009, page 25 Roderick Ahimbazwe clarified this issue under the heading "when the boss is a dictator" and also under "Why some bosses become dictators" by the Vision Reporter page 5 where he concluded that "A company gets the best out of employees if the boss is approachable and values their ideas".

Maxwell's theory was adopted because it reflects on how a leader can attract sustainability by maximizing the organizations sales turnover, which is in line with the study objective (i)

It is, therefore, evident from the review of the above literature that there is a positive correlation between the type of leadership practised in an organization and its sales performance.

2.4 Democratic Leadership

This leadership style starts with the idea that team members agree to obey their leader when they accept a job. The "transaction" usually involves the organization paying team members in return for their effort and compliance. The leader has a right to "punish" team members if their work doesn't meet an appropriate standard.

Although this might sound controlling and paternalistic, transactional leadership offers some benefits. For one, this leadership style clarifies everyone's roles and responsibilities. Another benefit is that, because transactional leadership judges team members on performance, people who are ambitious or who are motivated by external rewards – including compensation – often thrive.

The downside of this leadership style is that team members can do little to improve their job satisfaction. It can feel stifling, and it can lead to high staff turnover.

Democratic leadership is really a type of management, not a true leadership style, because the focus is on short-term tasks. It has serious limitations for knowledge-based or creative work. However, it can be effective in other situations.

A democratic leader motivates one to do more than one would originally expect to do by articulating a vision, providing an appropriate role model, fostering the acceptance of group goals, expressing high performance expectations, providing individualized support, and stimulating intellectually (Podsakoff, Moorman, & Fetter, 1990). Democratic leaders ensure their followers' involvement by envisioning attractive future states, displaying optimism and enthusiasm, empowering them to achieve the vision, and providing the resource necessary for developing their personal potential. He or she does this by setting an appropriate example and espousing the goals of the organization. These leaders motivate and inspire those around them by providing meaning and challenge to their followers' work. A democratic leader has high performance expectations from subordinates, and as such holds them accountable for doing so.

These leaders are well-liked, appreciated, and trusted because of their consideration of the needs of others over their personal needs. Individualized consideration is manifested when a leader

pays special attention to each individual's needs for development, growth and performance by acting as a coach or mentor, and behaves in a manner thoughtful of their personal needs. Finally, intellectual stimulation refers to the way in which leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, modifying challenges and handling old situations in different ways.

2.4.1 Democratic Leadership and Ethical Climate

Ethical climate refers to the salesperson's perceptions of the ethical standards as reflected in the organization's practices, procedures, norms and values that provide cues about acceptable behaviors (Babin, Boles, & Robin, 2000; Schwepker, 2001). These organizational guidelines reduce the salesperson's risk of violating what the customer, superiors, and peers expect and lead to a sense of security and peace of mind. The importance of an organization's ethical climate has been recognized in studies of its impact on various important sales force variables. If some salespeople feel duty-bound to engage in dubious tactics, increased turnover among those or other salespeople who observe the questionable behavior may be one of many negative consequences that may occur (McFarland, 2003). Similarly, if salespeople view the sales organization as unethical, they may voluntarily leave or show higher intentions to leave (e.g. Fournier et al., 2010; Mulki, Jaramillo, & Locander, 2006; Weeks, Loe, Chonko, Martinez & Wakefield, 2006; Weeks, Loe, Chonko, & Wakefield, 2004).

Researchers have consistently argued that the ethical climate of the work context is basically shaped by organizational managers (Schminke, Ambrose, & Neubaum, 2005; Sinclair, 1993). To support managers in setting up and maintaining an ethical climate, organizations have implemented formal systems of ethical codes, corporate ethics audits, standardized procedures, and ethics training programs (Weaver, Trevino, & Cockran, 1999). However, what the leader values and does will set the ethical tone for decision making at all levels and create the moral environment of an organization. The effectiveness of codes, policies, procedures and support structures is determined by the leader's personal conduct. As Banerji and Krishnan (2000) pointed out, an organization's ethical climate should be a normal consequence of leaders' commitment to ethical principles and values practiced in their day-to-day struggle to live by them.

Transformational leadership behaviors have a strong innate link to moral judgment (Schwepker & Good, 2010).

According to Burns (1978), democratic leadership behaviors have a transforming effect on both the leader and followers by raising the level of human conduct and ethical aspiration. Several studies support the contention that democratic leaders are ethical individuals. In particular, transformational leadership behaviors have been found to be positively associated with ethical standards and standard behavior (Eberlin & Tatum, 2008); high ethical reasoning (Turner, Barling, Epitropaki, Butcher, & Milner, 2002), uprightness (Parry & Proctor-Thomson, 2002), and the formation of ethical organizations (Hood, 2003). The above discussion suggests that democratic leadership has a positive effect on a salesperson's perception of ethical climate.

Person-Organization-fit is defined as the "compatibility between people and organizations that occurs when at least one entity provides what the other needs or they share similar fundamental characteristics or both" (Kristof-Brown, Zimmerman & Johnson, 2005). It is the alignment between the values, beliefs, and goals of the organization and those of its employees (Netemeyer, Boles, McKee, & McMurrian, 1997). Van Vianen, De Paterand Van Dijk (2007) suggest that people's fit with the organization associates a person's personality, goals, and values with those of the organization. As such, person-organization fit should relate closely to organizational ethical values.

The Person-organization fit essentially argues that people are attracted to and are preferred by organizations that match their values, and they leave organizations that are not compatible with their personalities (Robbins & Judge, 2009). Organizations prefer hiring employees with comparable ethical values to them. Individuals would choose to work in firms with similar values than their own if given the choice. Actually, when mismatches occur, the parties would be dissatisfied with the relationship, and the employee will likely leave or become terminated.

Several studies (Jaramillo et al., 2009; Lopez, Babin, & Chung, 2009; Valentine, Godkin, & Lucero, 2002) found that ethical climate had a positive influence on person-organization-fit.

These findings suggest that a salesperson's perception of ethical climate of his or her organization is positively related to person-organization fit.

Another logical aspect of fit deals with the values of the supervisor. Since the sales leader is normally a representative and authoritative personification of the organization, the employees' sense of fit with the organization should be the outcome of the leader's values. Specifically, the employees' sense of values-based person-organization fit should have a direct link to values-oriented leaders. Netemeyer et al. (1997) found that leadership support (providing individualized support), one of the elements of democratic leadership, is positively related to person-organization fit. With democratic leadership's focus on not only supportive dimensions but also inspirational and moral values (Smith, Montagno, & Kuzmenko, 2004), it should be a particularly important leadership style. This unique focus of democratic leadership should link it directly to person-organization fit.

According to Meyer, Allen, and Smith (1993), organizational commitment is an employee's emotional attachment to, identification with, and involvement in the current organization. Rafferty and Griffin (2004) report that when employees believe that the supervisor engages in transformational leadership behaviors, they express higher organizational commitment. This finding suggests that democratic leadership is positively related to a salesperson's organizational commitment.

Kristof-Brown et al.'s (2005) meta-analysis concluded that person organizational fit is strongly related with organizational commitment. Person organizational fit is typically seen as an important antecedent of salesperson's attitudes namely, job satisfaction (for example, Netemeyer et al., 1997) and organizational commitment (Vilela, González, & Ferrín, 2008). Jaramillo et al. (2009) observed that person-organization fit has a positive direct effect on organizational commitment. Thus, when salespeople's beliefs and values are congruent with those of the organization, they should report higher levels of organizational commitment.

Research has indicated that organizational ethical values influence salespersons' commitment to the organization.

Salespeople develop a positive attitude toward their employer when they believe that the organization is ethical (e.g., Pettijohn, Pettijohn, & Taylor, 2008). Salespeople can better cope with the ethical dilemmas that the selling job brings and develop trust and a psychological attachment to the organization when organizations set high standards of ethical conduct (Weeks

et al., 2006). Research has provided significant evidence that when salespeople think their organization is ethical, they report higher levels of organization commitment (e.g., Grisaffe & Jaramillo, 2007; Jaramillo et al., 2009; Weeks et al., 2006). As a result of these findings, the researcher proposes that a salesperson's perception of the ethical climate of the organization is positively related to organizational commitment.

A large body of research indicates with both nonsales (Griffeth, Hom, & Gaertner, 2000; Meyer Stanley, Herscovitch, & Topolnytsky, 2002) and sales employees that organizational commitment is linked to turnover intentions (e.g. DeConinck, 2011; Jaramillo, Mulki, & Solomon, 2006; Mulki et al., 2008; Naumann, Widmier, & Jackson, 2000; Rutherford et al., 2011). In view of these studies, the researcher proposes that a salesperson's organizational commitment is negatively related to turnover intention.

However, in a study of Gill, Mathur, Sharma, and Bhutani (2011) of fast food and full service restaurant service workers in the Punjab area of India, the researchers concluded that there is a negative relationship between democratic leadership and turnover intention. This finding suggests that democratic leadership is negatively related to salesperson's turnover intention.

2.5 Democratic Leadership and employee retention in Small Scale Business Enterprises

One of the critical roles of management is to create a work environment that will endear the organization to employees. It also includes influencing these employees' decision to be committed and remain with the organization even when other job opportunities exist outside the organization (Michael, 2008). Beard well (2007) observes that the role of leadership and a supervisor is crucial in staff retention, and argues that employees leave managers not companies.

According to Taylor (2004), organizations can no longer afford to leave the responsibility for keeping well performing employees in the hands of the HR Department. Responsibility and accountability for retaining talent need to move out to the front lines and into the hands of leaders. Leaders and their skill in building a climate of retention, a culture that speaks to employees in a way that encourages them to stay, will be an organization's best defense against unwanted turnover. Leaders are therefore the secret weapon in keeping valued talent longer. A two way communication is regarded as a core management competency and a key management responsibility.

Leaders should adopt a style that would establish and confirm their leadership authority by means of appearing competent and trustworthy. Effective leaders should guide members in a manner that allows them to contribute to the achievement of the group' overall goal (Mat, 2008).

Employees are more likely to remain with an organization if they believe that their managers show interest and concern for them, if they know what is expected of them, if they are given a role that fits their capabilities and if they receive regular positive feedback and recognition. The quality of relationship an employee has with his or her immediate managers elongates employee stay in an organization (Ferreira, 2007 cited in Michael, 2008).

Gwavuya (2011) affirms that incompetent leadership results in poor employee performance, high stress, low job commitment, low job satisfaction and turnover intent. Research conducted on the state of South African Training industry indicated that management style was the most prominent retention factor in South Africa (Netswera, 2005). Sherman et al (2006) found in their research that majority of the employees in organizations surveyed planned to remain with their organizations at least for the next five years because of the prevailing culture of management care. Chew (2004) observed that leadership behaviour has a positive influence on organizational commitment and turnover intention. Muindi (2011) established that leadership style, specifically lack of involvement in decision making and inadequate communication were some of the issues that caused study of small scale business. Therefore literature indicates that leadership style is crucial in staff retention.

2.4 Democratic Leadership styles and Employee Commitment in Small Scale Business Enterprises.

The practice and academic circles agree that leadership is really an important subject in the field of organizational behavior. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, whether a management is able to execute "collaborated effort" depends on leadership capability. The excellent leader does not only inspire subordinate's potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Stogdill (1957) defined leadership as the individual behavior to guide a group to achieve the common target. In latter days, Richards & Engle (1986) defined

leadership as about establishment of vision, value and creation of environment so that the objective can be accomplished.

Managers who show great sense of leadership among subordinates are likely to achieve stability in their profession. It is important for them to employ a systematic approach in handling employees not only to ensure that workers are given the job most appropriate to them but also to offer them an opportunity to grow. Such an approach further motivates employees to be more confident at their job and be more productive. Most significantly, managers must treat employees the way they deserve in order to win their respect in return.

The argument of Armstrong (2005) is in line with Gummer (1990), who states that although a democratic leader will make the final decision; he or she invites other members of the team to contribute to the decision-making process. This not only increases job satisfaction by involving employees or team members in what's going on, but it also helps to develop people's skills. Gummer (1990) adds that employees and team members feel in control of their own destiny, such as the promotion they desire, and so are motivated to work hard by more than just a financial reward. This style of leadership starts with the idea that team members agree to obey their leader totally when they take on a job: the "transaction" is (usually) that the organization pays the team members in return for their effort and compliance.

Gummer (1990) adds that team members can do little to improve their job satisfaction under transactional leadership. The leader could give team members some control of their income/reward by using incentives that encourage even higher standards or greater productivity. Alternatively a transactional leader could practice "management by exception", whereby, rather than rewarding better work, he or she would take corrective action if the required standards were not met.

It should however, be noted that whereas Gummer's view is quite convincing, he merely indicates that Leadership style is the manner and approach of providing direction, implementing plans, and motivating people, but does not show how it leads to job satisfaction in small scale business enterprises which is the basis of this study.

In a study conducted by Bayasgalan Seseer (2007) about Perceived presidential leadership styles and faculty job satisfaction at Mongolian public universities, the relationship between presidents' leadership styles and faculty job satisfaction at Mongolian public universities, job satisfaction of faculty at Mongolian public universities was strongly related to their perceptions of the presidents' leadership styles and employee commitment. The study further revealed that the Faculty at Mongolian public universities was likely to be more satisfied with its jobs when they perceive their presidents' leadership as being high in both Initiating Structure and Consideration. However, this study was conducted in a university and not in small scale business enterprises and this is the gap this study intends to cover or fill.

Leadership and job satisfaction are recognized as fundamental components influencing the overall performance of an organization (Kennerly, 1989). Dissatisfied workers are likely to be absent from work and perform at a lower level (Pan, 1994; Wang, 1999). Research has been conducted to identify how leadership styles can be used to influence employees to achieve better organizational outcomes (Loke, 2001). However, research regarding leadership and job satisfaction in small scale business enterprises has had little attention.

In a study conducted by Nyengane, (2007) about the relationship between leadership style and employee commitment, it was revealed that there is a positive relationship between the transformational leadership behaviours and commitment (affective commitment, continuance commitment and normative commitment). The correlation analysis also indicated a weak, but significant, positive relationship between transactional leadership behaviours and continuance commitment. However, no statistically significant correlation was found between transactional leadership behaviours and affective commitment as well as between transactional leadership behaviours and normative commitment. The correlation results showed a weak, but significant, negative correlation between laissez-faire leadership behaviours and affective commitment. There was no statistically significant correlation between laissez-faire leadership behaviours and continuance commitment as well as between laissez-faire leadership behaviours and normative commitment. However, no similar studies have been conducted on small scale business to establish how transformational and laissez faire leadership affects employee performance.

Overall findings from this study suggest that transformational and transactional leadership behaviours do play important roles in determining levels of affective commitment, continuance commitment and normative commitment. These findings also reveal that the laissez-faire leadership behaviour had a negative relationship with affective commitment (Nyengane, 2007). It was therefore important to find out if the same results are applicable to small scale business enterprises, a gap that this study filled.

The importance of leadership in organizations is also reflected by Bass (1989), who indicated that the most powerful influence on employee commitment is the quality of leadership. But Armstrong (2002) disagrees with the views of Bass (1989) and states that the level of employee commitment within an organization is determined by a number of factors, which include motivation, training etc. While these factors are important, it was important to find out if they were applicable in small scale business enterprises.

In a study, conducted by Lamb, McKee, (2004) about the most important keys to effective Leadership, it was found out that; Trust and confidence in top leadership was the single most reliable predictor of employee satisfaction in an organization. Effective communication by leadership in three critical areas was the key to winning organizational trust and confidence:

Helping employees understand the company's overall business strategy.

Helping employees understand how they contribute to achieving key business objectives.

Sharing information with employees on both how the company is doing and how an employee's own division is doing was relative to strategic business objectives

So in a nutshell a leader must be trustworthy and able to communicate a vision of where the organization needs to go so that commitment can be achieved.

This study did not concentrate on the styles of leadership but briefly focused on them to enable leaders and managers of small scale enterprises to identify those styles that can fit their leadership situations. The managerial grid by Blake and Janes S. Mouton (1964) and also the continuum of leadership styles developed by Tannenbaum and Schmidt, Hersy Paul and Ken

Blanchard (1985) are still very popular and internationally accepted in the literature of leadership.

In a study conducted by Bass (1989) about the impact of trust on employee performance, it was found out that Companies with employees who had high trust and confidence levels in their senior management had a three-year total return to shareholders of 108 percent, compared with a 66 percent return at companies with low trust and confidence levels. The surveyed employees also identified seven factors that drive their trust in senior leadership, including promoting the most qualified employees, gaining support for the business direction, motivating the workforce to perform at peak levels, and explaining reasons behind major business decisions. In this study, while the views of Bass seem to be correct, he did not refer his findings to small scale business enterprises.

Beyaraza Ernest in his article '*conflict resolution and management; a philosophical examination*' (2005) came out with a theory of "personal management". (p17 4.2) which states, that in order to attain self management, we need five skill areas and these are: self awareness, prioritizing, goal setting, time management and stress management. Ernest concludes that these five skills "are the tenets of personal leadership."

In this article, Beyaraza comes out with skills that managers can apply in order to resolve and manage conflicts in organizations. He further analyzed that the given five important skills were the tenets of leadership significant components in all programmes.

Leaders are advised that whenever they set a vision, it should be communicated to the employees/followers so that whatever assignments are given to them, they will work when they all know the goals towards the vision and so they will work harder towards the achievements of the set goals. These factors facilitate commitment of employees to their work assignments.

All the selected authors under the objective of establishing the relationship between leadership and employee commitment indicate that leadership in organizations has an effect on employee commitment. The researcher therefore intends to find out whether it affects the small scale business enterprise.

2.5 Laissez-faire Leadership and Employee Retention in Small Scale Business Enterprises

Cole (2002) indicates that retention is the act of holding back employees. Accordingly, it is the ability of an organization to hold on to its employees and all this requires good leadership. Sheridan, (1992:1036-56) indicates that Employee retention is the most critical issue facing corporate leaders as a result of the shortage of skilled labour, economic growth and employee turnover but Bayasgalan (2007) states that this is possible with good leadership in the organization. It is however, not clear how one can distinguish good leadership from bad leadership.

Good leadership is expected to bring a strong brand identity, which again relies very much on the quality of people retained in an organization. Nevertheless, very few companies list leadership or organizational development as a top priority in their retention programs (Kennerly 1989).

Jendia, Catherine (2005) found that: “on the African Continent, there seems to be a vacuum in the area of effective managerial leadership. The African experience shows that most leaders are outright dictators or benevolent dictators at best, with little concern for authentic democracy and good governance.”

Entrepreneurs of small scale enterprises by virtue of their being proprietors of these enterprises, have a tendency of falling victims of dictatorial management powers which in most cases affect employees’ job security and as a result undermines employee retention.

According to Loke (2001), while most companies recognize, and may even measure, the high costs of turnover, they don't necessarily believe that top leadership or managers make a difference. Therefore, they very rarely make managers responsible for retention. Emphasis is on productivity, revenues, market share product instead of worker’s retention. He therefore suggests Retention Leadership which is the practice of leading people and organizations with the explicit intent of improving employee retention, building positive relationships that contribute to reducing unwanted turnover, and encouraging employees to be fully engaged in their work.¹⁰

According to Armstrong (2003), employee retention is critical to the long term health and success of an organization. He adds that employee retention is the most critical issue facing

corporate leaders as a result of the shortage of skilled labour, economic growth and employee turnover.

Armour (2000) gives a number of advantages to employee retention. First, retention is a knowledge of management, for employees build knowledge on how to successfully run client processes and this is sometimes not captured in process maps or manuals. Secondly, retention is also seen as process improvement: It is only when an employee has worked on a process long enough that he/she is able to improve the process and provide value-addition. It also reduces on costs and leads to enormous gains in organizations. He adds that retention of employees is essential to maintain client relationships and training costs in line. This therefore implies that losing an experienced employee as a result of bad leadership almost always results into significant costs to the organization.

As indicated by Armstrong (2003) organizational work conditions such as work environment, reward system, workload, communication, training and support supervision can influence employee retention in organizations. But it is the duty of leaders to put in place good organizational work conditions.

Accordingly, employees are concerned with their work environment for both personal comforts and facilitating doing a good job. They prefer physical surroundings that are safe, comfortable, clean and with a minimum degree of distractions (Rosabeth Moss Kanter, 1977, 1993). In addition, people are empowered to reach organizational goals if their work environments are structured in ways that provide access to information, support and resources necessary for getting the job done as well as to access opportunities to learn and grow.

As pointed out by Musaazi (2005) in Maicibi and Nkata (Eds) 2005, reward is essential in today's competitive employment market if organizations are to employ and retain the talented staff they need. However, it is increasingly recognized that the traditional reward package of cash plus benefits is no longer sufficient to deliver these requirements. Many top managers of organizations fail to see reward as a strategic issue for the success and prosperity of their organizations. The absence of an effective reward strategy which takes into account staff needs and aspirations is likely to have a negative impact on employee retention.

However, not only reward system can affect employee retention, for Maicibi (2005) states that effective communication within an organization can also lead to employee retention. Accordingly, communication is not only an essential aspect of these recent organizational changes, but effective communication can be seen as the foundation of modern organizations and one of the management functions that can enhance employee retention. This is why he states that communication is the life and blood, the tissue and cell of any organization. It enables better understanding between the employer and employee, enables management to instruct the supervisors and subordinate staff about any changes of policies, and enhances effective coordination, avoids losses and helps in employee retention.

According to (Abdel-Halim et al (1982) as cited by (Sandra Kirmeyer and Thomas Dougherty), some studies have found evidence of buffering effect of Work load and employee retention. Caplain et al (1975), indicates that not only does over load affect employee health, it also affects the ways in which tasks are performed and the feelings employees have about themselves as well as about their jobs. In particular work overload may result in greater job dissatisfaction, increased productivity, yet lower quality of performance, feelings of tension, anger and personal failure to stay on the job for long. In addition to Musazi (2005) many workers are likely to resign their employment if they are not trained properly or feel that demands are being made upon them which they cannot cope with/without relevant training or prospects of growth.

Fleishman & Harris (1962) conducted research on relationships among leadership style, turnover rate and complaint rate. The research result reveals that consideration leadership style (transformational) has apparently negative connection with turnover, while initiating structure (transactional) is positively connected with turnover.

According to Delaney (1996), Leadership is commonly characterized as either: situational laissez-faire leadership. Situational leadership involves tactically leading people to the best outcome given a set of circumstances; situational leaders are flexible and decisive but lack the vision to see the big picture and may trample on people to get the task done and this increases organizational performance.

Leadership provides contingent reinforcement of promises, praise and reward or correction through reproof, threat or discipline on the other hand. A good leader looks inwards to resources

and infrastructure for improvements, favouring the rational argument, quality and productivity, and clear roles and objectives which improve employee retention (Delaney, 1996 949-969).

Delaney (1996) adds that laissez-faire leadership provides inspirational motivation and idealized influence; enthusiasm for the new, the radical or the revolutionary, tending towards innovation and decisive action. Transformational leaders are a driving force, and show an apparently attractive style but one which has been criticized as dictatorial and ethically neutral. It is therefore evident that the type of leadership practiced influences organizational performance. But the most difficult thing among many scholars of leadership studies is how to measure performance which this study intends to unveil.

Davar (1988), indicates that the relationship between a superior and subordinate triggers a person's will and transforms Luke warm desires into burning passions for successful accomplishment. A strong drive for achievement is an important attribute for motivation and it is a quality that characterizes outstanding leaders. This presents leadership as that function which is concerned with guiding others or their activities towards pre-determined objectives.

It is therefore evident that the review of literature indicates that there is a relationship between Leadership style and employee retention.

The researcher selected that literature under the retention objective to compare whether results from this study of small scale business enterprise will be similar.

2.6 Analysis of the Reviewed Literature

From the works reviewed, many scholars have established information regarding leadership and sustainability in terms of sales, commitment and retention of employees but none of the scholars has come up with the effect of leadership on small scale businesses a gap which this study intends to fill. However, having analysis of the literature that has been reviewed, shows that leadership has a significant value to organizations, such that given the good leadership would be equivalent to attaining success in the organization's performance hence to its sustainability. Alternatively, bad leadership would lead to failures in the organizations' production and performances. In this way, the review gave the researcher information about the leadership styles that can yield more in terms of sustainability and those which can cause chaos and deterioration

of enterprises depending on what situation exists. Secondly, none of the scholars has established the effects of evaluating the performances of small scale enterprises, without including 'leadership' as a major component to examine during evaluation exercises; which is also another gap the study intends to fill. For this reason, the leadership, and the employees in the small scale enterprise sector will definitely welcome the conclusions of this study, which has been designed specifically to address the sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter contains the methodology that was employed by the researcher in the study. It presents the research design, study population, sample size and selection, sampling techniques, study instruments and analysis, reliability and validity, ethical considerations and limitations.

3.1 Research Design

The research design to be adopted in this study was a case study research design. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. The purpose for choosing a case study research design was to establish the relationship between autocratic leadership and sales turnover of small scale business enterprises, establish the effect of democratic leadership on employee commitment of small scale business enterprises and establish how laissez-faire leadership affects employee retention of small scale business enterprises through an in-depth investigations of small scale business enterprises in Mukono district so as to find out whether leadership is a significant determinant of sustainability of small scale enterprises. On case study research designs, Mugenda and Mugenda (1999) say “The investigation therefore makes a detailed examination of a single subject, group or phenomenon.” The researcher also employed both quantitative and qualitative research methods.

These are considered the best strategies for this kind of study. The quantitative research used for descriptive purposes, and through this approach, the researcher was able to describe the population characteristics as well as understand the impact of the variables of the study on each other. It was possible to gather more information through this technique and further use numbers to describe the extent of the variables of interest. It enabled the researcher to make comparisons of the findings from different population groups.

Qualitative technique helped the researcher to collect information that was not easy to capture through structured instrument that could find out any hidden information. Descriptive research has been recognized as a very important method because it makes people understand the

characteristics of a group in a given situation, thinking systematically about aspects in a given situation, offering ideas for further getting hidden information and research that make certain simple decisions (Sekran, 2003).

3.2 Population of the Study

The population of the study included the small scale business owners, employees and some clients with the small business enterprises in Mukono town. The study sample frame however will include a total of 20 Small Scale Business Enterprises in the district. The overall population, therefore, comprised of 20 business owners, 100 employees and 20 clients who added up to 140 in total from which a sample of 100 respondents will be selected.

The sample of the 10 enterprises which were selected out of the 20 enterprises included, Biyizika enterprises limited, Drill service construction (u) Ltd, General moulding (u) Ltd, Jomayi concrete products Ltd, Master industries (U) Ltd, Njogezi Maize Mill Industry, Nsava poultry and Animal feeds, R.M Furniture concepts, Rocky industries and Seeta metal works. The mentioned 10 enterprises were selected for the study because they possessed the most required characteristics needed for investigation and observations by the researcher.

Business owners and managers were selected because these are the top influential leaders who are in key positions that exercise major leadership styles influence that can be related to the results in production, sales turnover, employee commitment and retention.

The employees were selected because these form up the core sector which is greatly affected by any given mode of leadership, and at the same time they are the ground determinants of production levels and the quality of products.

The clients were selected because they are the target of the enterprises products sales, such that their satisfaction in the quality of products results into high sales turnover that leads to sustainability, yet their dissatisfaction results into lower sales turnover which may result into deterioration of enterprises continuity.

3.3 Sample Size

From the population of 140 shown, a sample of 100 respondents will be selected for the study. This sample will comprise of 10 business owners, 80 employees and 10 clients to these small scale business enterprises. The 10 business owners will be selected because they are occupying key leadership positions, whereby the leadership variables and their results can be best examined and measured. Secondly the selection of the 10 enterprises out of the 20 will base on the findings of Amin (2005) states that 60 to 120 responds is on adequate sample for academic research. The 10 enterprises were sampled out 100 responds which sample is already adequate in accordance to Amin (2005) and also Morgan and Krejcie (1970) in Appendix C.

The selection of the sample size for the study was done using a sample size determination table developed by Morgan and Krejcie (1970). This table was scientifically designed such that the bigger the population size, the bigger the corresponding sample size.

3.4 Sampling Techniques

Sampling techniques are processes for selecting a suitable sample, or a representative part of a population for the purpose of determining parameters or characteristics of the whole population (Mugo, 2011). The sample techniques that used were simple random sampling and purposive sampling techniques. By simple random, the sample is drawn without bias and unit by unit, with all members of the population having an equal chance of selection (Burns, 2000). Concerning purposive sampling, this method aimed at selecting typical and useful people that gave relevant data. Purposeful sampling selects information rich cases for in – depth study. Size and specific cases depend on the study purpose (Oso & Onen, 2005).

3.5 Data Collection Methods

This study employ the following methods in the collection of data; a questionnaire survey and personal interview survey.

Research Questionnaire Survey

The study employed a questionnaire Survey. This is because it was highly suitable because respondents find it easy to answer and allows the researcher to easily identify the main concerns of the respondents. The format used was the simple- multiple-choice by which respondents chose

one from among the given alternatives. Simple-multiple-choice identifies only the most important alternative for each respondent, thus preventing the respondent from expressing his or her preference concerning a selected alternative over the others (Sato, 2003). The required responses based on a five – point Likert scale with 5 intervals: (1 = Strongly Disagree 2 = Disagree 3 = Undecided 4 = Agree 5 = strongly agree).

Personal interview survey

A personal interview survey, also called as a face-to-face survey, is a survey method that is utilised when a specific target population is involved. The purpose of conducting a personal interview survey is to explore the responses of the people to gather more and deeper information. Personal interview surveys are used to probe the answers of the respondents. The method has been chosen because people are more likely to readily answer live questions about the subject. Open-ended questions are more tolerated through interviews due to the fact that the respondents find it more convenient to their long answers orally than in writing (Sincero, 2012). Interviews were carried out on staff of the organisation and some few selected customers.

Data Collection Instruments

The study employed the questionnaires and interview guides. The selection of these tools was guided by the nature of the data to be collected, the time available as well as the objectives of the study. The overall aim of this study was to establish the role of leadership in sustainability of small scale business enterprises. The researcher was mainly concerned in collecting views, opinions, perceptions, feelings and attitudes of the respondents. Such information could best be collected using questionnaires and interview techniques. Document analysis was used to obtain data on rate and trend of accidents in the area under study

Research Questionnaire

The questionnaires were administered on the employees. The questionnaire was chosen because according to Burns (2000), it serves to collect appropriate data, makes data comparable and amenable to analysis, minimises bias in formulating and asking question, and makes questions engaging and varied. It was also self administered by the respondents or with the help of the researcher for those who cannot read and write, has identical set of items for all respondents,

produces fewer errors and ensures confidentiality as respondents especially those who can answer them on their own are free from the influence of the researcher.

In-depth Interviews

In – depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation. This method was useful for detailed information about the respondents' thoughts and will help to explore issues in depth. Interviews provide context to other data (such as outcome data), offering a more complete picture of what is happening and why (Boyce, 2006).

3.6 Quality Control Methods

Validity of the Instruments

Validity is the degree to which an assessment measures what it is supposed to measure. Content validity which refers to the extent to which a measure represents all aspects of a given social concept (Sushil & Verma, 2010) was established. The instruments had adequate traits due consultations with the researcher's supervisor, colleagues and a research expert. The research expert helped in strengthening the validity of the research instruments. Content Validity Index was used to test the validity of the instruments. The test of content validity was established through inter judge with two research consultants.

Reliability of the Instruments

Reliability is the extent to which a measure is stable or consistent and produces similar results when administered repeatedly. That is the proportion of "true" variation in scores derived from a particular measure (Sushil & Verma, 2010). For qualitative data, the strategies that were used to obtain reliability are; peer debriefing, prolonged engagement and audit trails. The researcher was responsive and adaptable to the respondents, holistic and ensured processional immediacy. Data was systematically checked, focus maintained and there was identification and correction of errors to ensure accuracy of data (Morse, 2002).

For quantitative data, reliability was obtained by calculating reliability Analysis Scale (Alpha coefficient) using SPSS (17.0). The researcher used Alpha coefficient because of it being easy and automatic to apply for it fitted a two or more point rating scale. Thirteen questionnaires of the pilot study based on the Likert five-point scale, were distributed to the respondents

3.7 Data Management and Processing

Qualitative Data

This study identified patterns and connections within and between categories of data collected. It was presented in form of notes, word-for-word transcripts, single words, brief phrases and full paragraphs (Powell & Renner, 2003). Data was interpreted by composing explanations and substantiating them using the respondents open responses. While analysing qualitative data, conclusions will be made on how different themes/variables were related.

Quantitative Data

Statistical data from the questionnaire was entered and analysed using the Statistical Package for Social Scientists (SPSS 13.0) program. This helped in calculating the measures of tendency and dispersion that is the mean and standard deviation to test the hypotheses. The statistical programme also used in the calculation of frequencies and percentages, drawing of frequency tables and figures. This was well-suited for quantitative description. Analysis and explanations will be carried out to give meaning to the collected data.

3.8 Ethical Considerations

The proposal was first be submitted to the Department of Business studies and management for approval. Then the researcher then obtained letter allowing her to proceed to the field. The researcher sought permission to collect data from the Director of foreign companies. The respondents were told about the general nature of the study. They were assured of confidentiality and that participation in the study was out of their will.

3.9 Limitations of the Study

A number of limitations were anticipated during the collection of data and compilation of the report. Some of the targeted population may show indifference and lack of willingness to respond to the questionnaires. The researcher however endeavoured to create a rapport and make

appointments convenient to the respondents. Then there may be those who may not want divulge some information thinking that it is confidential. These however assured of confidentiality and information availed to them that the research was not endanger them directly or indirectly.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the findings and they are arranged according to the objectives, thus, to establish the relationship between leadership styles and sales turnover, leadership styles and employee commitment and the relationship between leadership styles and employee retention of small scale business enterprises in Mukono district.

4.2 Category of Respondents

Table 1 Category of Respondents

Category	Population	Sample
Business owners	20	10
Employees	100	80
Clients	20	10
Total	140	100

Source: Krejcie and Morgan (1970)

4.3 Background Information

Table 2 Demographic Characteristics of Respondents

Respondents	Frequency	Percentage
Sex		
Male	71	71
Female	29	29
Sub Total	100	100
Age bracket		
15 – 20	7	7
21 – 25	22	22
26 – 40	50	50
Above 40	21	21
Sub Total	100	100
Level of Education		
None	10	10
Certificate	41	41
Diploma	38	38
Degree	11	11
Sub Total	100	100
Marital Status		
Married	78	78
Widowed	2	2
Divorced	3	3
Not married	17	17
Sub Total	100	100

Source: Primary Data

Results in the table above show that most of the respondents were males as shown by 71% where as 29% were females an indication that both male and female respondents participated in the study. Regarding the age of respondents, majority of the respondents were aged between 26-40 years as revealed by 50% response followed by those who were aged 21-25 as noted by 22% years of the respondents and only 21% and 7% were aged above 40 years and between 15-20 years respectively.

More so, most of these respondents had attained education up to certificate level as revealed by 41% response whereas 38% noted that they had attained diplomas and only 11% had acquired degrees, while the unschooled depicted 10%. This reveals that all categories of education levels were embraced in the study. Most of the respondents were married as noted by 78% response whereas 17% said that they were not married but 2% and 3% revealed that they were widowed and divorced respectively. This indicates that all the marital status were covered in the study and that the married status taking the biggest percentage of 78%. This could be because of the family responsibilities that dictate them to look for employments or to initiate money generating projects.

4.4 Rating the Effectiveness of Leadership styles on Sales turnover of Small Scale Enterprises

Table 3 Rating the Effectiveness of Leadership on Sales turnover of Small Scale Enterprises

Very effective (%)	Effective (%)	Ineffective (%)	Very ineffective (%)	Not sure (%)	Total %
51	20	10	10	9	100

The results in the table above revealed the effectiveness of leadership on the sustainability of small scale enterprises as shown by 51% and 20% of the respondents, but 20% said that leadership was ineffective in the sustainability of small scale enterprises though 9% were not sure about the idea. The findings above therefore implied that leadership styles have an effect on the Sales turnover of small scale business enterprises.

4.5 Relationship between Autocratic Leadership and Sales Turnover

The responses of the respondents were recorded based on the likert scale. A = Agree, SA = Strongly Agree, DA = Disagree, NS = Not Sure

Table 4 Relationship between Autocratic Leadership and Sales Turnover

Statement	SA (%)	A (%)	SD (%)	DA (%)	NS (%)	Total (%)
Leadership pulls more customers to the business	51	19	10	8	12	100
Leadership motivates me to work to increase company sales	43	20	12	20	5	100
Leadership influences hard work for sales persons	61	18	15	5	1	100
Good leadership has an effect on overall sales of the company	53	27	17	3	-	100
There is a high performance sale in the business due to good leadership.	41	20	17	20	2	100

The results in the table above showed most of the respondents agreed with the idea that it's their leadership that pulls more customers to the business as shown by 70% response and only 18% disagreed that leadership pulled customers to their businesses on motivation, 63% of the

respondents agreed to the view that leadership motivates them to work to increase company sales but 32% disagreed to the idea.

As regards influence, 79% revealed that Autocratic leadership influences hard work for sales persons with 20% disagreeing with the idea. Most of the respondents said that good leadership has an effect on overall sales of the company as noted by 80% response though 20% still disagreed with that idea. Most of the respondents also revealed that the performance of sales was high due to good leadership in their respective businesses as shown by 61% whereas 37% disagreed with the idea.

In the study findings, good leadership correlated positively to motivation, working environment and organisational culture.

Table 5 Chi-square Matrix Showing the Relationship between Autocratic Leadership and Sales Turnover

Leadership	Sales turnover		
	Chi-square value	Pearson correlation value	Sign value
Leadership pulls more customers to the business	37.2	0.058	0.008
Leadership motivates me to work to increase company sales	23.9	0.011	0.007
Leadership influences hard work for sales persons	40.1	0.988**	0.058
Good leadership has an effect on overall sales of the company	37.8	0.454	0.011
There is high performance sales in the business due to good leadership.	38.8	0.911	0.058

** Correlation significant at 0.01 (2-tailed)

The chi-square matrix shows that there is a relationship between Autocratic leadership and the performance of sales in their businesses. This is shown by positive Pearson correlation values when related to leadership. Thus, leadership pulls more customers to the business (Pearson value = 0.058, sign value = 0.008), leadership motivates me to work to increase company sales (0.011), leadership influences hard work for sales persons (0.988), good leadership has an effect on overall sales of the company (0.454) and there is high performance sales in the business due to good leadership (0.911). The above findings therefore implied that there is a positive and significant relationship between Autocratic leadership and the performance of sales in small scale business enterprises.

The results from this correlation quantitative analysis table 5 when compared with the qualitative percentage analysis table 4, they both depict positive results between leadership variables and sustenance variables hence proving Mugenda and Mugenda (1999) who states that both methods qualitative and quantitative check each other to avoid bias; such that the findings derived from one approach validates the other.

4.6 Relationship between Democratic Leadership and Employee Commitment

The responses of the respondents were recorded based on the likert scale. A = Agree, SA = Strongly Agree, DA = Disagree, NS = Not Sure.

Table 6 Relationship between Democratic Leadership and Employee Commitment

Statement	SA (%)	A (%)	SD (%)	DA (%)	NS (%)	Total (%)
There is commitment to achieve business goals	53	23	10	9	5	100
There is commitment to their jobs because of good leaders	21	39	21	8	11	100
Democratic Leadership increases confidence on job and productivity	37	31	17	9	6	100
Leaders encourages team work among employees	44	15	21	11	9	100
Democratic Leadership enhances cooperation among employees	13	46	19	10	12	100
Efficient communication increases commitment of employees	33	39	9	7	12	100
Leaders make me like my job	47	21	8	11	13	100

Results in the table above shows that there is commitment to achieve business goals within their respective business enterprises as shown by 76% of the respondents whereas 19% noted that there was no commitment and also 60% noted that there is commitment to their jobs because of good leaders but 29% revealed that there was no commitment to their jobs because of good leaders. More so, leadership was noted to increase confidence on job and productivity as shown

by 68% of the respondents though 26% said that the leadership did not increase confidence and productivity among the employees.

Majority of the respondents also noted that leaders encourage team work among employees as shown by 59% whereas 32% noted that leaders don't encourage team work among the employees. More so, the respondents also noted that leadership enhances cooperation among employees as revealed by 59% with 29% disagreeing with the idea. Efficient communication from the leaders increases commitment of employees and good leadership makes employees like their jobs as shown by 72% and 68% responses respectively.

In an interview with one business owner, she was quoted saying;

“When managers demonstrate their personal commitment to service quality, frontline employees follow their lead. Managers who are committed to service quality and demonstrate an empowering leadership style create an environment that leads employees to share the organization's values. She also noted that those employees usually are more satisfied with their jobs and are more likely to perform at a high quality level” (Primary data from the owner of Rocky Industries at Seeta)

One of the employees of one of the business enterprises was quoted saying;

“good leaders or managers in a business lead to higher levels of management commitment to service quality. For a directive leadership approach a style that does not drive service quality. He also noted that the role that individual leader in management of small scale business plays in this process is by looking at how an employee's commitment to service

quality and that person's leadership style affect the way frontline employees do their job'' (Primary data) from an employee of Drill Service Construction – Mukono Town).

Table 7 Chi-square Matrix Showing the Relationship between Democratic Leadership and Employee Commitment

Leadership	Employee Commitment		
	Chi-square value	Pearson value	Sign value
Leadership encourages regular meetings with staff	28.9	0.937**	0.000
Leadership encourages good decision making	40	0.667	0.819
Leadership encourages consultation with staff	15.7	0.167	0.000
Leadership encourages team work among employees	9.8	0.111	0.002
Leadership enhances cooperation among employees	24.1	0.156	0.000
There is efficient communication by the leaders	35.7	-0.885	0.025
Leaders consults the employees	15.7	0.035	0.000
Leaders make like my job	26.9	0.156	0.000
Conflict management is well-done by the leaders	11.8	0.012	0.001

** Correlation significant at 0.01 (2-tailed)

Results from the table above indicated that there is a positive relationship between Democratic leadership and employee commitment among the business enterprises in Mukono district. This is shown by the positive Pearson correlation between Democratic leadership and commitment variables. Thus, Leadership encourages regular meetings with staff (0.937**), Leadership

encourages good decision making (0.667*), Leadership encourages consultation with staff (0.167), Leadership encourages team work among employees (0.111), Leadership enhances cooperation among employees (0.156), Leaders consults the employees (0.035), Leaders make like my job (0.156), Conflict management is well-done by the leaders (0.012) and only one statement had a negative relationship with democratic leadership. This therefore implied that there is a positive relationship between democratic leadership and employee commitment among the selected small scale business enterprises.

According to Mugenda and Mugenda (1999: 132), the correlation technique is used to analyze the degree of relationship between two variables. Hence leadership and sustenance variables have been analyzed successfully.

In a related view, a manager of a small and medium enterprise within the district was quoted saying that leadership is positively related to employee commitment to achieve business sustainability;

“Good and dedicated leaders in a small scale enterprise lead to employees who are more likely to share the organization's values, who understand their role in the organization, who are more satisfied with their jobs, and who perform at a higher level of quality in performing their tasks for improved business sustainability”. (Primary data from the manager of Seeta Metal works – Seeta Town).

4.7 Laissez-faire Leadership and Employee Retention in Mukono town

The responses of the respondents were recorded based on the likert scale. A = Agree, SA = Strongly Agree, DA = Disagree, NS = Not Sure

Table 8 Laissez-faire Leadership and Employee Retention

Statement	SA (%)	A (%)	SD (%)	DA (%)	NS (%)	Total (%)
Leadership makes me like my work	45	13	19	23	-	100
Leadership encourages me complete my assignments	31	42	11	13	3	100
Good leadership makes me dislike other jobs	34	38	20	6	2	100
Its good Leadership that makes me refuse other job offers	41	32	15	9	3	100
Leadership encourages me to stay at my current job	25	37	21	11	6	100

Results in the table above show that majority of the respondents revealed that leadership makes them like their work and complete assignments as shown by 58% and 73% of the respondents respectively. More so, most of the employees noted that it is the good leadership that makes them like their jobs as shown by 72% response and also 73% said that it is good Leadership that makes them refuse other job offers outside their current ones and also 62% revealed that leadership in the businesses encouraged them to stay at their job.

Table 9 Chi-square Matrix Showing the Relationship between Laissez-faire Leadership and Employee Retention

Leadership	Employee Retention		
	Chi-square Value	Pearson Correlation Value	Sign Value
Leadership makes me like my work	41.6	0.025	0.011
Leadership encourages me complete my assignments	32.5	0.035	0.058
Good leadership makes me dislike other jobs	41.6	0.667**	0.011
Its good Leadership that makes me refuse other job offer	72.3	0.991	0.011
Leadership encourages me to stay at my work	68.4	0.025	0.007

** Correlation significant at 0.01 (2-tailed)

The correlation matrix above shows that there is a positive relationship between the Laissez-faire leadership and employee retention among small scale business enterprises. This is shown by positive correlation values between Laissez-faire leadership and retention statements. Thus, leadership makes me like my work (0.025), Laissez-faire Leadership encourages me complete my assignments (0.035), Good leadership makes me dislike other jobs (0.667*), it is good leadership that makes me refuse other job offers (0.991) and leadership encourages me to stay at my work (0.025). The analysis above therefore shows that Laissez-faire leadership positively affects employee retention and for any business to become sustainable it must retain its employees.

4.8 Conclusion

In a nut shell, the findings of the study depicts positive results thereby giving valuable data to the research questions i to iii which sought to establish the relationship between leadership and sales

turnover, the effects of leadership on employee commitment and how leadership styles affects employee retention in the aspects of attracting the sustainability of enterprises. The percentage and Pearson correlation values from the result tables 4, 5, 6, 7, 8 and 9 state that leadership plays a significant role in sustainability of businesses enterprises through aspects of sales turnover, employee commitment and employee retention, an implication that leadership is positively related to sustainability of small scale businesses. This brings out facts that, those leaders whose enterprises were deteriorating in production and sales turnover; it was a result of bad leadership whereas those which were developing towards sustainability had good leadership. The results have also given an answer as to why some of those enterprises that had been given financial loans, material inputs, technical staff, and also strategically located in town centres were deteriorating, while those dependent on own profit savings, and sometimes located in rural – urban areas were succeeding towards sustainability, this is because of leadership. Where there is good leadership, sustainability can be achieved, and bad leadership leads to enterprises mismanagement, hence to deterioration and some of them to stallation.

CHAPTER FIVE

DISCUSSION OF FINDINGS, GENERAL CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings, conclusion and recommendations for the study and it is arranged according to the objectives, thus, to establish the relationship between leadership and sales turnover, leadership and employee commitment and the relationship between leadership and employee retention of small scale business enterprises. The discussion is according to the study objectives as shown below.

5.2 Findings on Autocratic Leadership and Sales Turnover of Small Scale Business Enterprises.

The study findings showed most of the respondents noted that their leadership pull more customers to the business and they also motivate their employees to work hard. On influence 79% revealed that autocratic leadership influences hard work for sales persons and also affects the overall sales of the company. Most of the respondents also revealed that the performance of sales was high in their respective businesses due to good leadership. Using the chi-square matrix however, it was revealed that there is a relationship between autocratic leadership and the performance of sales in their businesses. This is shown by positive Pearson correlation values when related to autocratic leadership. The study findings therefore imply that there is a positive and significant relationship between autocratic leadership and the performance of sales in small scale business enterprises.

It should be noted therefore that autocratic leadership is pivotal if a business is to have sustainable sales turnover and this is why the behavioural theory believes that a leader will be able to achieve ideal organizational efficiency if he demonstrate effective leadership behaviours. These leadership behaviours can be trained or learned through experience.

The findings show that leadership positively affects sales turnover and this is in line with Delaney and Huselid (1996) who revealed that organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives) and it is a function of the organizational autocratic leadership.

Huselid (1996) also said that leaders contribute to performance and also points out that the effect of leadership styles on an organization's performance impact that autocratic leaders have on the work processes of organizations have a direct impact on the success or failure of organizations.

The study findings are in line with the research by Convey (1991) who noted that good autocratic leadership determines sales of a company because they form a big component of success in the company which are imbedded in organisational structures and process, thereby affecting quality management, Farguhar (1991) also supports the study findings as he said that organisational performance highly depends on the qualities of a manager, in this case who is a leader.

On a contradictory note however, Bruce and Blackburn (1992), indicated that in recent years, many organizations have noted that other aspects like motivation, organizational culture and working environment among others contribute to their performance not the kind of leadership they have with them in their operations which contradicts some aspects of the study findings above. However according to the researcher's observations in the study, let it be motivation,

organizational culture or work environment, it is all a function of good leadership as a whole. Therefore leadership is a paramount variable over others

In the earlier examined theories, it was noted from the autocratic leadership experts that the traits theory is a function of the inborn leadership characteristics. The theory indicates that leaders who possess these innate leadership qualities and competences perform well but to a certain extent. Therefore they have their limitations, and they need assistance from other leaders who acquired knowledge of applying different leadership styles in accordance to the situations.

In this regard, it was found that those enterprises which were led on the basis of the traits leadership were not performing to the required standards of production and sales turn over. On the other hand, the enterprises that possess trained leaders and managers had a yield of high sales turnovers, hence to proving the function of behavioural and transformational leadership theories. To this effect, the study objective number 1 which sought to establish the relationship between leadership and sales turnover of small scale business enterprises comes out clearly that, given the good leadership that considers motivation of workers, establishment of attractive work environment, establishment and communication of the vision to the employees and above all exercising the participatory and team leadership approaches result into high productivity and sales turnover hence to the sustainability of the enterprise.

When there is poor leadership in the enterprise, the yield is also poor and thereby sale turnover cannot be achieved.

Therefore there is a positive relationship between autocratic leadership and sales turnover of small business enterprises.

5.3 Findings on Democratic Leadership and Employee Commitment of Small Scale Business Enterprises.

Results from the findings show that there is commitment to achieve business goals within their respective business enterprises as well as commitment to their jobs because of good leaders. More so, leadership was noted to increase confidence on job and productivity. Majority of the respondents noted that their leaders encourage team work among employees. More so, the respondents also noted that democratic leadership enhances cooperation among employees hence to employee commitment a variable that also determines sustainability of an enterprise.

Furthermore, efficient communication from the leaders increases commitment of employees and good leadership makes employees like their jobs. Using the correlation results however it was indicated that there is a positive relationship between democratic leadership and employee commitment. This is shown by the positive Pearson correlation between leadership and commitment variables. This therefore implies that there is a positive relationship between leadership and employee commitment among the selected small scale business enterprises.

Gummer (1990) supports the study findings as he noted that managers who show great sense of leadership among subordinates are likely to achieve stability in their profession and this helps the employees to stay committed to work. Most significantly, managers must treat employees the way they deserve in order to win their respect in return.

The study findings also show that democratic leadership contributes to employee commitment in small scale business enterprises. This is in line with Armstrong (2005:790-791), who states that although a autocratic leader will make the final decision, he or she invites other members of the team to contribute to the decision-making process. This not only increases job satisfaction by

involving employees or team members in what's going on, but also helps to develop people's skills.

Gummer (1990) also adds that employees and team members feel in control of their own destiny, such as the promotion they desire, and so are motivated to work hard by more than just a financial reward and this style of leadership starts with the idea that team members agree to obey their leader totally when they take on a job.

The above findings are in line with Nyengane (2007) who revealed that leadership styles like democratic and transactional leadership behaviour do play important roles in determining levels of affective commitment, continuance commitment and normative commitment.

The enterprises that had no that type of leadership that influences employee commitment to their jobs and work assignments were observed and found to be performing poorly hence their sustainability in the business being questionable.

The above findings on democratic leadership and employee commitment indicate that acquired leadership skills play a significant role in attracting commitment. In this regard the cited theories that recommend the behavioural and democratic approaches become significant in their application on commitment of employees.

The practicing of the different styles of leadership which is the behavioural approach and the developmental leadership which is the transformational approach, cannot be based on the innate qualities, these can only be acquired through experiences and training. This clarifies the modern approach that leaders can be made.

In this regard the behavioural and democratic leadership theories are very significant on employee commitment in the democratic leadership of small scale enterprises. Therefore the researcher's objective number 2 which is "To establish the effect of democratic leadership on employee commitment of small scale business enterprises" comes out clearly that there is a significant relationship between leadership and employee commitment. For that matter given the leadership skills that encourages motivation, communication, teamwork, consideration of the employees' interests as well as the organisation's interests, such leadership wins the morale of workers hence to commitment on their jobs.

5.4 Findings on Laissez-faire Leadership and Employee Retention of Small Scale Business Enterprises

Results from the study findings also showed that majority of the respondents revealed that Laissez-faire leadership makes them like their work and complete assignments as well as making them like their job. It is good Leadership that makes employees refuse other job offers outside their current ones. The correlation matrix also revealed that there is a positive relationship between the Laissez-faire leadership and employee retention among small scale business enterprises. This is shown by positive correlation values between Laissez-faire leadership and retention statements.

The above findings are in line with Sheridan, (1992) who indicates that employee retention is the most critical issue facing corporate leaders as a result of the shortage of skilled labour, economic growth and employee turnover but Bayasgalan (2007) states that this is possible with good leadership in the organization.

These study findings are also in line with Loke (2001) as he noted that managers with good leadership skills are responsible for employee retention. In his study, he therefore suggests

retention Laissez-faire leadership which is the practice of leading people and organizations with the explicit intent of improving employee retention, building positive relationships that contribute to reducing unwanted turnover, and encouraging employees to be fully engaged in their work.

The study findings are also in line with Armstrong (2003) who also said that employee retention is critical to the long term health and success of an organization. He adds that employee retention is the most critical issue facing corporate leaders as a result of the shortage of skilled labour, economic growth and employee turnover. Cole (2002) indicates that retention is the act of holding back employees, therefore, he backs up the findings because he also noted that it is the ability of an organization to hold on to its employees and all this requires good leadership.

In considering the cited theories, the researcher relates retention leadership to the theories of Bolman and Deal (1991) and Lamb, Mckee, (2004).

Bolman and Deal suggest the four-framework approach, which is a leadership model that covers four approaches. These being Structural, Human Resource, Political and Symbolic. In this four framework theory, the researcher finds that the Structural and Human Resource Leadership types are viable in attracting employee retention.

Structural Leadership type creates leadership structures that can give employees optimism and future hopes of promotional avenues. This encourages employee retention at the work place. Then the Human Resource Laissez-faire Leadership considers the welfare of employees, the creation of incentives or what is known as the “reward system”, the creation of the hygienic factors while on duty. These being the protective gears in case of hazardous work, the first aid facilities, transportation of employees, lunch while at work, accommodation, provisions of shifts

for peak hours assignments, further training whether in service or abroad, promotional avenues, retirement benefits and all other similar factors.

The above mentioned Human Resource factors are the catalyst of employee retention in organisations and for that matter, this study concludes that retention leadership attracts sustainability in small scale business enterprises.

Lamb, Mckee (2004) came out with the most important keys to effective leadership and proved that Trust and Confidence in top Laissez-faire Laissez-faire leadership was the most reliable factor for employee satisfaction. That also an effective communication by leadership to employees for them to understand the company's overall business strategy, their contribution to achieving key business objectives, the sharing of information about the company's performance and the overall vision of the company create an atmosphere that retains employees in the company. This study supports these approaches as vital for retention leadership.

In considering the findings of this study, objective number 3 which is to “establish how Laissez-faire leadership affects employee retention of small scale business enterprises” proves that leadership affects employee retention in that given the good leadership style which considers the Human Resource Management and the structuring of the organisation will very much attract workers to stay in their jobs. While on the other hand, the poor leadership which biases on productivity and does not consider the welfare of the employees' faces continued employee turnover hence to lacking experienced employees and face the risks of making losses the result is the lack of sustainability.

5.5 General Conclusion

Regarding the study findings, it was evident that leadership styles have effect on sales turnover of small scale business enterprises. This is so because the findings show that leadership styles affect sales turnover, employee commitment in the businesses and employee retention of these small businesses enterprises. Some respondents however disagreed to certain ideas relating to leadership and how it contributes to sustainability of businesses. On the other hand during this study other weaknesses were also observed to be affecting the enterprises sales turnover, employee commitment and retention, these are: The lack of leadership training to the leaders, the over use of the dictatorial styles by the leaders of these enterprises and the lack of motivation to the employees.

Considering the earlier cited theories, the researcher observed that most of the entrepreneurs of small scale enterprises have not acquired leadership skills in form of leadership training, and as a result their leadership in their enterprises is based on the in-born characteristics which a leadership role is played basing on the traits theory. It is true that some of the leaders without training has been successful in their enterprise development, but it has been observed that time comes when they exhibit their limitation due to lacking scientific approaches.

Experts conclude that the function of the traits theory has limitations such that time comes when the leadership situation demands scientific approach. This approach can only be acquired through training. For this reason, the enterprises whose leadership were based entirely on traits leadership had slow development and some of them were lacking sustainability.

According to this study, leadership styles in small scale business enterprises that was based on the behavioural and democratic leadership theories was viewed to be the champion in attracting enterprise development and sustainability.

In considering the objectives of the study the researcher concludes as follows;

The relationship between autocratic leadership and sales turnover of small scale business enterprises which is objective (i) can be effective when given that type of leadership that can motivate sales persons and influence them to hard working. The enterprises that had that type of leadership were found to be successful and sustainability was achieved.

Poor leadership styles which is the opposite, strained the relationship to be ineffective and sustainability was not achieved.

On the effect of leadership on employee commitment of small scale business enterprises, which is objective (ii) the study analyzes that employee commitment can be achieved through the type of leadership that encourages team spirit, enhances co-operation among employees as well as efficient communication to the employees to understand the vision and their performance. Enterprises that had such a type of leadership were found to be yielding high productions, whereas those enterprises that had the opposite leadership styles had very low productions with sub standard quality of goods. In this regard, entrepreneurs of small scale enterprises should encourage a two way communication that is from management to the employees and in turn from the employees to the management. The traditional way of staff meetings is a good method, but also other informal methods can be applied such as discussion groups, opinion or suggestion boxes and technical advice forum.

On leadership and employee retention, which is objective (iii) this study analyses that small scale enterprises which had employee turnover were faced with problems of producing sub-standard commodities and the profit turnover was always low. It was observed that given the good and experienced employees in the enterprises, leaders should try as much as possible to retain such

employees by practising retention leadership. This type of leadership involves the consideration of the employees' welfare, creation of the hygienic conditions at the work places, as well as the establishment of the reward system and retirement benefits as measures to motivating the employees. This creates a spirit of confidence in the employees and job security would be guaranteed in case of those employees who are good performers.

In the general conclusion, this study establishes that leadership has a major role to play in the sustainability of small scale business enterprises and by that reason entrepreneurs of these businesses should put the most emphasis on leadership skills that should be applied in order to attract sustainability of their enterprises.

5.6 Recommendations

Regarding the study findings, the researcher came out with the following 14 recommendations;

1. Visionary Leadership in Small Scale Enterprises.

There is need for the leaders and managers of small business enterprises to have a clear vision of themselves and communicate that vision to others in their business operations if their businesses are to be sustainable in nature. This can be in form of Who are you? What do you stand for? What is your business purpose? How do you want to influence others or employees in your business? How do you want to contribute to your business? Therefore, a leader needs to have a clear vision of where he or she wants his or her business to be in a given period of time.

2. Morals, Ethics and Values

Leaders need to live in accordance with morals, ethics and values if they are to maintain their businesses for a long time. Making choices and taking actions out of accordance with your morals and values leaves you with a nagging "Bad" feeling. Making choices and taking actions

aligned with your morals, ethics and values helps you succeed almost effortlessly in your business enterprise. People sense integrity and will naturally respect your opinion and leadership in business or any enterprise.

3. Compassionate Leadership

There is need to lead others with inclusiveness and compassion when managing a sustainable business enterprise. The greatest leaders are those who include everyone in their sphere of influence by recognizing each person's greatest value in the company. To be one of these leaders, you look beyond the obvious and see others with insight and compassion.

4. Action Planning in Business Enterprises

As a leader or manager of a small business enterprise, set definitive goals and follow concrete action plans. You have to know where your destination is before you can map out a plan to get there. To improve your leadership skills, first set specific life goals with appropriate timelines. Design your goals, and then, formulate action plans you can commit to, then you will get to where you want to go.

5. Human Resource Management Leadership

Leaders need to maintain a positive attitude to sustain their businesses because leadership was found to be related to employee retention and commitment. An organisation without hopeful employees will not be sustainable; therefore, they need to be motivated to perform for the sustainability of the business. No one respects a grumpy or negative person. With a positive attitude, you are looking at the bright side of life. People are naturally attracted to you when you

have a positive attitude. By being positive, you will lead a happier life, as well as be surrounded by other positive people. You will also magically attract exciting offers and possibilities.

6. Effective Communication and Motivation to Employees

A leader should be as powerful as his team. As a leader, you will want to surround yourself with a powerful team by assisting others in recognizing and utilizing their strengths, gifts, and potential. Motivating others to their own greatness will improve the group energy, increase the vitality of your projects, and move you forward toward achieving your goals and vision. Be willing to admit and learn from failures and weaknesses. Face it No one is perfect, and everyone has made a mistake or two in their lives! The most successful leaders know that the key to success is not in avoiding falling or failing, but to learn from their mistakes. As a strong leader, you will also be able to communicate your weaknesses to your team, so that you and your team can appoint someone who excels at that particular task or activity.

7. Structural Leadership Approach.

Leaders or owners of small scale business enterprises need to appoint other leaders or managers/supervisors who can handle business operations on their behalf in their absentia. These delegates should however be able to stay focused with the vision and business goals high to reach sustainable levels.

However, although the study targeted small scale enterprises, these are enterprises which if led effectively could grow up into big industries, plants or workshops that can be viewed at macro levels. Secondly they form up the biggest employment sector of up to 80% Ugandans which embraces different categories of education and age groups.

For this reason even though they are small scale, the researcher recommends that their leadership, despite the fact that many of them belong to sole proprietorship, should be structured in a way that when a manager is appointed to carry out the implementation of duties, there should be a management committee to guide that manager. Above the management committee there should be a Board of Directors whereby decision making is participatory rather than an individual directive.

This team leadership encourages team work spirit and job security is some how guaranteed to employees. Job description and prescription of duties, selection and firing of employees should be done as a team. The professionals in leadership should be co-opted to these teams so as to advise on the side of professional leadership.

8. Separation of Leadership Roles from Managerial Roles

Coming to the leadership roles and managerial roles most supervisors tend to relate the two to be similar. In the modern managerial science, there is a difference between a leader and a manager, and so are the roles.

A leader initiates a vision, whereas a manager does a routine work to achieve effectiveness and efficiency towards the vision.

A leader initiates a policy, whereas a manager does a policy framework and put it into existence.

A leader sets goals whereas the manager implements. For that matter leaders are initiators, whereas managers are implementers.

The researcher therefore recommends that in order to achieve the sustainability of small scale enterprises, leaders in these enterprises should act as initiators and the managers should exist as implementers of the initiated policies and goals.

9. Training of Leaders in Leadership Skills

The researcher recommends that in order to realize sustainability, leaders of small enterprises should stick to those ethics and qualities as required and recommended for good leadership so as to win the confidence of their subordinates, followers and or customers as the case may be. On the side of professional performance and touch, in the small scale enterprises, the researcher further recommends that leaders of these enterprises should endeavour as much as possible to attend leadership training courses or seminars, especially that category of top executive officials and the middle supervisors. This will save them from leading their enterprises on the basis of a trial and error approach which is unscientific and can easily plunge their enterprises in to deterioration. It is true that some enterprises with untrained leaders have developed towards the levels of sustainability, but past studies together with this current study have proved that time comes when their leadership requires a scientific approach to sustain the enterprise this leads to their limitation.

The latest theories and literature as cited earlier in this study, indicate that transformational leadership theories together with the participatory leadership approach (autocratic) are the widely accepted approaches in this modern world. These types of approaches in leadership create influences that cater for people's needs, bring about innovation and change for the betterment, focus and motivate subordinates for dedicated action. This brings out the fact that leaders can be made, and trained leaders successfully attract the sustainability of enterprises.

On the other hand, even those leaders of small scale enterprises who are successful basing on their in-born leadership traits, can also be helped through leadership training so as to enrich their innate traits for a better performance. Behavioural researchers have indicated and concluded that

innate leadership traits have their limitations and so they should be polished and accelerated by the transformational approaches.

For those reasons, leaders of small scale enterprises should undergo leadership training courses or seminars however short the course may be. They will benefit and lead more successfully to sustain their enterprises.

10. Participatory Leadership Approaches

Considering the academic contributions from Beyaraza Ernest, 2005:9 and also Jendia Catherine (2005:143) it implies that effective professional styles of leadership will promote good governance and lead to the success and sustainability of projects and programmes, in organizations, business enterprises, communities or nations at large.

The researcher therefore recommends that leaders of small scale enterprises should use more of participative leadership approaches so as to yield higher performance and productivity in order to achieve sustainability of their enterprises. However, experts say that different situations would need different leadership styles. For that reason, leaders should be flexible so as not to stick to one style when the situation changes. For example in case of an emergency situation, a leader should apply an extreme autocratic style. However, leaders should be careful and wise such that even in an extreme participative style, they should include an element of a directive style in a way that cannot harm or be noticed by the subordinates.

11. Setting of Priorities to Maximize Productions

As regards production in small scale enterprises, the researcher recommends that leaders should learn how to set priorities whereby they concentrate 20% of their time on the set priorities. This will give them a yield of 80% results in production. This is in line with the scientifically approved theory known as the “Pareto principle or the 20/80 principle”. This principle says that,

“20 percent of your priorities will give you 80 percent of your production. If you spend your time, energy, money and personnel on the top 20 percent of your priorities” Maxwell C. John (1993:20)

If leaders apply this principle in their enterprises sustainability can be achieved.

12. Consideration of Leadership styles in Evaluating Enterprises

This study found it viable to come out with recommendations to organizers of small scale enterprises to seriously consider leadership whenever evaluating their performances.

The researcher observed a live example that most of the NAADS projects in Uganda have a low progress as a result of poor leadership, but while assessing their evaluation results, evaluators of NAADS projects reported problems of poor financial management, ghost members, poor seeds and the lack of accountability and transparency. NAADS leadership was not evaluated yet all these are symptoms but not the real causative factors. The researcher in that case observed that all these were the inputs of corrupt officials, who were entrusted to run the programme.

The researcher therefore puts all this failure as being a result of poor leadership. Corruption is due to poor leadership and corrupt officials are bad leaders. (See Appendix F(i) “Six Officials Held Over NAADS Funds”).

This study therefore also recommends that peoples’ development programmes should be run by the professionals in leadership and Human Relations, who can institute team leadership on the ground for checks and balances. If not then all the program leaders should first be taken for a leadership sensitization seminar and thereafter be assigned for NAADS duties. This can reduce

on those numerous problems faced with the NAADS enterprises which are now losing sustainability.

Evaluators of small scale business enterprises need to include the component of leadership whenever measuring performance since it contributes greatly to the success of these businesses. If leadership is left out during evaluation exercises, evaluators may get biased information regarding these business performances and their way forward advice on sustainability may miss the target.

13. Leadership with MDGS on Poverty Eradication

In September 2000, world leaders met in New York, USA, and adopted the Millennium Declaration to focus on major issues facing the world including poverty reduction. This study observed that MDG goal No. 1 was a major concern to the local citizens of Uganda. This is to “eradicate extreme poverty and hunger.” The targets are that by the year 2015, people whose income is less than one dollar a day as well as those who suffer from hunger, their proportion should be halved.

The researcher recommends that, the key positions which deal with direct implementation of these targets should be occupied by those trained in Leadership and Human Relations who are the experts in programme development and implementation.

The small scale enterprises sector which the largest employer sector is taking over 80 percent of Uganda’s labour force should be accessed with cheaper loans that attract very low interest rates but this should be done along with the proper assessment of the enterprise leadership performance.

Through this channel, their contribution to the country's GDP may rise from the present 75 percent upwards. This may uplift the local citizen's income from a dollar may be to 2 or 3 dollars a day. This can make the target of MDG No.1 to be realized by year 2015.

14. Formulation of a National Policy on Leadership in Organizations

The lack of a National Policy on leadership styles have also created weaknesses such that leaders who mismanage the finances of the organizations are left at large after draining the organizations' finances through embezzlement. The existing "Leadership code" is inadequate since it is taken to be for the political leaders only. The researcher recommends that there should exist a general National Leadership Policy that any person appointed or elected to the leadership position of any nature, should first undergo a leadership training seminar so as to be sensitized on matters of good governance and human relations, and in case such a leader mismanages the organization during the term of office that leader should be eliminated entirely from occupying any other leadership position.

5.7 Area for Further Research

Leadership styles and the sales turnover of small scale business enterprises. This is because the researcher generalized leadership on sustainability but didn't look at how each aspect of leadership affects business sustainability.

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Appendix B: Questionnaire to Respondents

Dear sir/Madam

This study is about the role of leadership styles on sales turnover of small scale business enterprises. The information you give is purely for academic purposes and no body's name will be mentioned during report writing. You are requested to choose the answer that most suits your level of agreement or disagreement with the question.

Background Information

1. Sex of respondent Male Female
2. Age of the respondent
- 15 – 20 21 – 25 26 – 40 Above 40
3. What is your level of education?
- None Certificate Diploma Degree
4. What is your marital status?
- Married widowed Divorced Not married
5. How do you rate the effectiveness of leadership on sustainability of small scale enterprises?

Very effective	Effective	Ineffective	Very ineffective	Not sure

6. Relationship between Autocratic Leadership and Sales Turnover

Indicate your level of agreement or disagreement with the following statements on the relationship between leadership styles and sales turnover among small scale enterprises?

Statement	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
Autocratic Leadership pulls more customers to the business					
Autocratic Leadership motivate me to work to increase company sales.					
Autocratic Leadership influences hard work for sales persons					
Good leadership styles has an effect on overall sales of the company					
There is high performance sales in the business due to good leadership					

8. Relationship between Democratic Leadership and Employee Commitment

Indicate your level of agreement or disagreement with the following statements?

Statement	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
There is commitment to achieve business goals					
There is commitment to the jobs because of good leaders					
Democratic Leadership increases confidence on job and become more productive					
Democratic Leadership encourages team work among employees					
Democratic Leadership styles enhances cooperation among employees					
There is efficient communication by the leaders					
Leaders consult the employees					
Leaders make me like my job					
Conflict management is well-done by the leaders					

10. Democratic Laissez-faire Leadership and Employee Retention

Indicate your level of agreement or disagreement with the following statements?

Statement	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
Laissez-faire Leadership makes me like my work					
Laissez-faire Leadership encourages me complete my assignments.					
Good leadership styles make me dislike other jobs.					
It is good Leadership styles that make me refuse other job offers.					
Laissez-faire Leadership encourage me to stay at my work					

Thanks for your cooperation

Appendix C: Interview Guide

The Role of Leadership Styles in Sale Turnover of Small Scale Enterprises

Background Information

1. Sex of respondent Male Female
2. Age of the respondent
- 15 – 20 21 – 25 26 – 40 Above 40
3. What is your level of education?
- None Certificate Diploma Degree
4. What is your marital status?
- Married widowed Divorced Not married
5. How do you rate the effectiveness of leadership styles on sales turnover of small scale enterprises?

Very effective	Effective	Ineffective	Very ineffective	Not sure

6. Relationship between Autocratic Leadership and Sales Turnover

	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
Does autocratic Leadership pull more customers to the business?					
Does autocratic Leadership motivate me to work to increase company sales?					
Do autocratic Leadership influence hard work for sales persons?					
Does Good leadership have an effect on overall sales of the company?					
Are there high performance sales in the business?					

8. Relationship between Democratic Leadership and Employee Commitment

	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
Is there commitment to achieve business goals?					
Is there commitment to the jobs because of good leaders?					
Does democratic Leadership increase confidence on job and become more productive?					
Does democratic Leadership encourage team work among employees?					
Does democratic Leadership enhance cooperation among employees?					
Is there an efficient communication by the leaders?					
Do democratic Leaders consult the employees?					
Do democratic Leaders make you to like your job?					
Is conflict management well-done by the leaders?					

10. Laissez-faire Leadership and Employee Retention

	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
Does Laissez-faire Leadership makes you like your work?					
Does Laissez-faire Leadership encourage you complete your assignments?					
Does good Laissez-faire leadership make you dislike other jobs?					
Is it good Laissez-faire Leadership that make you refuse other job offers?					
Does Laissez-faire Leadership style encourage you to stay at your work?					

Thanks for your cooperation

Appendix D: Observation Guide

The Role of Leadership in the Sustainability of small scale enterprises.

Observation Guide

SECTION A: Enterprise's particulars.

(1) Name of Enterprise for observation

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.....

(2) Location of Enterprise.....

(3) Type of Employees observed.....

(4) Department.....

(5) Name of Head of Department.....

(6) Any qualifications attained.....

Section B

Particulars for Observation.

(7) Work Schedules

.....
.....

(8) Leadership as a shared responsibility

.....
.....

(9) Decision making

(a) Whether centred.....

(b) Whether Consultative.....

(c) Whether Participatory.....

(d) Whether Delegating style.....

(10) Level of motivation

.....
.....

- (11) Enterprise evaluation format.....
.....
- (12) Workers sentiments on leader / managers
.....
.....
- (13) General; observation and comments on:
 - a. Sales turnover in relationship to enterprise leader's influence
.....
.....
 - b. Employee commitment to work assignments in relation to leaders influence
.....
.....
 - c. Employee retention in relation to leadership influence
.....
.....