



Task vs. Relationship-Oriented Leadership: Measuring Organizational Performance in Small, Medium and Micro Enterprises (SMMEs) in Johannesburg, South Africa

Leevashen Pillay¹, Suvera Boodhoo², Tinashe Chuchu³✉

^{1,2}Division of Human Resource Management and Management, School of Business Sciences, University of the Witwatersrand

³Division of Marketing, School of Business Sciences, University of the Witwatersrand

Article Information Abstract

History of article:
Submitted 22 October 2025
Revised 16 March 2026
Accepted 18 March 2026

Keywords:
Task-oriented
Leadership,
Relationship-oriented
Leadership,
Organisational
Performance,
Leadership Styles,
SMMEs, South Africa

This study examines the influence of task-oriented and relationship-oriented leadership styles on organisational performance in small, medium, and micro enterprises (SMMEs) in Johannesburg, South Africa. The novelty of the study lies in simultaneously analysing autocratic, transactional, and transformational leadership styles within the underexplored context of South African SMMEs. Data were collected from 194 SMME owners and managers using a structured survey and analysed through structural equation modelling (SEM) to test the hypothesised relationships between leadership styles and organisational performance. The findings reveal that autocratic, transactional, and transformational leadership styles all have significant positive effects on organisational performance. These results suggest that leadership effectiveness in SMMEs is not confined to a single dominant style but rather depends on the contextual application of different leadership approaches. The study provides practical insights for SMME leaders and policymakers by highlighting the importance of adapting leadership behaviours to the dynamic and resource-constrained environments typical of emerging economies. Overall, the research contributes to leadership and small business literature by demonstrating how leadership adaptability supports organisational performance and sustainability in SMMEs.

✉correspondence Address:
1 Jan Smuts Avenue, Braamfontein 2000,
Johannesburg, South Africa
E-mail: tinashe.chuchu@wits.ac.za

© 2026 Universitas Negeri Semarang
e-ISSN 2502-1451

INTRODUCTION

Small, medium and micro enterprises (SMMEs) have been identified as a key component to advancing inclusive growth and development in South Africa ([Bhorat et al., 2018](#)). The National Development Plan ([NDP, 2022](#)) lays out several goals for South Africa for 2030, including elimination of income poverty, reducing inequality, and reducing unemployment. However, there is a substantial gap between these goals and the current economic climate in South Africa. In the National Development Plan ([NDP, 2022](#)), government highlights the importance of these businesses for job creation, innovation, and competitiveness, with the goal that 90 percent of new jobs will be

created by SMMEs in South Africa by 2030. According to [Soomro et al. \(2023\)](#) there are various leadership styles that have corresponding characteristics which fit the personalities of the individual. However, [Sandoval \(2024\)](#) argue that leadership is the one of the most misunderstood business phenomena therefore it is crucial to explore the leadership styles that are autocratic, transactional, transformational, charismatic and laissez faire leadership styles.

A thorough understanding the importance, effectiveness and consequences that emerge from said leadership styles is crucial for the success of SMMEs. According to [Andersen \(2019\)](#) a leader is deemed a leader because they have followers. Therefore, a leadership style is seen to be a

mixture of different characteristics, traits and, behaviours which are utilised by leaders of organisations when interacting with their followers ([Mitonga-Monga & Coetzee, 2012](#)). [Harris et al., \(2007\)](#) deduced that the relationship between the leader and their followers can be influenced by leadership styles to ensure the followers work synonymously toward a common goal and increase organisational performance. Organisational performance according to [Cho and Dansereau \(2010\)](#), can be juxtaposed with the performance of a company and its' goals and objectives. [Gavrea et al. \(2011\)](#) outlines sub-categories of organisational performance which are financial performance, shareholder return and, depending on the nature of the business, the product or service market performance.

The failure rates of SMMEs in developing countries have been significantly high, resulting in the closure of some SMMEs occurring within the first three to five years of operation ([Cant & Wiid, 2013](#)). Inappropriate leadership negatively disturbs organisational performance and is regarded as one of the reasons why SMMEs fail within the first few years of operation ([Han et al., 2014](#)). According to [Lekhanya \(2015\)](#), in South Africa particularly, SMMEs face issues such as lack of funding, skills leadership, management skills, education and training and as well as the skills of personnel. Therefore, this study was focused on South African SMMEs. The primary focus area for this study is the province of Gauteng as it has the largest financial and business sector in the country.

A report by the [Department of cooperative governance and traditional affairs \(2020\)](#) indicate that the City of Johannesburg (CoJ) is not only the economic powerhouse of South Africa but also of the African continent contributing 14% to South Africa's GDP and over 44% to the Gauteng economy. The Gross Value Added by Region (GVA-R) indicated that in 2018, the finance sector was the largest in the city and accounted for R182 billion or 28,1% of the total GVA in the municipality. From the above, business success and positive, sustainable organisational performance is imperative. The aim of this study was to evaluate the influence of leadership styles on the organisational performance of SMMEs in the financial and business sector within the City of Johannesburg Municipality (CoJ), Gauteng. The leadership styles adopted by business owners and/or managers has an influence on the success rate of SMMEs ([Teng et al., 2011](#)). Therefore, this study sort to answer the question 'Which adopted leadership style is effective in fostering growth and increased performance of SMMEs?'

LITERATURE AND HYPOTHESES DEVELOPMENT

Small, Medium, and Micro Enterprises (SMMEs) are pivotal to the South African

economy as they contribute significantly to GDP growth, job creation, and market dynamism ([Berry et al., 2002](#)). However, their high failure rate underscores the critical role of effective leadership in ensuring sustainability and long-term performance ([Bushe, 2019](#)). Leadership has been widely conceptualized as the process of influencing followers to achieve shared organisational objectives ([Sandoval, 2024](#)). Within SMMEs, leadership styles not only shape organisational culture but also directly affect organisational performance outcomes ([Almatrooshi et al., 2016](#)). Against this backdrop, the study examines the influence of transformational, transactional, and autocratic leadership styles on organisational performance in Johannesburg SMMEs.

Transformational Leadership and Organisational Performance

Transformational leadership emphasises motivating and inspiring followers to transcend self-interest and prioritise organisational goals ([Ajmal et al., 2024](#)). Such leaders generally tend to foster employee development, stimulate innovation and ultimately create environments that promote higher performance ([Huang et al., 2022](#)). Empirical studies consistently confirm the positive link between transformational leadership and organisational performance ([Orabi, 2016](#); [Wang et al., 2011](#); [Jyoti & Bhau, 2015](#)). Transformational leaders in SMMEs may therefore be instrumental in driving higher levels of efficiency, creativity, and adaptability, ultimately enhancing overall performance.

H1: Transformational leadership (TRM) has a positive effect on organisational performance (OP).

Transactional Leadership and Organisational Performance

Transactional leadership relies on structured exchanges between leaders and followers, where rewards and punishments are contingent on performance outcomes ([Young et al., 2021](#)). While this approach can ensure compliance and maintain order, particularly in crisis contexts it is often criticised for limiting creativity and innovation ([Young et al., 2021](#)). Mixed findings exist regarding its relationship with performance, some studies such as [Longe \(2014\)](#) suggest a positive link while others indicate that transactional leadership fails to stimulate long-term organisational growth [Jensen et al. \(2019\)](#). For SMMEs, which often operate under resource constraints, transactional leadership may provide short-term stability but could inhibit innovation needed for sustained competitiveness.

H2: Transactional leadership (TSC) has a positive effect on organisational performance (OP).

Autocratic Leadership and Organisational Performance

Autocratic leadership centralises decision-making in the leader, often disregarding subordinate input (Biyana, 2021; Ardichvili & Kuchinke, 2002). Although it can be beneficial in high-pressure contexts requiring quick decisions (Armstrong, 2012), its long-term consequences may include reduced employee morale, lack of creativity, and conflict (Hadnot-Harris, 2021). Evidence suggests that autocratic leadership can both positively (Iqbal et al., 2020) and negatively affect organisational performance, depending on context. For SMMEs, this approach may generate efficiency but risks disengagement and high employee turnover.

H3: Autocratic leadership (AUT) has a significant effect on organisational performance (OP).

Moderating Effects of Autocratic Leadership

Autocratic leadership is characterized by centralized decision-making, limited employee input, and strict control over organizational processes (Bass & Bass, 2008). Although it may ensure efficiency in high-pressure or routine environments, it is often associated with reduced creativity, diminished job satisfaction, and lower organizational trust (Khan & Adnan, 2014; Bhatti et al., 2012). Research shows that autocratic leaders prioritize obedience and compliance, which can create a controlled atmosphere but also risks alienating employees and undermining collaborative performance (Chukwusa, 2018). Autocratic leadership moderates the relationship between transactional leadership and organizational performance. Transactional leadership emphasizes contingent rewards and corrective action, which align with the directive and compliance-driven nature of autocratic practices (Akanbi & Itiola, 2013). The idea that the link between transactional leadership and organizational performance is affected by autocratic leadership is supported by studies showing that both styles reinforce structured systems of control and predictability, particularly in hierarchical settings (Bass, 1990).

Autocratic leadership also moderates the relationship between transformational leadership and organizational performance. Transformational leadership relies on vision, empowerment, and participatory engagement (Burns, 1978; Bass, 1999; Oh et al., 2023; Okhiku, 2024). However, when layered with autocratic tendencies, these participatory elements may be constrained, thereby weakening the positive influence on performance outcomes (Iqbal et al., 2020). The notion that transformational leadership and organizational performance are impacted by autocratic leadership is supported by evidence that autocratic behaviours limits trust

and discretionary effort, mechanisms through which transformational leaders usually drive performance (Jung et al., 1995). This line of thinking is reinforced by Giltinane (2013), who found that while transformational leadership fosters innovation and morale, autocratic practices stifle these dynamics by suppressing autonomy and limiting employee decision-making. An interesting insight is that in some crisis or military contexts, autocratic leadership can complement transactional control to deliver swift results, but it almost universally undermines the participative ethos of transformational leadership (Vroom & Jago, 2007). Thus, while autocratic leadership may enhance transactional performance outcomes by strengthening authority and compliance, it is likely to weaken the performance benefits derived from transformational leadership.

H4: Autocratic leadership (AUT) negatively moderates the relationship between transformational leadership (TRM) and organisational performance (OP).

H5: Autocratic leadership (AUT) positively moderates the relationship between transactional leadership (TSC) and organisational performance (OP).

Based on the literature provided the following framework (Figure 1) was developed.

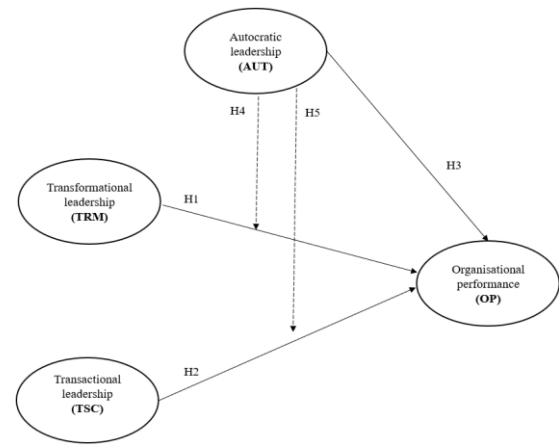


Figure 1. Research Framework

Explanation of the Conceptual Model

The conceptual model (Figure 1) illustrates the task versus relationship-oriented leadership framework for SMMEs in Johannesburg. Relationship-oriented leadership styles such as transformational emphasises employee engagement, participation and long-term organisational development. Task-oriented leadership styles such as transactional and autocratic focus on control, compliance, and achieving immediate goals. The model proposes that these leadership styles directly influence organisational performance, while autocratic leadership further acts as a moderator, shaping

how transformational and transactional leadership affect performance outcomes.

RESEARCH METHODOLOGY

Research Paradigm and Approach

This study was grounded in a positivist paradigm, which assumes that leadership and organisational performance phenomena can be objectively observed, measured, and analysed ([Aliyu et al., 2014](#)). The ontology reflected an objective stance, while the epistemology related to testing knowledge claims through confirmation or disconfirmation. The axiology of the study was to understand whether leadership styles impact organisational performance in SMMEs, thereby contributing to theory and practice. A quantitative research methodology was adopted, as the purpose of the study required statistical testing of relationships between leadership styles and organisational performance. Quantitative research was deemed appropriate because it allows for hypothesis testing, generalisation, and replication ([Leedy & Ormrod, 2010](#)). The approach followed a deductive reasoning process, drawing from established theories and prior studies to develop hypotheses, which were then tested using empirical data.

Research Design

The study employed a cross-sectional survey design, where data were collected at a single point in time from a subset of the population ([Olsen & George, 2004](#)). A structured questionnaire comprising close-ended questions was used, consistent with quantitative methods that favour standardisation and objective measurement. The design was suitable for assessing the relationship between leadership styles (transformational, transactional and autocratic) and organisational performance in Johannesburg SMMEs.

Target Population and Sampling

The target population consisted of owners and managers of SMMEs in the financial and business sector within the City of Johannesburg Metropolitan Municipality, Gauteng. Gauteng is South Africa's economic hub and home to over 161,000 SMMEs in this sector ([SEDA, 2020](#)), making it an appropriate study setting. A non-probability sampling strategy was adopted, combining convenience sampling, owing to its cost-effectiveness and ease of access ([Brewis, 2014](#)) and snowball sampling, which enabled referrals to additional participants that were otherwise difficult to reach ([Sadler et al., 2010](#)). A total of 194 valid responses were collected from employees of selected SMMEs in Johannesburg, meeting recommended thresholds for structural equation modelling ([Hair et al., 2019](#)).

Data Collection Strategy

Public databases such as the South African SMME Directory were used to identify potential participants. Contact details were compiled into a database, and outreach was conducted via email invitations, online survey links (Google Forms), and printed questionnaires for participants within proximity. The mixed mode of indirect (online) and direct (in-person) distribution increased response rates and broadened accessibility.

Questionnaire Design

The survey instrument comprised close-ended questions measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). This format is widely recognized for enhancing response quality, reducing ambiguity, and improving ease of administration ([Babakus & Mangold, 1992](#)). The design of the questionnaire was informed by established measures and the literature review to ensure both content validity and contextual relevance for South African SMMEs. Leadership styles were assessed through items capturing transformational, transactional and autocratic dimensions. Transformational leadership was measured using items adapted from [Bass & Avolio \(1994\)](#) Multifactor Leadership Questionnaire (MLQ), reflecting behaviours such as articulating vision, encouraging learning, and setting high standards. Transactional leadership was adapted from [Burns \(1978\)](#) conceptualization and further refined by [Bass \(1990\)](#) and [Bass & Avolio \(1994\)](#), emphasizing goal setting, corrective action, and contingent reinforcement. Autocratic leadership was operationalized through items informed by [Elenkov \(2002\)](#) and [Akpapere et al. \(2019\)](#), capturing directive control, rule-bound behaviours, and limited subordinate involvement in decision-making. Organisational performance was measured using items adapted from [Richard et al. \(2009\)](#) and [Cho & Dansereau \(2010\)](#), encompassing financial outcomes, market position, operational efficiency, customer satisfaction, and reputational strength. Together, these measures provided a multidimensional and contextually appropriate assessment of leadership behaviours and organisational outcomes.

Data Quality Control

Data quality was ensured through validity and reliability checks. Validity was addressed by aligning survey items directly with the study's constructs and objectives, minimising ambiguity, and providing a neutral midpoint option ([Denscombe, 2010](#); [Heale & Twycross, 2015](#)). Three types of validity were considered, starting with content validity which is concerned with establishing whether items measured the full

domain of each construct. This was followed by construct validity which ensured that items reflected the theoretical dimensions of leadership and organisational performance. Lastly, criterion validity checked whether measures were comparable to prior validated scales. Reliability was tested using Cronbach’s alpha and composite reliability (CR) scores, ensuring internal consistency. Consistency was further examined through correlation analyses, which confirmed the stability of constructs across respondents.

Data Analysis

The collected data were exported from Google Forms into Excel, cleaned, coded, and then analysed using SPSS (version 30) and AMOS (version 30). A two-step SEM approach was followed starting with the Measurement model (CFA), to confirm construct reliability and validity. This was then followed by the Structural model to test hypothesised paths and evaluate the strength and significance of relationships among constructs. Model fit was assessed using indices including χ^2 , GFI, CFI, TLI, IFI, and RMSEA, with thresholds guided by [Hair et al. \(2019\)](#).

Descriptive statistics (frequencies, means, standard deviations) were also generated to profile the SMME sample. The study’s findings are presented in the section that follows.

RESULT AND DISCUSSION

Sample Profile

Table 1 presents the results of the accuracy analysis, including Cronbach’s alpha (α), composite reliability (CR), and factor loadings (FL) for the constructs under investigation. The findings indicate that the measurement model demonstrates satisfactory internal consistency and reliability. Specifically, all Cronbach’s alpha values exceeded the recommended threshold of 0.70, while CR values were consistently above 0.60, confirming the robustness of the constructs. Factor loadings for the individual items were also acceptable, with all items surpassing the minimum recommended cut-off of 0.50, thereby supporting convergent validity. These results provide confidence in the psychometric properties of the scales used for transformational, transactional, and autocratic leadership as well as organisational performance.

Table 1. Accuracy Analysis Statics

Construct	Item	α	CR	FL
Transformational leadership (TRM)	TRM1: I am a visionary - shape the organisation to my vision.	0.728	0.761	0.819
	TRM2: I allow my subordinates to make mistakes so they can learn from them without personally intervening.			0.655
	TRM3: I set myself high standards and expect others to do the same for themselves.			0.511
Transactional leadership (TSC)	TSC1: I set clear goals for myself and my organisation and make sure results are achieved.	0.714	0.775	0.862
	TSC2: My subordinates are expected to solve their own problems.			0.689
	TSC3: I am determined to push projects forward and get results.			0.536
	TSC4: I am focused on short-term goals.			0.516
Autocratic (AUT)	AUT1: I provide little to no guidance to my subordinates.	0.791	0.912	0.848
	AUT2: do not mind how long discussions last so long as we consider every angle.			0.920
	AUT3: I do best when following rules and going by the book.			0.789
	AUT4: I am inflexible.			0.835

Organisational Performance (OP)	OP1: The organisation engages in advance planning (Setting measurable goals for employees to achieve)	0.869	0.871	0.661
	OP2: The organisation breaks down tasks for employees rather than overburdening them			0.556
	OP3: The organisation continuously monitors employees to track performance and expectations.			0.534
	OP4: The organisation clearly defines each employee's role and responsibilities.			0.549
	OP5: The organisation rewards employees who thrive.			0.542
	OP6: The sales growth is increasing.			0.514
	OP7: The market share is increasing.			0.677
	OP8: The organisation is profitable.			0.650
	OP9: Shareholders have been happy with returns (if applicable).			0.630
	OP10: Customers are satisfied with the product/service offered.			0.566
	OP11: Customer complaints are dealt with quickly.			0.569
	OP12: The organisations customer retention is high.			0.563
	OP13: The reputation of the organisation is high.			0.591

Key: α : Cronbach's alpha, CR: Composite Reliability, FL: Factor Loading

Overall, the analysis confirms that the measurement instrument was both reliable and valid, enabling further examination of the interrelationships between the constructs. The next section presents the inter-construct

correlation matrix, which was used to assess discriminant validity among the study variables. The following section presents correlations between constructs in table 2.

Table 2. Inter-construct Correlation Matrix

		AUT	TSC	TRM	OP
AUT	Pearson Correlation	1			
TSC	Pearson Correlation	0.264**	1		
TRM	Pearson Correlation	0.303**	0.471**	1	
OP	Pearson Correlation	0.496**	0.500**	0.518**	1

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

It is observed in table to that the correlations between constructs is low (generally below 0.5 or just above 0.5) suggesting that the constructs were actually measuring different concepts. High correlations, for example, those above 0.9 would have been alarming, however this was not the case, confirming discriminant validity proving that all the constructs measured are uniquely distinct from each other.

Model Fit Assessment

The overall fit of the structural model was measured through various fit indices widely accepted in SEM literature (Hair et al., 2019). These include the chi-square statistic (X^2), the Goodness of fit index (GFI), the Incremental fit index (IFI), the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI) and the Root Mean

Square Error of Approximation (RMSEA), The model demonstrated an acceptable fit to the data, with fit values meeting or exceeding accepted thresholds.

These results, presented in table 3 indicate that the proposed model adequately represents the underlying data structure and is suitable for hypothesis testing.

Table 3. Model Fit Indices

GFI	IFI	TLI	CFI	CMIN/DF (χ^2)	RMSEA
0.908	0.982	0.978	0.982	1.130	0.026

Key: Goodness of fit index (GFI), Incremental fit index (IFI), Tucker Lewis Index (TLI), Comparative Fit Index (CFI), Chi-square (CMIN/ DF), Root mean standard error approximation (RMSEA)

Table 3 above reveals that all the model fit indexes exceeded the expected thresholds of 0.9 for Additionally the RMSEA and the CMIN/ DF also met their respective thresholds This

demonstrates strong overall model fit. Path analysis was conducted where the structural model was tested and is depicted below in figure 2.

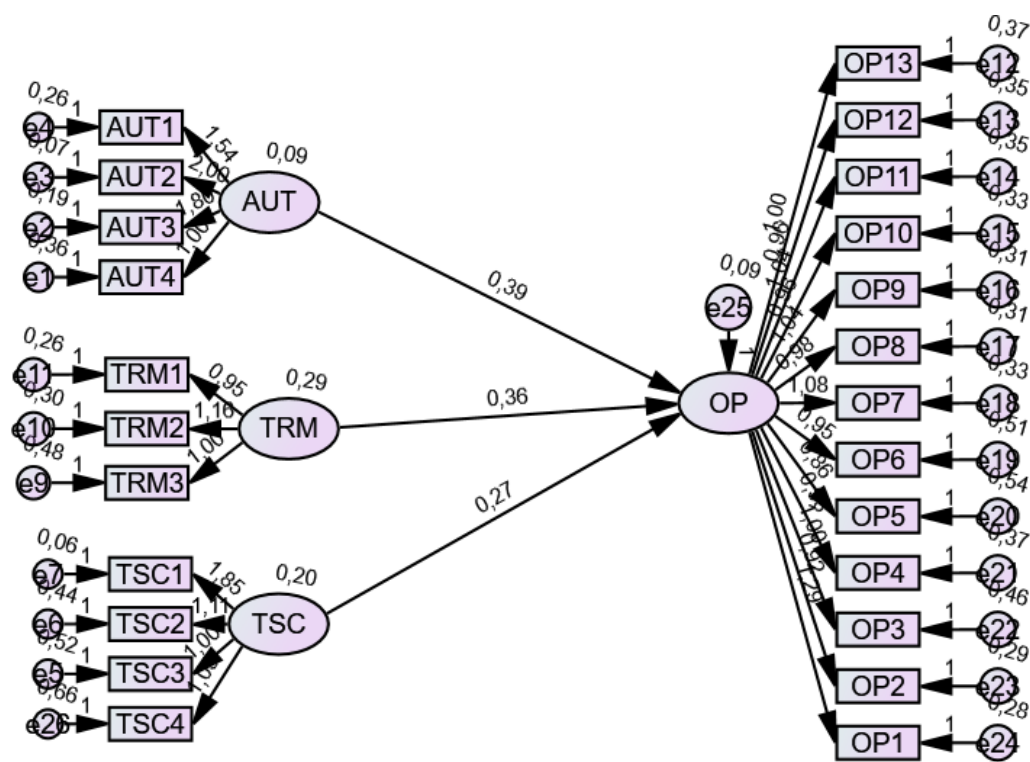


Figure 2. Structural Model

Key: Autocratic leadership (AUT), Transformational leadership (TRM), Transactional leadership (TSC), Organisational Performance (OP)

The outcome of the hypotheses tested are depicted in both the structural model (Figure 2) and Table 4 followed by a discussion.

Table 4. Outcome of Hypotheses Testing

Proposed Hypothesis		Standardized Path Coefficient	P-value	Decision
AUT → OP	H ₁	0.39	0.001	Statistically significant
TRM → OP	H ₂	0.36	***	Statistically significant
TSC → OP	H ₃	0.27	***	Statistically significant

Key: Autocratic leadership (AUT), Transformational leadership (TRM), Transactional leadership (TSC), Organisational Performance (OP)

P<0.01 level of significance

Hypotheses Results Discussion

The first hypothesis assessed the impact of autocratic leadership on organisational performance among Johannesburg-based SMMEs. The results showed a positive and statistically significant relationship ($\beta = 0.39, p = 0.001$), supporting the hypothesis. This suggests that within the dynamic and often unpredictable landscape of small and medium-sized enterprises, a directive and authoritative leadership style may provide clarity, structure, and fast decision-making qualities especially critical in resource-constrained environments. These findings align with those of [Chukwusa \(2018\)](#), who noted that autocratic leadership can be effective in contexts where quick turnaround, discipline, and compliance are essential. In fast-paced or high-pressure environments like many Johannesburg townships, this leadership style may foster efficiency and a results-driven culture, particularly when team members are inexperienced or require close supervision.

The second hypothesis explored the effect of transformational leadership on organisational performance. The analysis revealed a strong, statistically significant relationship ($\beta = 0.36, p < 0.01$). This supports the notion that leaders who inspire, motivate, and intellectually stimulate their followers significantly enhance the performance of SMMEs. In contexts where innovation and adaptability are key to survival, such as the post-pandemic recovery period for South African businesses, transformational leaders play a pivotal role in fostering resilience and creativity. These results echo [Bass and Avolio \(1994\)](#) seminal work with the assertion that transformational leaders uplift followers beyond immediate self-interest, driving shared vision and performance excellence. Interestingly, this suggests that even in small businesses, where

hierarchical structures are flatter, visionary leadership can spark loyalty, enthusiasm, and higher productivity. It also indicates that emotional intelligence and empowerment, core to transformational leadership, are increasingly critical assets for business growth in emerging economies.

The third hypothesis assessed the relationship between transactional leadership and organisational performance. The path coefficient was positive and statistically significant ($\beta = 0.27, p < 0.01$), suggesting that transactional leadership also contributes meaningfully to SMME success. While this style is often characterised by reward and punishment systems, it seems particularly effective in settings where employees need clear expectations, routine, and performance-based incentives. This aligns with [Burns \(1978\)](#) original theory and further supports the argument made by [Jensen et al. \(2019\)](#) who found that transactional leadership fosters performance in goal-oriented business models. For SMMEs, where resources are limited and margins tight, the predictability and structure of transactional leadership can create a stable foundation for growth. It also offers a pragmatic approach to managing performance and accountability, particularly among part-time or contractual workers common in the informal sector.

Moderation Analysis Results

The findings from moderation are presented in this section. The moderating effect of autocratic leadership on transformational leadership’s impact on organisation performance is explored. Additionally, the moderating effect of autocratic leadership on transformational leadership’s impact on organisation performance is also explored.

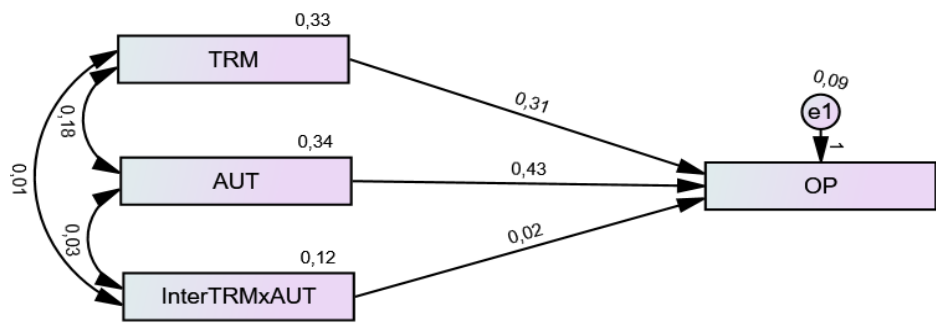


Figure 3. Moderation effect of AUT on TRM and OP

Table 5. Moderation Effect of AUT on TRM and OP Outcome

Hypothesis	Estimate	p-value	Outcome
TRM → OP	0.31	***	Significant
AUT → OP	0.43	***	Significant
InterTRMxAUT → OP	0.02	0.796	Not significant

Key: Autocratic leadership (AUT), transformational leadership (TRM) and organisational performance (OP)

It is observed in table 5 above that direct paths from AUT and TRM to OP were both significant with the interaction term of TRM and AUT (moderated path) not being significant with a p-value higher than 0.05. This likely suggests that AUT has no regulatory power over the TRM-OP dynamic. In other words, organisational performance will still be affected the same way by transformational leadership whether or not autocratic leadership is involved. The initial hypothesis (H4) proposed that autocratic leadership would negatively moderate the relationship between TRM and OP, based on prior literature showing that autocratic control

undermines the participatory, trust-driven mechanisms of transformational leadership (Bass, 1999; Okhiku, 2024). The outcome of this hypothesis is likely due to the contextual realities of SMMEs, where leaders frequently combine directive and participatory behaviours out of necessity. In such settings, transformational practices such as vision-setting, and encouragement could be effective even when leaders adopt more directive behaviours. Below is figure 4, which presents the moderation effect of autocratic leadership on the transactional leadership and organisational performance leadership.

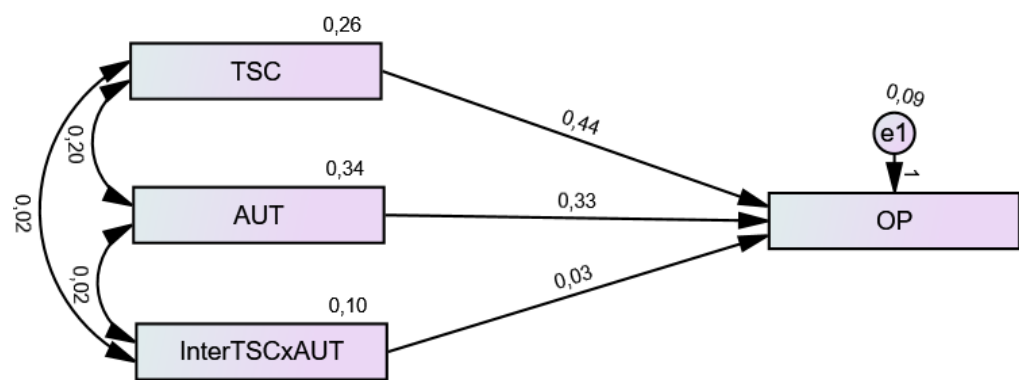


Figure 4. Moderation Effect of AUT on TSC and OP

Table 6. Moderation Effect of AUT on TSC and OP Outcome

Hypothesis	Estimate	p-value	Outcome
TSC → OP	0.444	***	Significant
AUT → OP	0.326	***	Significant
InterTSCxAUT → OP	0.031	0.658	Not significant

Key: Autocratic leadership (AUT), transactional leadership (TSC) and organisational performance (OP)

It is observed in the table above that direct paths from AUT and TSC to OP were both significant with the interaction term of TSC and AUT (moderated path) not being significant with a p-value higher than 0.05. This likely suggests that AUT has no regulatory power over the TSC-OP dynamic. In other words, organisational performance with still be affected the same way by transactional leadership whether or not autocratic leadership is involved. Although prior studies suggested that autocratic control might reinforce the compliance-driven mechanisms of transactional leadership, the present findings did not support this. A likely reason is that transactional leadership on its own already provides sufficient structure and clarity, making the additional influence of autocratic oversight redundant rather than synergistic. In the SMME context, where leaders often operate with limited resources and direct authority, the overlap between transactional and autocratic practices may simply blur distinctions instead of producing an amplified effect. The following section presents the study’s managerial implications.

DISCUSSION

The findings of this study provide several insights into the relationship between leadership styles and organisational performance within South African SMMEs. The results indicate that autocratic, transformational, and transactional leadership styles each have a significant positive influence on organisational performance, suggesting that different leadership approaches can contribute to performance outcomes in resource-constrained entrepreneurial environments. The positive effect of autocratic leadership suggests that directive leadership behaviours may provide clarity, speed of decision-making, and operational discipline, which are particularly valuable in small businesses operating in dynamic and uncertain markets.

Transformational leadership also demonstrated a strong positive relationship with organisational performance, supporting prior research that highlights the importance of inspiration, vision, and employee empowerment in driving organisational success. Within

SMMEs, where flexibility and innovation are essential for survival, transformational leaders may foster motivation, creativity, and commitment among employees, thereby enhancing performance outcomes. Similarly, transactional leadership was found to positively influence organisational performance. This finding indicates that structured systems of goal-setting, monitoring, and reward-based motivation remain relevant for small enterprises seeking stability and accountability in their operations. Transactional leadership may therefore complement other leadership styles by providing the organisational structure necessary for achieving performance targets.

Interestingly, the moderation analysis revealed that autocratic leadership did not significantly moderate the relationships between transformational or transactional leadership and organisational performance. This suggests that in the SMME context, leadership styles may operate independently rather than interactively. One possible explanation is that small business leaders often adopt hybrid leadership behaviours simultaneously, making it difficult for a single style to significantly alter the influence of another. Consequently, organisational performance in SMMEs may be driven more by the presence of effective leadership behaviours overall rather than by the interaction between specific leadership styles.

MANAGERIAL IMPLICATIONS

The findings of this study offer important guidance for SMME owners and managers seeking to enhance organisational performance. First, the significant impact of autocratic leadership suggests that in situations requiring quick decision-making, particularly under resource constraints or in crisis contexts, a more directive style may yield optimal results. However, the equally strong performance outcomes from transformational leadership imply that investing in leadership development, especially in emotional intelligence, motivation, and team building can foster a more resilient and innovative workforce. Finally, the influence of transactional leadership highlights the importance of structured goal-setting, clear expectations, and performance-linked incentives. Overall, leaders in SMMEs should consider adopting a situational leadership approach, blending styles depending on context, team maturity, and operational needs.

CONTRIBUTION

This study contributes to the leadership and small business literature in several meaningful ways. Firstly, it expands empirical knowledge on the effectiveness of different leadership styles within the under-researched context of South

African SMMEs. While much of the existing literature focuses on large organisations or Western economies, this research provides context-specific insights that reflect the realities of entrepreneurial environments in emerging markets. Secondly, by simultaneously examining autocratic, transformational, and transactional leadership, the study provides a nuanced understanding of how varied approaches impact organisational performance. This multidimensional perspective can guide leadership training programmes tailored to the needs of small business ecosystems in Africa and similar contexts globally.

CONCLUSION

This study confirms that leadership style significantly influences organisational performance among SMMEs in Johannesburg. All three leadership styles, autocratic, transformational, and transactional were found to have statistically significant positive effects on performance, though to varying degrees. These findings underline the complexity of leadership dynamics in small business settings, where flexibility, strategic direction, and motivation all play crucial roles. The evidence suggests that no single style is universally superior; rather, performance improvements are maximised when leadership is adaptive and aligned with the situational demands of the business environment. The study affirms the importance of contextually responsive leadership in navigating the operational challenges faced by SMMEs.

SUGGESTIONS FOR FURTHER RESEARCH

While this study offers valuable insights, it also opens avenues for future exploration. One recommendation is to conduct qualitative follow-up studies to gain deeper understanding of how SMME leaders adapt their styles in real-world scenarios. In addition, future research could examine the mediating or moderating roles of employee engagement, organisational culture, or external market turbulence in the leadership, performance relationship. Comparative studies between rural and urban SMMEs, or between different African countries, could also enrich the regional relevance of the findings. Lastly, longitudinal research would help establish causal relationships and observe how leadership strategies evolve over time in response to internal growth or external shocks.

REFERENCES

- Ajmal, M., Rahat, W., & Islam, A. (2024). Enhancing affective commitment through transcendental leadership: Unveiling the

- influence of altruistic mindset and intrinsic motivation in higher education. *International Journal of Leadership in Education*, 1–27.
- Akanbi, P. A., & Itiola, K. A. (2013). Exploring the relationship between job satisfaction and organizational commitment among health workers in Ekiti State, Nigeria. *Journal of Business and Management Sciences*, 1(2), 18–22.
- Akparep, J. Y., Jengre, E., & Mogre, A. A. (2019). The influence of leadership style on organizational performance at TumaKavi Development Association, Tamale, Northern Region of Ghana. *Open Journal of Leadership*, 8, 1–22.
- Aliyu, A. A., Bello, M. U., Kasim, R., & Martin, D. (2014). Positivist and non-positivist paradigm in social science research: Conflicting paradigms or perfect partners? *Journal of Management and Sustainability*, 4(3), 79–95.
- Almatrooshi, B., Singh, S. K., & Farouk, S. (2016). Determinants of organizational performance: A proposed framework. *International Journal of Productivity and Performance Management*, 65(6), 844–859.
- Andersen, J. A. (2019). On “followers” and the inability to define. *Leadership & Organization Development Journal*, 40(2), 274–284.
- Ardichvili, A., & Kuchinke, K. P. (2002). Leadership styles and cultural values among managers and subordinates: A comparative study of four countries of the former Soviet Union, Germany, and the US. *Human Resource Development International*, 5(1), 99–117.
- Armstrong, M. (2012). *Armstrong’s handbook of management and leadership: Developing effective people skills for better leadership and management*. Kogan Page.
- Babakus, E., & Mangold, W. G. (1992). Adapting the SERVQUAL scale to hospital services: An empirical investigation. *Health Services Research*, 26(6), 767–786.
- Bass, B. M. (1990). From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics*, 18(3), 19–31.
- Bass, B. M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8(1), 9–32.
- Bass, B. M., & Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Sage Publications.
- Bass, B. M., & Bass, R. (2008). *The Bass handbook of leadership: Theory, research, and managerial applications* (4th ed.). Free Press.
- Berry, A., von Blottnitz, M., Cassim, R., Kesper, A., Rajaratnam, B., & Van Seventer, D. E. (2002). *The economics of SMMEs in South Africa*. Trade and Industrial Policy Strategies.
- Bhatti, N., Maitlo, G. M., Shaikh, N., Hashmi, M. A., & Shaikh, F. M. (2012). The impact of autocratic and democratic leadership style on job satisfaction. *International Business Research*, 5(2), 192.
- Bhorat, H., Asmal, Z., Lilenstein, K., & Van der Zee, K. (2018). *SMMEs in South Africa: Understanding the constraints on growth and performance* (pp. 1–66). Development Policy Research Unit, University of Cape Town.
- Biyana, M. (2021). *An evaluation of bureaucratic leadership as a panacea for effective performance among subordinates* (Doctoral dissertation, Cape Peninsula University of Technology).
- Brewis, J. (2014). The ethics of researching friends: On convenience sampling in qualitative management and organization studies. *British Journal of Management*, 25(4), 849–862.
- Burns, J. M. (1978). *Leadership*. Harper & Row.
- Bushe, B. (2019). The causes and impact of business failure among small to micro and medium enterprises in South Africa. *Africa’s Public Service Delivery and Performance Review*, 7(1), 1–26.
- Cant, M., & Wiid, J. (2013). Establishing the challenges affecting South African SMEs. *International Business & Economics Research Journal*, 12, 707–716.
- Cho, J., & Dansereau, F. (2010). Are transformational leaders fair? A multi-level study of transformational leadership, justice perceptions, and organizational citizenship behaviors. *The Leadership Quarterly*, 21(3), 409–421.
- Chukwusa, J. (2018). Autocratic leadership style: Obstacle to success in academic libraries. *Library Philosophy and Practice*, 1785.
- Denscombe, M. (2010). *The good research guide: For small-scale social research projects* (4th ed.). Open University Press.
- Department of Cooperative Governance and Traditional Affairs. (2020). *Annual report 2019/2020*.
- Elenkov, D. S. (2002). Effects of leadership on organizational performance in Russian companies. *Journal of Business Research*, 55(6), 467–480.

- Gavrea, C., Ilies, L., & Stegorean, R. (2011). Determinants of organizational performance: The case of Romania. *Management and Marketing*, 6(1), 285–300.
- Giltinane, C. L. (2013). Leadership styles and theories. *Nursing Standard*, 27(41), 35–39.
- Hadnot-Harris, J. L. (2021). *Performance, morale, & job satisfaction in law enforcement with autocratic leadership: A modified Delphi study* (Doctoral dissertation, University of Phoenix).
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 31(1), 2–24.
- Han, L., Benson, A., Chen, J. J., & Zhang, S. (2014). The use and impacts of bank support on UK small and medium-sized enterprises. *International Small Business Journal*, 32(1), 61–80.
- Harris, A., Leithwood, K., Day, C., Sammons, P., & Hopkins, D. (2007). Distributed leadership and organizational change: Reviewing the evidence. *Journal of Educational Change*, 8(4), 337–347.
- Heale, R., & Twycross, A. (2015). Validity and reliability in quantitative studies. *Evidence-Based Nursing*, 18(3), 66–67.
- Huang, Z., Sindakis, S., Aggarwal, S., & Thomas, L. (2022). The role of leadership in collective creativity and innovation: Examining academic research and development environments. *Frontiers in Psychology*, 13, 1060412.
- Iqbal, Z., Niazi, A., & Hassan, H. (2020). Autocratic, democratic, transformational and charismatic leadership styles and contingency of different performance outcomes in SMEs. *Journal of Business & Tourism*, 6(1), 391–407.
- Jensen, U. T., Andersen, L. B., & Jacobsen, C. B. (2019). Only when we agree! How value congruence moderates the impact of goal-oriented leadership on public service motivation. *Public Administration Review*, 79(1), 12–24.
- Jung, D. I., Bass, B. M., & Sosik, J. J. (1995). Bridging leadership and culture: A theoretical consideration of transformational leadership and collectivistic cultures. *Journal of Leadership Studies*, 2(4), 3–18.
- Jyoti, J., & Bhau, S. (2015). Impact of transformational leadership on job performance: Mediating role of leader–member exchange and relational identification. *SAGE Open*, 5(4), 2158244015612518.
- Khan, A. Z., & Adnan, N. (2014). Impact of leadership styles on organizational performance. *International Journal of Management Sciences*, 2(11), 501–515.
- Leedy, P. D., & Ormrod, J. E. (2010). *Practical research: Planning and design* (9th ed.). Pearson.
- Lekhanya, L. (2015). Public outlook on small and medium enterprises as a strategic tool for economic growth and job creation in South Africa. *Journal of Governance and Regulation*, 4(4), 412–418.
- Longe, O. J. (2014). Leadership style paradigm shift and organisational performance: A case of the Nigerian cement industry. *African Research Review*, 8(4), 68–83.
- Mitonga-Monga, J., & Coetzee, M. (2012). Perceived leadership style and employee participation in a manufacturing company in the Democratic Republic of Congo. *African Journal of Business Management*, 6(15), 5389–5398.
- National Planning Commission. (2012). *National development plan 2030: Our future—make it work*.
- Oh, J., Kim, D. H., & Kim, D. (2023). The impact of inclusive leadership and autocratic leadership on employees' job satisfaction and commitment in sport organizations. *Sustainability*, 15(4), 3367.
- Okhiku, J. E. (2024). *Empowering leadership and employees' extra-role behaviours in multinational corporations in Nigeria* (Doctoral dissertation, Aston University).
- Olsen, W., & George, A. (2004). *Cross-sectional survey design and sampling*. University of Manchester.
- Orabi, T. G. A. (2016). The impact of transformational leadership style on organizational performance: Evidence from Jordan. *International Journal of Human Resource Studies*, 6(2), 89–102.
- Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of Management*, 35(3), 718–804.
- Sadler, G. R., Lee, H. C., Lim, R. S. H., & Fullerton, J. (2010). Recruitment of hard-to-reach population subgroups via adaptations of the snowball sampling strategy. *Nursing & Health Sciences*, 12(3), 369–374.
- Sandoval, M. A. (2024). *Leadership: A quantitative study: Exploring the multi-dimensions of the*

- most popular styles* (Doctoral dissertation, California Southern University).
- Small Enterprise Development Agency (SEDA). (2020). *SMME quarterly update: 1st quarter 2020*.
- Soomro, B. A., Saraih, U. N., & Ahmad, T. S. T. (2023). Personality traits and conflict management styles: Building the relationship through leadership effectiveness. *Kybernetes*, 52(12), 6251–6278.
- Teng, H. S. S., Bhatia, G. S., & Anwar, S. (2011). A success versus failure prediction model for small businesses in Singapore. *American Journal of Business*, 26(1), 50–64.
- Vroom, V. H., & Jago, A. G. (2007). The role of the situation in leadership. *American Psychologist*, 62(1), 17–24.
- Wang, G., Oh, I. S., Courtright, S. H., & Colbert, A. E. (2011). Transformational leadership and performance across criteria and levels. *Group & Organization Management*, 36(2), 223–270.
- Young, H. R., Glerum, D. R., Joseph, D. L., & McCord, M. A. (2021). A meta-analysis of transactional leadership and follower performance. *Journal of Management*, 47(5), 1255–1280.