

## PERCEIVED LEADERSHIP STYLES AND SME PERFORMANCE IN GHANA: ORGANIZATIONAL CULTURE AS A MEDIATOR?

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### ABSTRACT

*Following countless research work seeking to ascertain the nexus between organizational culture and performance, empirical findings seem inconclusive. The study attempted to ascertain the mediating role of enterprise culture on the influence of the perceived leadership styles on firm performance among Ghanaian SMEs in Accra Ghana. One hundred and forty-one (141) respondents were conveniently sampled from selected SMEs in the various sectors in Ghana for the study. All selected participants completed the multifactor leadership questionnaire (MLQ), organizational culture survey (OCS) and Organizational Performance Survey (OPS) at the same time. The data gathered was analyzed using Hayes' Process macro procedure in SPSS. The results revealed that organizational culture failed to play a significant mediating role in the influence of the perceived leadership styles on SME performance at 95% confidence interval.*

**Keywords:** *Small and Medium Size Business, Organizational culture, Perceived Leadership Styles, Organizational Performance, Ga East District, Ghana.*

### 1. INTRODUCTION

All over the world, SMEs have been found to be the engine of growth. They present over 90% of private enterprise and contribute over 50% of employment and GDP (UNIDO, 1999). In Ghana, SMEs contribute 85% of employment in the manufacturing sector, contribute about 70% to GDP and accounts for about 85% of general business in the country (Ahomka-Lindsay, 2018). Policymakers, development practitioners, community leaders continue to develop policies and strategies to improve the sector.

According to Amoah and Amoah (2018) lack of access to credit facilities, regulatory and legal challenges, poor access to international market, equipment and technical know-how, as well as lack of proper administrative and record-keeping procedures and lack of managerial knowledge and skills, are some major challenges facing SMEs in Ghana. These challenges impede the growth and development of the sector and in turn, affect its significance to the economy. The quality and capability of the leader at the top of an SME or just any other organization determines the final overall results. Therefore, there is a need for SMEs to have effective leaders who can hold up the mantle in this dynamic business environment to withstand these challenges and attain growth as well. Among others, some occupational phenomena like the leadership style or behavior of the owner of the SME, culture of SME firm needs to be investigated and how they affect the overall success and survival of the business.

Barney (1996) opined that rules and regulations, processes, procedures and human resources are an organizations unique intangible assets and leadership practices, organizational culture can be bundle as intangible factors which leads to tangible outcomes like organizational performance or excellence. The lack of effective leadership and some other major challenges have been found to thwart the efforts of attracting finance for SMEs in Ghana (Gockel & Akoena, 2002) and most parts of the world both developed and developing. Moreover, Bass and Avolio (1993) opined that the survival and the failure of organizations such as SMEs depends on the importance of the owner's personal belief to positive and negative happenings of the firm. Therefore, employees dwell on their job experience and culture gained from the group dynamics and parts of the owner's personal beliefs that seemed to work in practice. Schein (1985) contended that the culture management function is regarded as very important in the leadership concept.