



Factors affecting effective Leadership in Manufacturing Microenterprises in Lemi Kura District

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STATEMENT OF DECLARATION

I, the undersigned, declare that this study entitled “**Factors of Effective Leadership In Manufacturing Microenterprises In Lemi Kura District**” is my original work and has not been submitted for any program in any other university, and that all sources of materials used for the study have been duly acknowledged.

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STATEMENT OF CERTIFICATE

This is to certify that this study, “**Factors of effective leadership in manufacturing microenterprises in Lemi Kura District**”, undertaken by **Mr. Kaleb Haddis** for the partial fulfilment of the Requirements for the Degree of Master of Arts in Business Leadership at Addis Ababa University College of Business and Economics School of Commerce, is an original work and is suitable for submission for the award of Master's Degree in Business Leadership.

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Factors of Effective Leadership In Manufacturing Microenterprises In Lemi Kura District

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Abstract

This study was conducted with the purpose of examining the factors of effective leadership in manufacturing microenterprises in Lemi Kura district with respect to the generalized perspective of leadership. The research uses experimental reasoning research design with quantitative research approach to highlight relationships. Using Cochran's large population sampling technique from the target population of leaders and followers in the manufacturing MSE, the researcher sampled 385 Primary data through questionnaires. Using SPSS software version 26, demographic, means and standard deviations, correlational and regression analysis were conducted. The results indicated that not only did Strategic management, people management and self-management have positive association with effective leadership but also positively affect effective leadership. The research also highlighted that people management played a greater role in affecting effective leadership positively. Accordingly, the researcher suggests attention to this generalized approach to leadership, particularly to people management factor for leaders, for a comprehensive leadership assessment and improvement. Furthermore, additional research in to this topic and leadership training for MSE members and case officers will likely reduce the failure rate of the MSE.

Keywords: *Effective Leadership, People management, Self -management, strategic management, MSE*

CHAPTER ONE

INTRODUCTION

This chapter deals about background of the study; statement of the problem; objectives of the study; significance of the study; scope of the study; limitations of the study; operational definition of key terms, and organization of the study.

1.1 Background of the study

Small and micro businesses play an important role in developing economies. They contribute to the growth of the global economy and reduce unemployment by generating higher levels of employment opportunities with less capital than large-scale sectors. Micro and small enterprises have direct relationships with the people in their local communities as they source labor locally and enhance circulation of money, i.e economic prospects.

The Ethiopian Government, defining microenterprises as having 5 workers or less, initially had a National/federal organization in charge of the MSE and related strategy. However, the micro and small nature of MSE made strategy implementation very problematic. Thus, by considering the critical role of the sector and the constrained faced by SME operators, since 2004/2005 the government of Ethiopia decide to establish SME coordinating body at regional level (Tekele, 2019).

Studies the likes of Thornhill and Amit, (2003) show that there is a high failure rate for MSEs. In this regard various researches have been done to highlight factors of performance for MSEs. Majority of the research done is attributed to external factors such as economic condition of the host country, policies, government support and others. The internal factors the researches identified are those regarding business plans, entrepreneurial characteristics, management of people, management of finance, management competency, experience and leadership are to name a few internal factors that affect performance of MSE.

The concept of leadership and its link with organizational performance has been studied since the study of leadership began. These researches have mixed results, stating that a particular leadership

style or approach has positive or negative effect on organizational performance within the context the study was conducted in.

Although there is a contextual element to leadership and organizational performance, there is an overwhelming body of knowledge on effective leadership promoting better organizational performance. There is a positive relationship between effective leadership and level of organization performance (Ibrahim and Daniel, 2019).

The study bases itself on this premise and intended to identify effective leadership factors of manufacturing microenterprises in Lemi Kura district. The study attempts this by asking what is effective leadership and the relationship between the factors of effective leadership and effective leadership within the case study.

Leadership books, identify the various approaches to leadership as approaches highlighting different perspectives that are centered around personality, skill, behavior, relation, interaction, creating idol, and/or empowerment. This makes defining leadership very difficult and thus the various modern definitions of leadership tend to be wide and satisfactorily representative of the various approaches.

Numerous researches link effective leadership with the various approaches to leadership and present factors that promote the effective leadership. Fewer are present that study a mix of factors present in different approaches. Thus, with the performance issues of MSE and the issues of specific approaches and styles addressing narrow bands of effective leadership, this study looks to researches with categorization of factors of effective leadership that can be attributed with different approaches.

The research identified Pillay's (2018) research into the south African health service sector as a variable and reliable source for addressing the issues of specificity of common leadership approaches and styles. Taking inspiration and modifying the approaches to the factors mentioned in Pilla's (2018) research, factors of effective leadership were identified as: Self-management, People management and Strategic Business management. These factors, identified as independent variables, are hypothesized as having significant positive effect on Effective leadership, identified as the dependent variable.

1.2. Statement of problem

The existence of a strong small business sector is necessary for the boosting of the economy. Evolution of this sector to medium and large business sectors is crucial to enhance the economic standing of these organizations and to create opportunity for new small businesses.

To that effect, the study of the interaction of MSEs, internally and externally, that contribute to performance have been under study for some time now. Much of the body of knowledge is centered and consequently highlights the external factors. However, multivariate analysis indicated a portion of the organizational performance factors goes to internal factors.

Within the scope of internal factors many researches have been done on the topic of leadership. One of the overwhelming conclusions is that effective leadership promoting enhanced organizational performances. The essence of effective leadership, however, has been supplanted by particular leadership styles or approach. This is to mean that, researches on particular leadership styles or approach and their effects on particular sectors/organizations have been done to the extent that no discernably evident style of leadership stands out.

This shows that there is a gap in knowledge that stems from the specificity of the styles or approaches taken to define effective leadership and the wide array of leadership styles and approaches. With specific styles and approaches having narrow band of factors of consideration for effective leadership, there is a clear gap in knowledge for comprehensive study of the factors of leadership. This stems from the difference between the leadership styles specificity and the need for contingent and wide scope of leadership and its evaluations and implications. Thus, study goes around the notion of a particular style promoting effective leadership and instead aims at examining the factors of effective leadership directly and any inferred leadership styles may be drawn, by others, from highlights within the comprehensive factors.

1.1. Research questions

- What is the status of the Factors in Manufacturing Microenterprises in Lemi Kura District?
- What is the status of effective Leadership in Manufacturing Microenterprises in Lemi Kura District?

- What is the relationship between the factors and effective Leadership in Manufacturing Microenterprises in Lemi Kura District?
- What is the effect of the factors on effective Leadership in Manufacturing Microenterprises in Lemi Kura District?

1.2. Objectives of the Study

General Objective

- To examine the factors of effective leadership

Specific Objective

- Examine the status of the factors in manufacturing microenterprises in Lemi Kura district
- Examine the status of effective leadership in manufacturing microenterprises in Lemi Kura district
- examine whether Self-management is significantly related with effective leadership.
- examine whether People management is significantly related with effective leadership.
- examine whether Strategic business management is significantly related with effective leadership.

1.3. Significance of the study

The study could provide a platform for a more appropriate actions to be taken by authorities. Especially in terms of resource allocation and training.

For researchers, it may highlight microenterprise effective leadership factors and possible remedies for such factors as well as serving as a stepping stone for further research of similar topic.

For enterprises, the study's categorization of factors, i.e. Self, People and Strategic Business management, makes attention to a specific factor easier. This makes leadership assessment and training easier and economical.

At highest this study may serve to significantly reduce the failure rate of MSEs, by providing information to the enterprises and policy makers, there by contributing immensely to the economy.

1.4. Scope of the study

Time: Since the study is not time sensitive and aims to employ cross-sectional data collection, as long as it is carried out in the same period, it can be carried out at any time period.

Geography: the study will be conducted in the district of Lemi Kura, one of the districts in Addis Ababa.

Research Population: target population will be manufacturing microenterprises in the geographical scope, i.e. 428, while the sample population consists of the leaders and led. Since the actual number of followers is not available nor can it be extrapolated with all due ethical considerations, the sample population is considered very large and taken in the same context in regards to Cochran' sampling technique.

Literature: The literary aspect of the study is limited to fundamentals of leadership accompanied with empirical literature on the factors of Leadership. Measuring scales for the variables were drawn-out from questionnaires and concepts from the different fundamental approaches to leadership.

Methodological Scope: the study doesn't use mixed approaches and designs. The study utilized only primary data from a single questionnaire format. The study only employs the basic descriptive, associational and causal analysis.

1.5. Limitation of the study

Limitation of availability of secondary data on the composition of the micro enterprises, i.e., leader-follower. This data would have helped refine the sampling technique by structuring the sampling to reflect leader-follower proportions.

Limitation due to lack of prior research measuring tools proposed inability to access proven measuring tools that would have added to the credibility of the research.

Limitation of access was present. Due to the large geographic scope of the study and the dispersion of the sample universe in this large area, access was difficult, costly and time & energy consuming.

The study aimed at portraying the wide perspective of leadership cannot possibly be inclusive of all the factors of leadership previously independently studied. With that regard the study was

limited to selecting factors deemed thoroughly studied and pertaining to the case study. In addition, the developed questionnaire and its strength could only be assured to the extent of the limited expertise of the researcher and should be further strengthened by academic experts for more through measurement in future researches.

1.7 Definitions of key Terms

MSE: Micro and Small enterprises are small scale business that are classified as such based on their micro/small capital and micro/small number of labors.

Leadership: Leadership is the influencing process between leaders and followers to achieve organizational objectives through change

Effective leadership: is about enhancing the performance in regards to organizational goals, growth and comfort of the leader and followers, orientation towards change and the influence of the leader.

People management: is the quality of a leader that enhances employee interactions, optimize workplace productivity and promote professional growth.

Self-management: is the self-perspective quality of a leader to ethically, with awareness of one's limitations and vigor for growth, enhance organizational performance.

Strategic business management: is the making and bridging between long term plans and short-term gains & operations with the purpose of enhancing productivity and promoting growth.

Organization of the study

This research was organized into 5 chapters. The first chapter discusses the background of the study, statement of the problem, research questions, objectives, significance, scope, and limitation of the study. The second discusses literature review containing theoretical review, empirical review, and conceptual framework. The third chapter discusses the methodology of the study containing approach and design of the research, data source, method of data collection, target population, sampling method and method of data analysis. The fourth chapter presents and discusses the results. Finally, the fifth chapter discusses summary of findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

This chapter deals about theoretical concepts; empirical studies and conceptual framework of study. The theoretical area includes the meaning of leadership, theories of leadership, effective leadership. The empirical review focuses on research findings as to factors and perceptions of leadership. Finally, the chapter presents about conceptual framework adopted in this study.

2.1. Theoretical concepts

2.1.1. Definition of MSEs

Small and micro-enterprises may be defined as businesses with a small number of employees. The legal definition of “Micro and Small” often varies by country and industry, but is generally under 100 employees in the United States while under 50 employees in the European Union. (Mulugeta, 2008)

According to the new Small & Micro Enterprises Development Strategy of Ethiopia (published 2011), the working definition of MSEs is based on capital and Labor (Debela, 2012).

Table 1: Chapter two SME criteria

sr.no.	Enterprise level	Sector	Hired labour	Capital
1	Micro	Industry	≤5	\$6K or ≤ Birr 100K
		Service	≤5	\$3K or ≤ Birr 50K
2	Small	Industry	6-30	\$90K or ≤ 1.5M
		Service	6-30	≤ Birr 500K

Source: *Federal micro and small enterprise development agency (Debela, 2012)*

2.1. The Roles of Micro and Small Enterprises for Economic Development

The micro-enterprise sector plays an important economic role in Kenya because it provided more than 50 percent of newly created jobs in 2005. In Algeria, this sector represents 94% of all small

and medium-sized enterprises; it accounts for more than 46% of employees in workforce. In Morocco, the number of micro-enterprises (less than 10 employees) is estimated at more than 1,200,000, these enterprises constitute the main source of income and employment of the Moroccan poor class. They represent more than 95% of the total number of companies, employing more than 64% of the workforce. In Tunisia, according to the investigation carried out by Sonia Mansour, General Director of the Tunisian Solidarity Bank (TSB)¹, in May 2008, the micro-business sector represents 91% of total business. It contributes about 30% of the country's GNP and provides nearly 25% of jobs (Omri and Frikha, 2011).

The importance of MSEs for development can be detailed as

- initiating and prompting new forms of economic activity
- creation of new jobs and thus a limitation of unemployment; – prevention of large-scale rural migrations;
- increasing the population's income and creating new forms of income;
- opening new export markets; – full use of local resources; – changes in the life conditions and consumption patterns of the local populations;
- development of infrastructure in rural areas, and, as a result, raising the area's attractiveness for the FDI;
- stimulation of economic growth in the region and the country;
- creation of the entrepreneurial activity and instigation of economic development (Abrahám, Strielkowski, Vošta and Šlajs, 2016).

Having recognized the importance of the MSE sector to the economy, the Federal Government of Ethiopia has issued an MSE Development Strategy in 1997 followed by the proclamation for the establishment of the Federal Agency for Micro and Small Enterprises Development in 1998. The regional government of Addis Ababa also developed a regional strategy and set up Addis Ababa Micro and Small Enterprise Development Agency in 2000. (Mulugeta, 2008)

2.2. Leadership's impact on Micro and Small Enterprise

The body of knowledge identifies the major problem for small businesses is that of appropriate external financing availability. Small businesses are assumed to face major problems in securing long-term external finance, which is regarded as restraining their development and growth. (Winborg and Landström, 2001).

However, external factors were more often cited, but qualitative analysis revealed that internal factors are imminent and not satisfactorily recognized. (Franco et al, 2021)

SME owners with more management experience may be aware of growth strategies, foreign markets or other factors that could increase their export likelihood. (Kocherbaeva et al., 2019)

2.3. Leadership

Leadership is an ever more important quality in business. There have been numerous conceptualizations of leadership and its influence within organizations. Although leadership is often easy to identify in practice, it is difficult to define precisely. (Northouse, 2016) The endless accumulation of empirical data has not produced an integrated understanding of leadership (Bass and Stogdill, 1981). However, we do have the beginnings of a general theory of leadership (Bennis and Nanus, 2007).

Some researchers conceptualize leadership as a trait or as a behavior, whereas others view leadership from an information processing perspective or relational standpoint. (Northouse, 2016) It becomes evident that several different schools of thought have prevailed simultaneously since the very beginnings of leadership study (Bass and Stogdill, 1981) and this makes leadership a wide and difficult concept to define.

There are almost as many different definitions of leadership as there are persons who have attempted to define the concept. (Bass and Stogdill, 1981) Mentioned below are some accepted definitions:

Leadership is a formal or informal contextually rooted and goal-influencing process that occurs between a leader and a follower, groups of followers, or institutions. The science of leadership is the systematic study of this process and its outcomes, as well as how this process depends on the leader's traits and behaviors, observer inferences

about the leader's characteristics, and observer attributions made regarding the outcomes of the entity led. (Antonakis and Day, 2012)

The ability to inspire confidence and support among the people who are needed to achieve organizational goals. (DuBrin, 2016)

Leadership is the influencing process between leaders and followers to achieve organizational objectives through change. (Achua and Lussier, 2014)

From the three accepted definitions we can see leadership has 5 key elements: Target/goal, Influence, Leader, Followers and Change.

2.4.1 The main leadership schools of thought

Trait Approach

Those that conceptualize leadership as a trait follow the Trait approach to leadership. (Bennis and Nanus, 2007) places the definition of this approach as the concept where 'leader is endowed with superior qualities that differentiate him from his followers'. Thus, leadership researchers focused on identifying robust individual differences in personality traits that were thought to be associated with effective leadership (Antonakis and Day, 2012).

That being said, personality traits vary widely from researcher to researcher. Even among the same researcher such traits evolve and vary along with their research editions. However, there are five major personality traits from which the wide variety of others converge. These factors, commonly called the *Big Five*, are neuroticism, extraversion (surgency), openness (intellect), agreeableness, and conscientiousness (dependability) (Northouse, 2016).

Behavioral approach

The behavioral approach focuses exclusively on what leaders do and how they act. The late Douglas McGregor influenced all the behavioral theories, which emphasize focusing on human relationships, along with output and performance (Bolden, Gosling, Marturano and Dennison, 2003).

Contingency theory and situational theory

Often debated as a category of behavioral theory, these theories vary in the application of behaviors of a leader. In which situations is the optimum leadership behavior?

(Bolden, Gosling, Marturano and Dennison, 2003) state that situations will create different leadership style requirements. Along with that, Peretomode (2012) state, situational theories presume that leadership style is relatively flexible, and indeed flexible enough for a leader to move along a continuum front and back so as to enable him/her cope with different situations. However, the theories of contingency recommend that no leadership style is precise as a stand-alone as the leadership style used is reliant upon the factors... In most cases, leaders do not change only the dynamics and environment, employees within the organization change (Khan et al., 2016) and so the contingency theory recommends the leader be selected to fit the conditions.

Skills approach

Those that conceptualize leadership as a skill are classified under Skill approach. Similar to Traits approach this approach is leader centered but while Trait approach focused on innate personalities this approach focusses on skills possess by leaders.

There are two main substitutes in this approach. Katz (1955) highlighted the Three skill approach, where he postulated that the level and combination of these three skills, technical, human, and conceptual, determined effectiveness of leadership.

Technical skills is knowledge about and proficiency in a specific type of work or activity (Northouse, 2016), Human are the abilities that help a leader to work effectively with followers, peers, and superiors to accomplish the organization's goals (katz, 1955) and conceptual skills involve the ability to work with *ideas* (Northouse, 2016).

Individualized leadership theory

This is a dyadic approach, leader follower relation approach, where there is a unique individualized approach with each follower. The dyadic partners are in a balanced relationship where the amount of giving and receiving for each party is similar; i.e., whole dyads (Yammarino and Dansereau, 2002).

Transactional and Transformational Leadership theory

Transactional approaches to leadership focus on the interaction between leaders and followers, suggesting that the characteristics and situation of both are important (Payne, 2009). The aim is to create a network of leaders, followers and influencers who influence each other's judgements through interaction and understanding.

Transformational leadership involves setting a strong role model of competence in the technical tasks, articulating goals and influencing others to follow them, clear communication about expectations and a strong demand for achievement (Payne, 2009). Transformational leadership emphasizes inspiration, motivation, challenge, vision, personal development and superior performance by followers (Özer and Tınaztepe, 2014). This is the leadership relies on inspiring the team to realize overall success.

Entrepreneurial Leadership theory

Entrepreneurial leadership is to empower individuals to identify and exploit fruitful opportunities... Entrepreneurial leaders articulate a vivid and inspiring vision for their organizations that can garner participation of individuals, thereby enhancing their awareness to act as an agent of the organization in charge of innovation and future success (Sawaeen and Ali, 2020). The theory emphasizes the tackling of opportunities by means of promoted and supported organizational innovation.

2.4. Effective leadership

Without effective leadership at all levels in organizations, it is difficult to sustain profitability, productivity, and good customer service. (DuBrin, 2016)

Within the scope of the various theories mentioned, there lie numerous characteristics off effective leadership. Though nowadays there is a modicum of agreement on the essence leadership, it is a generalization and not a specific and scoped identification. The AAU business leadership module further cement this by stating “the definitions of leadership effectiveness are as diverse as the definitions of organizational effectiveness. The choice of a certain definition depends mostly on the point of view of the person trying to determine effectiveness and on the constituents who are being considered”.

2.5. Empirical studies

Motivation

In the literature, there are many factors which were suggested for prognosis of the effective leadership in different contexts. studies pointed out that motivation is one of the leading factors that affects the effectiveness of leadership. In the same domain, Cavazotte, Moreno and Hickmann (2012) regards motivation a direct factor measured to present transformational leadership and concluded significant relationship with leadership. Further stating, Leadership effectiveness, as measured by the achievement of organizational outcomes, is a direct function of a leader's transformational behaviors, and is an indirect function of individual differences (experience, intelligence and conscientiousness) (Cavazotte, Moreno and Hickmann, 2012). In the similar perception of Özer and Tinaztepe (2014), transformational leadership is strongly associated with firm performance and presents transformational leadership as emphasizing motivation as well as citing positive relation. on an adjacent note, unsuccessful entrepreneurs indicated the importance of motivation in business ...and lack of skills, i.e. management skills, marketing skills, and crisis management skills in their responses (Arasti, Zandi and Bahmani, 2014).

Group cohesion

Cavazotte, Moreno and Hickmann (2012), in addition to motivation, mentions that the direct transformational behaviors were measured factors of Charisma, Innovation and Group cohesion and found to have significant effect. Group cohesion is presented in the concept of team building in (Hailu, 2022) study, where he also posited communication, motivation, and empowering/delegating as factors. Empowerment, transparency, relationship building, vision sharing, leadership style, and motivating of staffs are found to be the major factors affecting leadership effectiveness (Hailu, 2022). One study surveyed more than 200 work teams and correlated job performance with cohesiveness. Highly cohesive teams were more productive. (AAU business leadership module). Needless to say that a group of yes men or “Group think” is not desirable as well as abrasive relationship. Therefor a concept of individuality, unity, conflict resolution and appreciation need to be in appropriate doses.

Delegation

Delegating, continuing on Hailu (2013) team building factor, is about knowing what project tasks you should or should not be doing, and assigning the ones you should not be doing to others who

are more capable of completing them. Your role and responsibility as a leader is to provide support to those whom you are leading, and then let them do their work! (Fasano and Kirschenman, 2012). The body of knowledge indicates the delegation of authority is an important aspect of leadership. One effect of not delegating responsibilities will be poor organization inefficiency and failure to achieve the goals of the institution (JOHN and Judy, 2018). Effective leaders understand that there is a limited time and capacity of leaders to perform their tasks and with that in mind, leaders delegate authority to developed support, grow capacity, to generate high value contribution, to increase and incite follower involvement and develop structure of accountability. Results of study indicated that there excites a positive influence of authority delegation... in increasing the efficiency of leadership performance (Al Manuar and Hassan, 2022). It is important to remember that, whether your Department/Division is big or small, you cannot manage it alone successfully ...one of your main duties is to co-ordinate and supervise the various functions. You must establish a chain of command to make things work harmoniously and efficiently (JOHN and Judy, 2018).

Communication

Information sharing plays a key role in effective leadership. Findings indicate that enhanced effectiveness in communication and functional coordination are key drivers of the success (O'Regan and Lehmann, 2008). Sarabi Asiabar and Saleh Ardestani (2018) defined communication as “those entrepreneurial factors which apply non-verbal and verbal behaviors to interconnect with the followers successfully”. Communication as a factor itself has been studied in leadership effectiveness. Strategic factor, personal factor, communicative factor and motivational factor altogether may support entrepreneurial leaders for leading their organizations (Soomro et al., 2019).

Honesty and trustworthiness

O'Regan and Lehmann (2008) on their analysis of leadership and organizational performance stated Honesty as one of the emerging keys. *Personal Competences*: Honesty, trustworthiness, credibility, self-awareness confidence, self-respect (Alabi and Alabi, 2014) were identified as a component of the personal competency factor of effective leadership. The personal competency was a factor in leadership competency, i.e. Five core themes for leadership competences were identified and these include personal competences, visionary competences, administrative

competences, people competences and networking competences, (Alabi and Alabi, 2014). This is corroborated with O'Regan and Lehmann (2008) variation, Keeping promises. Bowers and Seashore (1966) similarly place Behavior indicative of friendship, mutual trust, respect, and warmth, as factors of good leadership. This is indicative the rest of the general leadership body of knowledge in associating Trustworthiness, Self-awareness/Conscientiousness and Honesty with effective leadership.

Self-awareness

As mentioned above Self-awareness/Conscientiousness is linked with effective leadership. As one of the five factor models of personality trait, extensive research places Self-awareness/Conscientiousness as having significant effect on leadership. A model for conceptualizing the process by which a lack self-awareness results in destructive leadership and its influence on followers behavior and attitudes emerged allowing for an improved understanding (Fonseca, 2020). It is essential that employees perceive their founders or leaders to have high moral perspective, clear sense of self-awareness and exhibit transparency in their behaviors with their followers (Sengupta et al., 2020). This is collaborated by Sarabi Asiabar and Saleh Ardestani (2018) where they hypothesize self-management factor like Responsibility and Accountability, Work conscience and fair Behavior, Managing personal life, Self-confidence, Trainability and Being professional for contributing to effective leadership.

Risk Taking

Continuing on self-centered perspective, risk taking is mentioned as component in effective leadership. Every decision involves risk. Leaderships decisions carrying organizationally and hence the risk involved is high. Avoiding risk could bring similar harm as reckless risk taking, which is why studies alike Sawaeen and Ali (2020) promote risk-taking as essential to organizational survival. The personal risk-taking factor made a significant contribution towards explaining the variance in leadership effectiveness even when other leadership factors were controlled for statistically (Frost et al., 1983). In similar findings, among the characteristics Sawaeen and Ali (2020) used to gauged entrepreneurial leadership, the self-centered one was **risk taking, when necessary**.

Strategic Planning

In a strategic perspective of leadership, the effectiveness of your organization is directly dependent on the effectiveness of your leaders. Strategic planning is vital in clarifying where your organization is going and how you are going to get there. More often than not, leaders are the ones who make strategic plans for the future (Middle Tennessee State University, 2022). Kerr (2005) research concluded that leadership's strategy development in regards to operations, marketing, technology and R&D and finance as components of sustainable enterprise and the lack of strategy as issues "of sustainable enterprise operation for small/medium-size enterprises and also for larger enterprises". Another study by Lew Perren (1999) show "Four interim growth drivers influence micro-enterprise development: owner's growth motivation, expertise in managing growth, resource access and demand". This is indicative of the prerequisite of a successful leader's in terms of motivation, resource utilization, financial literacy, innovation and strategy development. Soomro et al. (2019) emphasizes strategic factors in entrepreneurial leadership. Soomro et al. (2019) relates strategic factor within the context of prediction of future crises and problems, transmission of vision for followers, elasticity in decisions, opportunism in dealing with threats, preparation for unexpected circumstances and rationalization in business decisions.

Alabi and Alabi (2014) conceptualize strategic management in two sections: Administrative competence and visionary competence. They present administrative competence, i.e. "Planning, organizing human and other resources needed, financial management (budgeting, financial statements, grants or sourcing for funding, HR and legal matters", and Visionary Competences, i.e "Strategic thinking,..., innovation, conceptual skills, providing direction to faculty members, and developing a sense of purpose for members of the faculty", as separate factors while the researcher groups these together on the basis that strategic management is inclusive of both. Since strategic management comprises of strategic approach to administration.

The line between leaders and managers in the sense of MSE is relatively more blurred. The nature of leaders to inspire and motivate rather than managers setting of tasks and activities become mixed due to the absence of numerous (relatively) human resources and the entrepreneurial, do all be all, nature of Leader/owner/manager of MSE.

Financial Literacy

In order for leaders to make informed decisions and assess the financial implications of a various activities of the organization, a basic financial literacy is necessary. A study by Buchdadi, Sholeha and Ahmad (2020) state it “found the positive impact of financial literacy, access to finance, and financial risk attitude on the MSME performance”. Direct positive effects of financial literacy, access to finance and financial risk attitude on sustainability (Ye and Kulathunga, 2019). Financial literacy is the ability to understand and use financial tools to gauge organization performance as such it can guide other financial stepping stones. Financial literacy also emerged as a predictor of access to finance and financial risk attitude (Ye and Kulathunga, 2019).

Initiating Structure

Initiating structure, i.e., behavior that organizes and defines relationships or roles, and establishes well-defined patterns of organization, channels of communication, and ways of getting jobs done (Bowers and Seashore, 1966), affects leadership ability. Researches further state, leadership occurs in an environment embedded in ambiguity, complexity, and informational overload it’s very important for organizations to have the roles of individual well defined (John and Chattopadhyay, 2015). In similar note, the study finds that the effectiveness of deans is largely influenced by inadequate leadership competences and grooming, absence of clearly defined and well communicated job descriptions (Alabi and Alabi, 2014). Therefore, definition of roles and organization structure, i.e initiating structure is a dimension in effective leadership.

Table 2: Chapter two Summary of empirical findings

Motivation	Risk-taking
Communication	Self-awareness
Delegation	Initiating structure
Group cohesion	Strategic planning
Honesty	Financial literacy
Trustworthiness	

Source: Study’s own

In light of these, in order to accurately gauge leadership issues, categorization, that is representative of the various aspects of leadership and minimization of subjectivity of stakeholders, is necessary. In research by Seiler and Pfister (2009), the 5 factors model of leadership, in the context of Complex adaptive systems (CAS) of leadership, presented Individual competency, the group, the organization, the context and the immediate situation as the factors of leadership. Stating, Leadership behavior can be understood in its dynamic nature (Seiler and Pfister, 2009), their study in regards to and highlighting the vast and interconnectedness of leadership devised the 5-factor model as means of effective modeling leadership.

Asiabar and Ardestani (2018) recognizing the interconnectedness of leadership discussed by Seiler and Pfister, they present the factors of effective leadership in hospital manager in four categories; people management, self-management, nuclear management and health service provision. Sarabi Asiabar and Saleh Ardestani (2018) categorization itself is a derivation of Pillay (2008) categorization regarding South African public health sector. The researcher finds this categorization inclusive of the generalized nature of leadership as the likes of Sarabi, Seiler and Pfister concluded and hence the researcher presents a derived model disregarding of health services provision (for the scope limitation of business sector). The proposed model for leadership analysis is as follows:

- Self-management: competencies of leaders related to qualities of ethically, with awareness of one's limitations and vigor for growth, enhance organizational performance.
- People management: competencies of leaders related to qualities that enhances employee interactions, optimize workplace productivity and promote professional growth.
- Strategic business management: competencies of leaders related to qualities in the making and bridging between long term plans and short-term gains & operations with the purpose of enhancing productivity and promoting growth.

Conceptual Framework of the study

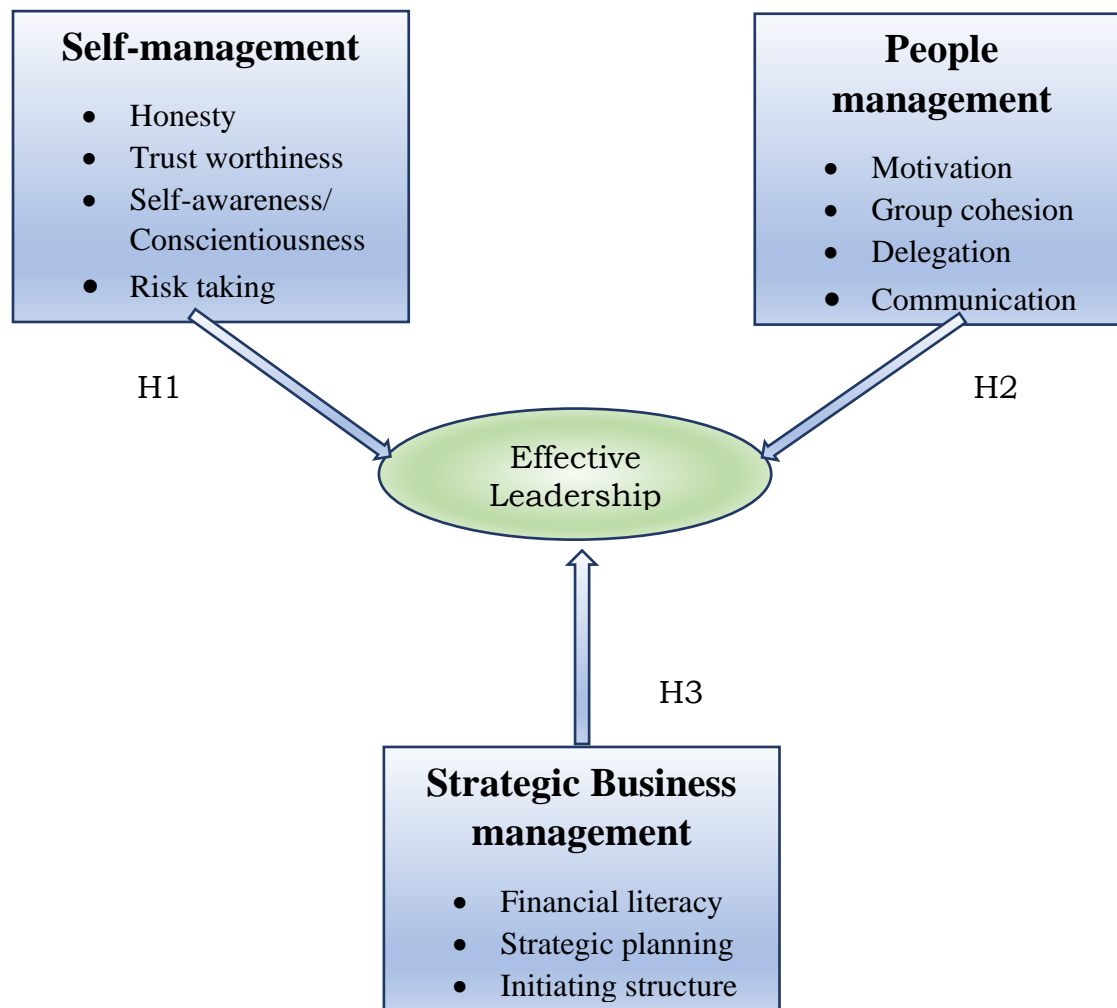
Based on the independent variables, Self-management, People management and Strategic Business Management, and the dependent variable, Effective leadership, a conceptual framework rooted in Pillay (2008) and Asiabar and Ardestani (2018) studies has been extrapolated and hypothesis presented as follows.

Hypothesis

H1: Self-management positively affects effective leadership

H2: People management positively affects effective leadership

H3: Strategic business management positively affects effective leadership



Source: Modified from Pillay (2008) and Asiabar and Ardestani (2018)

Figure 1: Chapter two Conceptual Framework

CHAPTER THREE

METHODOLOGY

This chapter deals with the systems used to undertake this study. Systems like, research approach, research design, data source, method of data collection, target population, sampling method and method of data analysis.

3.1. Approach and research design

Of the four major types of research designs, the researcher uses experimental design along with quantitative research approach to examine the factors of effective leadership. With subjectivity issues of studying leadership quantitative approach provides relatively unbiased responses.

Leaders are only one element of leadership, recognizing that it is only one subjective dimension amongst the many different accounts from social actors sharing the world (Pen and Ram), this approach aims to include followers. A study of leaders only drops the reliability of the proposed topic since leaders' perspective 'only' could dissuade findings towards self-perception.

The research design links the data to be collected (and the conclusions to be drawn) to the initial questions of study (yin, 6th ed 2018). The purpose of the analytic strategy is to verify the hypothesis drawn from literature.

3.2. Source of Data and method of collection

The data collected and analyzed is based on primary data sources. Cross sectional primary data that was collected through developed questionnaires inclusive of the leader and the led of MSEs of consideration and secondary data for sample size setting that may be given from the Lemi Kura district administration office.

The questionnaire was based on one dependent variable (effective leadership) and three independent variables (Self-management, people management and Strategic business management). All items will be measured on a five-point Likert scale ranging from strongly agree to strongly disagree.

3.3. Population and Sampling method

The population, Lemi Kura district manufacturing microenterprise engaged personnel (Leaders and followers), is chosen because the researcher has informal access and convenience through residency and employment area.

Preliminary data from Lemi Kura district shows 428 manufacturing microenterprises currently present. However, since statistically acceptable sampling on the merit of the enterprises is indicative of the number of enterprises to sample, it doesn't indicate the number of leaders and followers to sample. In addition, data on number of active followers, i.e., employees and/or partners is not available. With this reasoning, the researcher employs Cochran's large population sampling technique to gauge the necessary personnel numbers to statistically accurate sample.

The Cochran formula allows you to calculate an ideal sample size given a desired level of precision, desired confidence level, and the estimated proportion of the attribute present in the populations...Cochran's formula is considered especially appropriate in situations with large populations. (Sample Size in Statistics, Cochran's Formula, 2021).

The Cochran formula is:

$$n_0 = \frac{Z^2 pq}{e^2}$$

Equation 1: Chapter three Cochran's in fine sample formula, Source: Israel (2021)

Where:

- e is the desired level of precision
- p is the (estimated) proportion of the population which has the attribute in question,
- q is 1 – p.

In entering values, assume there is a large population but that we do not know the variability in the proportion that will adopt the practice; therefore, assume p=0.5 (maximum variability) (Israel, 2021). Adopting a precision of 5% and A 95 % confidence level gives us Z values of 1.96, per the normal table.

Inserting these in to the formula:

$$n_0 = \frac{Z^2 pq}{e^2} = \frac{(1.96)^2 * ((0.5)(0.5))}{(0.05)^2} = 385$$

A random sampling of 385 individuals engaged in the manufacturing microenterprise in the Lemi Kura district will provide statistical applicable data. A good size sample, e.g., 200-500, is needed for multiple regression, analysis of covariance, or loglinear analysis, which might be performed for more rigorous state impact evaluations (Israel, 2021).

3.4. Method of data Analysis

Data cleaning and screening

After entering data into the SPSS, missing values and outliers will be searched for and illuminated to ensure the reliability of results.

Analysis employed

Generally, the study intends to investigate the relationship between the proposed factors of effective leadership and effective leadership. Thus, descriptive statistic was used to inquire in to the perception of respondents in regards to the presence of the proposed factors of effective leadership and effective leadership. Next, Pearson's correlation analysis was used to address the research question of relationship between independent and dependent variables. In addition to Pearson's association test, regression analysis was used to further address the research question of relationship, causal, between independent and dependent variables, i.e. hypothesis confirmation.

Reliability Analysis

Reliability is the ability of the questionnaire to consistently measure the topic under study at different times and across different populations (Hinton, 2004).

There are many tests that gauge the reliability of responses or scores to a particular tool. Cronbach's alpha is one of the most widely used measures of reliability in the social and

organizational science (Bonett and Wright, 2014). This study also utilizes this commonly applied tool to gauge reliability of the scores with that of the scale.

Cronbach’s alpha is designed as a measure of internal consistency; that is, do all items within the instrument measure the same thing? (George and Mallery, 2019) The value generated by this technique commonly varies between 0 and 1, the nearer to 1 the better reliability of the scale. Since this technique is a compliment of correlational analysis a negative output is possible and indicative of measuring the opposite of what is intended. In his study of the use of Cronbach’s alpha by many studies in leading education science journals Taber (2011) summarizes the standards present in gauging acceptable level of cronbach’s alpha. So, alpha values were described as excellent (0.93–0.94), strong (0.91–0.93), reliable (0.84–0.90), robust (0.81), fairly high (0.76–0.95), high (0.73–0.95), good (0.71–0.91), relatively high (0.70–0.77), slightly low (0.68), reasonable (0.67–0.87), adequate (0.64–0.85), moderate (0.61–0.65), satisfactory (0.58–0.97), acceptable (0.45–0.98), sufficient (0.45–0.96), not satisfactory (0.4–0.55) and low (0.11) (Taber, 2011). 0.5 to 0.75 is generally accepted as indicating a moderately reliable scale, while a figure below this generally indicates a scale of low reliability (Hinton, 2004).

Table 3: Chapter three Cronbach's alpha

Variable	Cronbach’s alpha	Items
Strategic management	.732	6
People management	.707	7
Self-management	.895	5
Effective leadership	.709	5

Source: own, SPSS 26

3.5. Ethical considerations

When collecting data, the researcher explained aim and use of the study along with their full right to participate or not in the study. The researcher adamantly informed and upheld the respondents right to choose anonymity and associated privacy and security concerns. The researcher also informed respondents of the components of the research as well as their right to informed of the findings of the research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS & DISCUSSIONS

In this chapter, the data obtained in the study are analyzed, presented, discussed and interpreted. Hence it includes, research approach, research design, data source, method of data collection, target population, sampling method and method of data analysis.

The aim of the study is to examine the factors of effective leadership within the context of the case study and as such a questionnaire was used to assess the causal relationships asserted by the drawn-out model. Gathered data was inserted and evaluated through the use of IBM's SPSS statistics 26. Statistically significant relationship between the variables were examined in line with the objective of the study.

4.1. Response rate of respondents

Table 4: Chapter four Response rate

<i>Questionnaires Distributed</i>	<i>Questionnaires Returned</i>	<i>Percentage</i>
400	386	96.5%

Source: Own survey, 2022

As shown in table 4 above, about response rate, 400 questionnaires were distributed to respondents and 386 were appropriately filled and returned with the rate of 96.5%. Since according to Ruta, (2017), response rate of 50% is satisfactory, 60% is good and 70% and above is excellent for a study. Hence, based on this sample size, i.e., 386 (96.5%) the next analysis was carried out.

The SPSS version 26 analysis results include Demographic profile through frequency and percentage, standard deviation & mean of items of the questionnaire and regression analysis to examine the effect of the hypothesized relationship of the variables.

Data from District Administration

There are 11 categories of construction manufacturing in the MSME. Many of the enterprises reside in "sheds". Sheds are district allocated lands or housing for businesses. These sheds are

grouped together mainly based on the type of business and/or the sub districts (Weredas) in which the enterprises are formed.

Table 5: Chapter four Manufacturing SME composition

Manufacturing Sectors	No. of enterprises
Mining	1
Recycling	4
Leather products	12
Metal works and engineering	100
Wood works	44
Jewelry and trinkets	1
Chemicals and pharmaceuticals	18
Animal products	2
Plant Products	98
Construction Inputs	199
Cloth and apparel	41

Source: Lemi Kura district digital archive

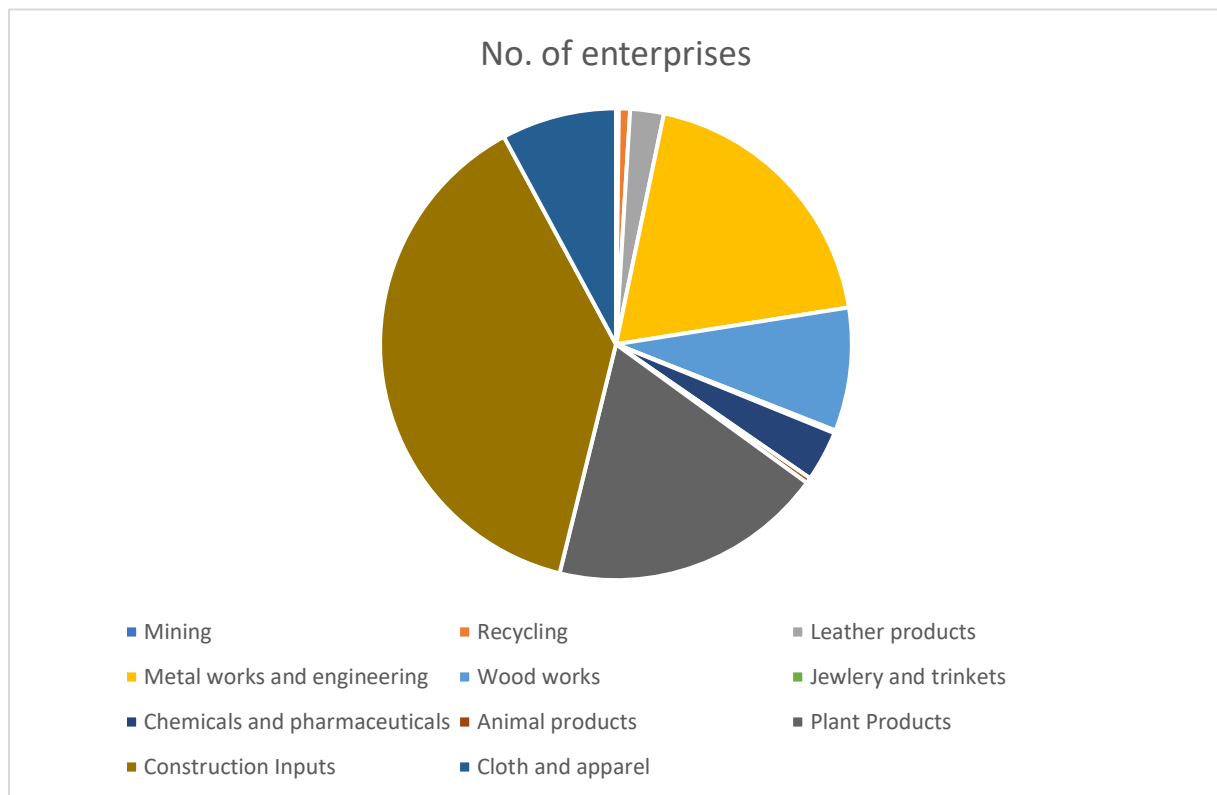


Figure 2: Chapter four Manufacturing SME composition

4.1. Demographic Information of the respondents

Table 6: Chapter four Respondents profile

No	Factors (Variables)	Categories/ Characteristics	f	%
1	Sex	Male	253	65.5
		Female	133	34.5
2	Age	25 and below	141	36.5
		26-30	135	35.0
		31-40	77	19.9
		41-50	26	6.7
		51 and above	7	1.8
3	Educational level	High school and below	196	50.8
		Diploma	117	30.3
		Degree	59	15.3
		Masters	14	3.6
4	Work experience at enterprise	Less than 1 year	102	26.4
		1-2 years	132	34.2
		3-4 years	78	20.2
		4-5 years	48	12.4
		5 or above	26	6.7
5	Position	Leader/General Manager/Owner	51	13.2
		Followers/Employee/Partner	335	86.8

Source: Survey study (2021)

As shown in table 6 above, concerning gender distribution of respondents, 133 (34.5%) were females whereas 253 (65.5%) were males. This shows that majority of respondents are males. Since the majority of the manufacturing enterprises are of the Construction Inputs, Metal works & Engineering, and Wood works, fields dominated by men, the male to female proportions found are expected.

According to the age of respondents, as shown in the table 6 above, 141 (36.5%) were in age group of 25 years old or less, 135 (35.0%) were in age group of 26-30 years old, 77 (19.9%) were in age group of 31-40 years old, 26 (6.7%) were in age group of 41-50 years old, and 7 (1.8%) were in age group of 51 years old or more. This indicates less than 30 years old.

In regards to education as seen in table 6 above, 196 (50.8%) were in the education group of high school education or less, 117 (30.3%) were in the education state of diplomas, 59 (15.3%) were in

the education state of degrees, and 14 (3.6%) were in the education state of masters. This indicates majority of respondents have high school or less level education.

According to the age of respondents, as shown in the table 6 above, 102 (26.4%) were in experience group of less than a year, 132 (34.2%) were in experience group of 1-2 years, 78 (20.2%) were in experience group of 3-4 years, 48 (12.4%) were in experience group of 4-5 years, and 26 (6.7%) were in experience group of more than 5 years. This indicates majority have experience of less than 2 years.

As shown in table 6 above, regarding position distribution of respondents, 51 (13.2%) held the position of Leader, while 335 (86.8%) Held the position of Follower. This shows that majority of respondents are followers. In small enterprises with leaders/owner/manager position commonly held, followers outnumbering leaders is expected.

Over all, the data suggest that there is a male domination in this target population. This is not to say that women are precluded from joining this target population but rather insinuating similarity with conventional men and women occupation choices. The young age and minimal to moderate experience distribution suggest that there is an ease in the attraction, retention and replacement of followers, further indicating a high future sustainability in regards to human resources.

4.2. The status of the Factors in Manufacturing Microenterprises in Lemi Kura District

Using the given 5-point Likert scale as response inputs to the data collected presents a bounded data between strongly disagree (5) and strongly agree (1). The descriptive data below comprises of means and standard deviations, from those means, used to gauge the state of presence of the variables. The length of the cells is determined below based on traditional way and if mean score from 0.01 to 1.00 is (strongly disagree); from 1.01 to 2.00 is (disagree); from 2.01 until 3.00 is (neutral); 3.01 until 4:00 is (agree) and score from 4.01 until 5.00 is (strongly agree)(Hana Terefe Belache, 2019).

4.2.1. Strategic management

Table 7: Chapter four Analysis of strategic business management

No	Items	Rating Scales					Mean	St. dev
		1	2	3	4	5		
1	The leader makes long-term oriented plans.						3.7824	.45504
2	The leader is able to link long-term oriented plans with daily work.						3.8679	.78668
3	The leader ensures the work of the group is coordinated.						3.0777	.64801
4	The leader's work understood by the followers.						3.5622	1.18761
5	The leader ensures followers understand their tasks.						3.9145	.27998
6	The leader understands and uses financial tools.						3.8679	.45086
Overall (aggregate) mean							3.6788	.45726

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: Survey Result (2022)

Respondents gave favorable replies to this Strategic business management variable's presence. In the table 7 it can be seen that for all items above 3 has been given. Along, the standard deviation is nominal for every item. For items 3 and 4 values do deviate to the extent that perception of neutrality is detected along with agreement to the presence of strategic business management. However, the other items and over all mean indicates that the individual values do not deviate significantly from the mean to warrant value changes.

Therefore, Strategic business management is experienced in the enterprises and that there is little difference in the perceptions.

4.2.2 People management

Table 8: Chapter four Analysis of People management

No	Items	Rating Scales					Mean	St. dev
		1	2	3	4	5		
1	The leader inspires follower enthusiasm for activities.						4.1477	.60428
2	The leader promotes group work up to capacity.						4.0233	.15110
3	The leader help group members settle their differences.						3.3316	.61487

4	The leader allows the group a high degree of initiative.						4.0415	.75134
5	The leader allows some members to have authority.						4.3731	.60362
6	The leader listens to followers ideas or grievances.						3.9845	.92006
7	Understands and utilizes present communication technology.						3.7176	.59918
Overall (aggregate) mean							3.9456	.38752

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: Survey Result (2022)

Respondents gave favorable replies to this People management variable's presence. In the table 8 it can be seen that for all items above 3.3 has been given. Along, the standard deviation is nominal for every item. This indicates that the individual values, here as well, do not deviate significantly from the mean to warrant value changes. Therefore, People management is experienced in the enterprises and that there is little difference in the perceptions.

4.2.3 Self-management

Table 9: Chapter four Analysis of Self-management

No	Items	Rating Scales					Mean	St. dev
		1	2	3	4	5		
1	The leader considers moral and ethical consideration in decision making.						3.7694	.97831
2	The leader is aware of his/her abilities and limitations.						4.6036	.63727
3	The leader promotes and follows accountability.						3.9819	.70041
Overall (aggregate) mean							4.1183	.71439

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: Survey Result (2022)

Respondents gave favorable replies to this Self-management variable's presence. In the table 9 it can be seen that for all items above 3.7 has been given. Along, the standard deviation is nominal for every item. For items 1 values do deviate to the extent that perception of neutrality is minimally detected along with agreement to the presence of self-management. However, the other items and over all mean indicates that the individual values do not deviate significantly from the mean to

warrant value changes. Therefore, Self-management is experienced in the enterprises and that there is little difference in the perceptions

4.3. The status of the Effective Leadership in Manufacturing Microenterprises in Lemi Kura District

4.3.1 Effective Leadership

Table 10: Chapter four Analysis of Effective leadership

No	Item	Rating Scales					Mean	St. dev
		1	2	3	4	5		
1	There is enhanced team performance in the organization.						3.8394	.52974
2	Organizational goals are being met.						3.7927	.55694
3	There is enhanced follower/employee job performance.						3.9508	1.05691
4	The leader shows improved decision making.						3.1218	.72663
5	There is enhanced follower/employee commitment to organization goals.						3.7228	.79174
Overall (aggregate) mean							3.6855	.51436

Respondents gave favorable replies to this variable's presence. In the table 10 it can be seen that for all items above 3 has been given. Along, the standard deviation is nominal for every item. This indicates that the individual values do not deviate significantly from the mean to warrant value changes. Therefore, Effective leadership is experienced in the enterprises and that there is little difference in the perceptions.

Over all, the analyzed data indicates the presence of all the variables with minimal differences in perception.

4.4. The relationship between the factors and effective Leadership in Manufacturing Microenterprises in Lemi Kura District

Correlation is performed to test the degree to which the scores on the two variables co-relate (Hinton, 2004). This is a test of association between two variables. The test examines if differences in one variable is complimented in the other, however, without the context of cause and effect.

Correlations are designated by the lowercase letter r (Pearson correlation coefficient), and range in value from +1 to -1 (George and Mallery, 2019).

High values of one variable associated with high values of the second variable indicate that the correlation is positive (Hinton, 2004) and vice versa. A correlation of +1 designates a perfect, positive correlation... while -1 designates perfect, negative correlation (George and Mallery, 2019). the sign Pearson correlation coefficient is indicative of the direction of correlation while the number is indicative of propensity. The closer to + or – 1 the stronger the propensity.

However, not all stated correlations are accepted, only those abiding the 95% confidence rate or the max 5% error rate are accepted values of correlation. This is presented with the significant correlations bar of the analysis, sig. (2-tailed). Since the analysis is open in either direction of correlation it is stated as 2-tiled.

Table 11: Chapter four Correlations analysis result

		Effective Leadership	People Management	Self-management	Strategic Management
Effective Leadership	Pearson Correlation	1	.387**	.298**	.215**
	Sig. (2-tailed)		.000	.000	.000
	N	386	386	386	386
People Management	Pearson Correlation	.387**	1	.371**	.261**
	Sig. (2-tailed)	.000		.000	.000
	N	386	386	386	386
Self-management	Pearson Correlation	.298**	.371**	1	.154**
	Sig. (2-tailed)	.000	.000		.002
	N	386	386	386	386
Strategic Management	Pearson Correlation	.215**	.261**	.154**	1
	Sig. (2-tailed)	.000	.000	.002	
	N	386	386	386	386

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

Source: own, SPSS 26

The data from table 11 indicates that Effective leadership has a Pearson correlation of 0.387, 0.298 and 0.215 with People management, Self-management, and Strategic management respectively. The stated correlations are positive and significant to the extent further than 5% and in to the 1%, highly significant.

4.5. The effect of the factors on effective Leadership in Manufacturing Microenterprises in Lemi Kura District

Regression analysis is a statistical technique for investigating and modeling the relationship between (Montgomery et al., 2012).

4.5.1. Assumptions of regression analysis

- Linearity assumption:** linear regression analysis is only accurate for linear relationships and so the analysis assumes there is a linear relationship among the independent and dependent variables. Should there be non linear relationship the linear regression analysis would mislead the accurate relationship. A preferable method of detection is to examine residual plots (plots of the standardized residuals as a function of standardized predicted values) (Osborn and Walters, 2002) or the assessment of the significance present in the anova table.

Table 12: Chapter four Anova result

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.233	3	6.411	29.640	.000 ^b
	Residual	82.626	382	.216		
	Total	101.859	385			

Source: own, SPSS 26

From table 12 there is a linear relationship between the dependent and independent variable since the p value is 0.00 which is in the acceptable range of less than 0.05. thus the model is a good fit.

From figure 5 below we can see that the regression line passes through the residuals plot evenly indicating a linear relationship.

- Normality assumption:** assessment of the distribution of respondents for outliers, i.e. relatively extreme responses. Non-normally distributed variables (highly skewed or

kurtotic variables, or variables with substantial outliers) can distort relationships and significance tests (Osborn and Walters, 2002). Normality analysis is commonly estimated in terms of range of values extrapolated from the responses. The lower bound is commonly placed as 15 percent beyond the quartile's values of the response data. visual inspection of data plots, skew, kurtosis, and P-P plots give researchers information about normality (Osborn and Walters, 2002). Outliers in addition can also be visually identified through histograms, PP plots, QQ plots or Box plots.

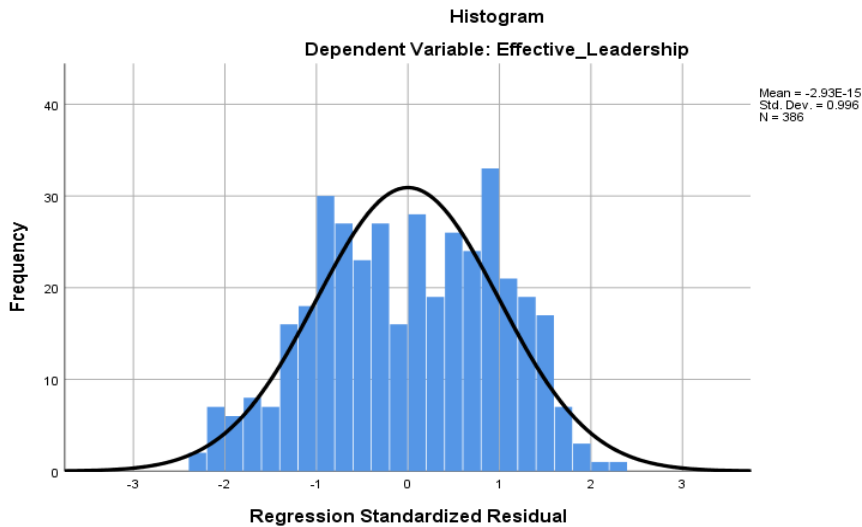


Figure 3: Chapter four Histogram of residuals

Source: own, SPSS 26

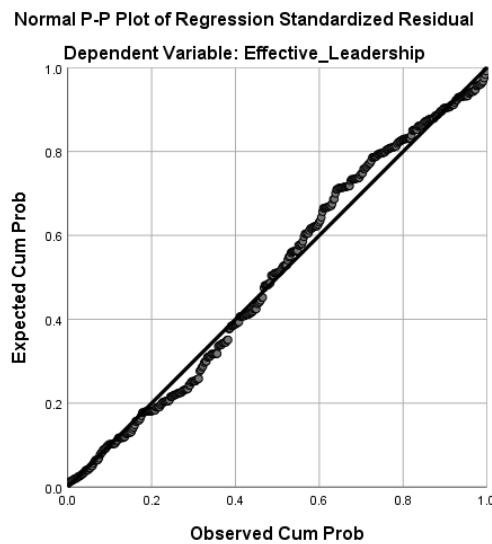


Figure 4: Chapter four P P plot of residuals

Source: own, SPSS 26

As can be seen in figure 3 & 4 no significant divergence from the regression line is present within the PP plot and within the histogram containing the dependent and independent variables most of the values are contained in the bell curve. This indicates normal distribution of data.

- **Homoscedasticity assumption:** is the assumption that the residual values of dependent variables, difference between the observed value and predicted dependent variables, are equally distributed. In other words, the spread of the residuals should be fairly constant at each point of the predictor variables (or across the linear model) (Open University UK, 2022). Should these values cluster and spread out then it is referred to as heteroscedastic.

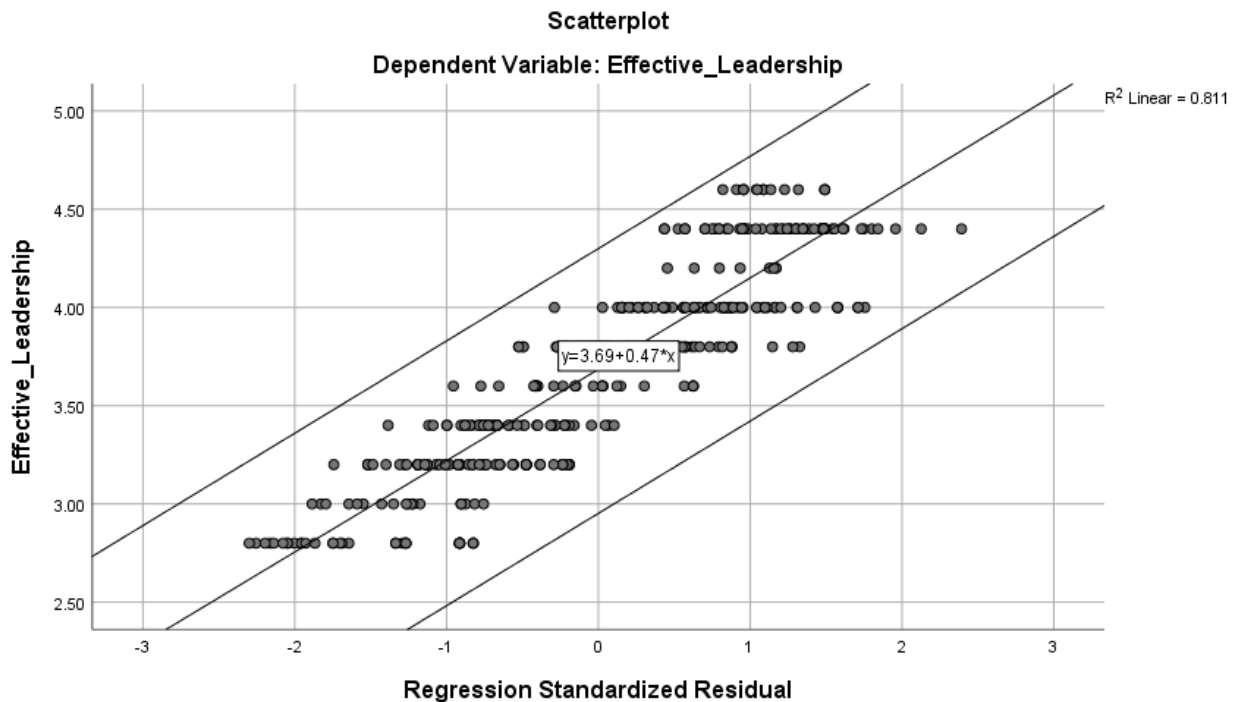


Figure 5: Chapter four Homoscedastic analysis plot

Source: own, SPSS 26

As seen in the figure 5 the homoscedastic assumption is met since there is little to no divergence of the residuals as seen by the reference guiding lines.

- **Multicollinearity assumption:** Multicollinearity occurs when the multiple linear regression analysis includes several variables that are significantly correlated not only with the dependent variable but also to each other (Shrestha, 2020). This is an issue because if there is high correlation between the independent variables then this creates ambiguity in

the source of change with in the regression model, making it insignificant. There are various techniques to analyze multicollinearity, this study employs the one of the most common, the VIF technique.

Table 13: Chapter four Multicollinearity VIF table

	Collinearity Statistics
	VIF
Strategic Management	1.077
People Management	1.220
Self Management	1.164

Source: own, SPSS 26

The Results in table 13 present VIF values of 1.07, 1.22 and 1.16 for the variables strategic management, people management and self-management respectively.

The Variance Inflation Factor measures the change in the regression coefficients if the independent variables were correlated. Shrestha (2020) states that if the standard of VIF is 1(correlated), $1 < VIF < 5$ is moderately correlated, $5 < VIF < 10$ high correlation but accepted and $VIF > 10$ very high correlation indicative of multicollinearity. Table 13 indicates that there is no multicollinearity and therefore this particular assumption is met.

4.5.2. Regression Analysis

Table 14: Chapter four Anova results

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.233	3	6.411	29.640	.000 ^b
	Residual	82.626	382	.216		
	Total	101.859	385			

Source: own, SPSS 26

Anova table highlights whether there is a statistically significant difference between our variables. Findings indicate the significance value is 0.00, which is below the standard 0.05 (5%). and, therefore, there is a statistically significant difference in the means of the variables.

Table 15: Chapter four Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.435 ^a	.189	.182	.46508

Source: own, SPSS 26

The R Square value that suggests how much of the variation in the response are explained by the proposed framework. Per table 15, 18.9 percent of the variations can be explained by the framework.

Adjusted R Square is the computation of R squared adjusted for the number of predictors in the framework relative to the number of responses. This is a comparative indicator that examines if additional factors or dimensions which would increase the R square do in fact contribute to the framework. Should further research indicate additional factors or dimensions improve not only R square but also Adjusted R square then said additions are an improvement to the model.

Table 16: Chapter four Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.174	.279		4.200	.000		
	Strategic Management	.126	.054	.112	2.347	.019	.928	1.077
	People Management	.390	.068	.294	5.777	.000	.820	1.220
	Self-Management	.123	.036	.171	3.443	.001	.859	1.164

Source: own, SPSS 26

The outcomes of regression according to table 16 indicate that Strategic management variable has positive and statically significant effect Effective Leadership. The table also highlights unstandardized coefficient B which indicates for 1 unit increase in the strategic management variable, Effective leadership variable increases 0.126 units.

The outcomes of regression according to table 16 indicate that Strategic management variable has positive and statically significant effect Effective Leadership. The table also highlights unstandardized coefficient B which indicates for 1 unit increase in the strategic management variable, Effective leadership variable increases 0.123 units.

The outcomes of regression according to table 16 indicate that People management variable has positive and statically significant effect Effective Leadership. The table also highlights unstandardized coefficient B which indicates for 1 unit increase in the strategic management variable, Effective leadership variable increases 0.39 units.

CHAPTER FIVE

SUMMARY, CONCLUSION AND SUGGESTION

In this section, summary findings, associated conclusions and recommendations are stated. The summary of findings and conclusions state main results and drawn inferences addressing the objective of this study. Recommendations are then identified for future research based on the gaps and limitations of this study.

5.1. Summary of major findings

Demographic finding: descriptive frequency results highlight the demographic makeup of the sample.

- Majority of respondents, nearly two thirds, are males.
- Majority of respondents, nearly two thirds, are below 30 years old.
- Majority of respondents, more than half, possess high school level education or below.
- Majority of respondents, nearly two thirds, have less than 2 years' work experience at the MSE.
- Majority of respondents, four fifth are followers/employees/partners.

The findings regarding the status of the factors of study, according to the descriptive analysis, indicate mean findings that suggest respondents perceive the presence or practice of the factors of study.

The relationship test indicated an association where the independent variables are significantly and positively correlated to the dependent variable (Effective leadership). The strongest association was measured between Effective leadership and people management.

The effect of the factors on effective Leadership within this study as tested through regression analysis indicate: People management and Self-management have significant positive effect within

the 1 percentile on Effective leadership while Strategic management has also significant positive effect on effective leadership but within 5 percentiles of significance. The strongest effect was measured between Effective leadership and people management, twice as much as the other factors.

5.2. Conclusion

This study was conducted in line with the generalized perspective of modern leadership definitions concludes, per the findings, there is a correlational as well as causational relationship between the independent and the dependent variables. That is to say strategic management, people management and self-management have a positive and significant association as well as effect on Effective leadership. The study found that the high causal effect is attributed to people management factor and the second spot to strategic management factor. It appears that manufacturing SME in the lemi kura district view people management as a major factor for effective leadership and marginally less but statistically significant, the strategic and self-management factors as well.

5.3. Recommendations

Based on the finding of the applicability of the framework, the researcher recommends the use of this framework by MSE or officers by indicating that this study and its categorization of effective leadership factors helps addressing leadership issues easier. The compartmentalization of factors makes assessing leadership and implementing & tracking corrective actions easier.

In creating awareness, the study highlighting the effective leadership factors from successful enterprises. The use of this study provides all stakeholders in the SME context with factors to improve and address for better performance and provide vital information for prevention of leadership issues and related failures.

Most assistances provided for SME are financial and/or sector-based skills development. Many enterprises fall or fail to meet their potential despite having the conventional “assistance”. This study shows the importance of leadership and its factors, and to that effect, new forms of assistance comprising of leadership training by the government and the enterprises will have great effect on the success of the enterprises.

5.4.1. Suggestion for further research

As mentioned above the scope of measurements within the factors are limited and the more wide and varied factors of considerations are eminently desirable as the further study would respect the generalization theme and bring details of considerations within the definition of leadership.

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Appendix

Questionnaire

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE BUSINESS LEADERSHIP MASTER'S PROGRAM

Dear Respondent,

The purpose of this questionnaire is to examine the factors of effective leadership in Lemikura MSE. The questionnaire is designed to collect data for master's project with the title of "Examination of Effective Leadership Factors in Manufacturing Microenterprises with in Lemi Kura District". You are requested to give genuine and appropriate response. The researcher offers gratitude to respondents and assures the data will be kept confidential and used only for academic purpose. General Direction:

- ◆ You are not required to write your name.
- ◆ carefully read statements and respond by putting a "√" mark in the blank space beside your choice.

Thank you for your Cooperation.

Kaleb Haddis – Researcher

Section I: Demographic Information:

1. Gender:

1. Male 2. Female

2. Age:

- 1. Below 25
- 2. 26- 30
- 3. 31- 40
- 4. 41- 50
- 5. 51 and above

3. What is your highest educational level attainment?

- 1. High school graduate
- 2. Diploma
- 3. Degree
- 4. Masters
- 5. PhD and above

4. How long have you been working in enterprise?

- 1. Below 1 year
- 2. 1-2 years
- 3. 3-4 years
- 4. 4-5 years
- 5. above 5 years

5. What is your position?

- 1. Leader/general-manager/owner
- 2. Follower/employee/partner

Section “II” Instructions: This questionnaire provides a description of your Leader/General-manager/owner’s attribute. 24 questions are listed below. Judge how frequently each statement fit with him/her. Put tick (√) mark by each statement that most represents the level to which you reveal the given behaviors using the scale given below. Please read throughout the list to get the feeling for how to rate each statement before you start. Note: no right or wrong answers, and your honest opinion are very important to the success of this study. All your responses will be confidential.

No.	Statement	Scale				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	The leader makes long-term oriented plans.					
2	The leader is able to link long-term oriented plans with daily work.					
3	The leader ensures the work of the group is coordinated.					
4	The leader’s work understood by the followers.					

5	The leader ensures followers understand their tasks.					
6	The leader understands and uses financial tools.					
7	The leader inspires follower enthusiasm for activities.					
8	The leader promotes group work up to capacity.					
9	The leader help group members settle their differences.					
10	The leader allows the group a high degree of initiative.					
11	The leader allows some members to have authority.					
12	The leader listens to followers ideas or grievances.					
13	Understands and utilizes present communication technology.					
14	The leader considers moral and ethical consideration in decision making.					
15	The leader is aware of his/her abilities and limitations.					
16	The leader promotes and follows accountability.					
17	The leader is able to tolerate uncertainty.					
18	The leader generally avoids business risks.					
19	There is enhanced team performance in the organization.					
20	Organizational goals are being met.					
21	There is enhanced follower/employee job satisfaction.					
22	There is enhanced follower/employee job performance.					
23	The leader shows improved decision making.					
24	There is enhanced follower/employee commitment to organization goals.					