

Impact of Entrepreneurial Leadership Style on Business Performance of SMEs in Tanzania

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Abstract

This study attempts to explore the extent to which entrepreneurial leadership style is used by CEOs in Tanzanian SMEs. The study also attempts to determine the relationship between entrepreneurial leadership style of CEOs and business performance of small and Medium Enterprises (SMEs) CEOs in Tanzania. The research is based on primary data collected by mailed questionnaires and analyzed quantitatively using Pearson product moment correlation and simple regression by SPSS. The findings show that 68.88% of all CEOs in Tanzania use entrepreneurial leadership style. More over the findings showed that there is a significant strong positive correlation between entrepreneurial leadership style and business performance of SMEs in Tanzania

Keywords Entrepreneurial leadership style; Business performance; Organizational performance; Small and medium enterprises

Introduction

Small and medium enterprises (SMEs) have been one of the vibrant growing economic sectors since the market policy reforms of 1980s and 1990s in most developing countries [1]. Likewise, Tanzania has recorded a rapid increase of SMEs over the past two decades. By 2011 SMEs accounted for about 95% of all business in Tanzania [2]. However, for various reasons, most of the SMEs in Tanzania are informal and thus unregistered. For example by 2010 Tanzania had more than three million SMEs of which only 3.9% were formally registered. 96.4% of unregistered SMEs were micro businesses, and 84.4% were small businesses [3]. Entry into business is not a problem to SMEs in Tanzania, but its development is very slow both size wise and in market coverage [4]. According to Dalberg [5], nearly half of all SMEs start-ups in in developing countries, fail within 5 years whereas only a few of them grows to become large firms. In Kenya for example an empirical study by Simeyo et al. [6] found that, three in every five SMEs failed within the months of establishment. The situation is even worse in Tanzania where not only, most of the start-ups fail but also the surviving firms show a very slow rate of growth [4]. In a highly competitive business environment, survival of business is uncertain and even more stringent to small businesses as they are more vulnerable to failures, The situation is even worse when SMEs are less innovative and highly dynamic thus, success of such business firms in 2 require effective leadership styles [2,4,5,7-9].

According to Mwangi, et al. [10] there is a direct relationship between business performance of the organization and the sustainable growth of the particular organization. Leadership effectiveness is a very important prerequisite for good business performance of the organization [10-13]. One of the most serious impediments to the growth and sustainability of SMEs in Tanzania is poor leadership of CEOs mainly due to bad attitudes towards entrepreneurial leadership, poor motivations, limited exposure, poor leadership skills and lack of

experience [1]. All other challenges are exacerbated by the said leadership limitations [1].

SMEs account for about one third of the Tanzanian Gross Domestic Products (GDP) [1]. However utilization of SMEs' full potential has yet to be tapped due to the existence of serious impediments hampering the sector which is not yet fully uncovered [14]. On such account this study thus surveys on the impacts of entrepreneurial leadership style on business performance of SMEs in Tanzania. The study is expected to enlighten SMEs founders and operators on the difference between managerial and entrepreneurial leadership styles and its effectiveness in influencing business performance in SMEs. In addition this study is thus expected to stimulate the interest for leadership development in SMEs by training more business leaders, a practice which is currently neglected [1]. Moreover, SMEs' Policy makers and practitioners are also expected to find this study useful in updating their policy status so as to create conducive environment for successful growth of small and medium businesses in Tanzania. Furthermore; the study will stimulate leadership and entrepreneurial researchers to merge the two fields in future reseaches; this will bring a unique contribution to knowledge because currently most reseaches are either from leadership or entrepreneurial orientation thus less is known on the two fields when merged as entrepreneurial leadership.

Review of Literature

Conceptualization of key terms and theoretical framework

Organizational leadership and leadership styles: The concept of leadership in business and leadership styles in literature is not nascent. It is probably the most globally researched and written about topics [8]. However there is still considerable controversy in the conceptualization of leadership in terms of meaning, categorization of leadership styles and measures [8]. Meaning of leadership has changed over years [15]. It may look surprising that as early as 1920s Cowley [16] commented on the nature of leadership that is not a single trait but a combination of numerous traits and for some to understand

what it means must unveils all constituents. At glance it looks like appealing meaning of leadership but across time studies have proven it to be inadequate [15]. After reviewing leadership studies, Shartle [17] concluded that the trait theory approach is a less satisfactory meaning of leadership in terms of performance than it has been earlier claimed to be, and thus trait idea could not fit any study on leadership. He defined Leadership as something which influences performance and thus it has to be called leadership performance. A different approach of leadership conceptualization was brought in by Redl [18] where leadership was defined as relationships existing among people. According to him Different types of leadership behavior would involve different types of relationships. According to Red [18], Leadership is a concept applied to the personality-environment relation, to describe the 'situation when a personality is so placed in the environment that his will, feeling, and insight direct and control others in the pursuit of a common cause. Most of these studies conceptualises leadership interims of interaction approach because involve the assumption that, for leadership to take place there must be an influence of a leader to the followers and thus any leadership style depend on the particular interaction [19].

In recent years many theorists and researchers have been emphasizing about the difference between Management and leadership [8]. However many studies still confuse between management and leadership [20]. Leadership in 21st century deals with innovations, origination of policies and ideas, developments of strategies, human resource welfare and utilization for profit maximization, long range perspective decisions, rational and challenge of the status quo. On the other hand Management is about administration, copying of policies and ideas as well as maintenance of existing organizational norms and conduct [7]. In other words business management is simply the method by which companies- big or small-are run and kept in check [21]. Looking at this comparison one cannot argue against the fact that effective leadership is the one which is pro change while management maintains the status quo which does not conform to the challenges facing organizations in the 21st century [22]. Robbins, Judge and Sanghi, [20], citing John Kotter of the Harvard Business school summarized what Bennis, [7], regarded as the difference between management and leadership. According to them, Good management brings about order and consistency by drawing up formal plans, designing rigid organizational structures, and monitoring results against the plans. In contrast leadership is about coping with change. From the existing literature, it is evident that conceptualizing leadership is still controversial among leadership researchers and a consensus view seems to be long way to be realized. For the purpose of this study, Robbins, Judge and Sanghi, [20] meaning is used. Leadership is thus defined as the ability to influence a group towards the achievement of a vision or set of goals [20]. The best way to understand leadership in relation to its impact on organizational performance- which many studies call it "effective leadership" -is by looking at it in terms of leadership styles which can only be done through classical and modern theories of leadership [8]. Based on theories of leadership, Luthans, [8] identify the following leadership styles: Trait theories do not represent any of the leadership styles used in existing literature. Hawthorne leadership studies and behavioral theoretical approach includes Supervisory leadership style, traditional and humanistic leadership styles related with McGregor's theory X and theory Y respectively. Ohio state studies and Michigan theoretical approaches; the former represents consideration or supportive leadership style and initiating structure or directive leadership styles, while the later came up with the so called production

and employee oriented leadership styles. In addition Michigan university leadership studies introduced participative leadership style thus slightly adding value to the preexisting Ohio state's contribution on the subject matter.

Contingency theory approach represent human oriented, democratic and task directed leadership styles. It is based on the assumption that there is no blue print leadership style in all context; it all depends on the context at hand. Path-Goal conceptualization approach represents; directive, supportive, and participative and achievement oriented styles. It also includes charismatic and transformational leadership styles. On the other hand Robbins [20] based on theoretical generations classify leadership styles into classical and contemporary categories. The former constitute all what Luthans [8] regarded as leadership styles while the later was regarded as Inspirational leadership approaches, which is associated with; Charismatic, transformational and authentic leadership styles. Various studies in the existing literature have shown a consistent use of certain leadership styles including transformational, transactional and passive avoidance leadership styles [23-26]. However, some studies such as Van Zyl and Mathur-Helm [22]; Hayat and Riaz [27] and Mohd sham, et al. [28] summarized all the leadership style into three categories namely managerial leadership style, entrepreneurial leadership style and mixed leadership style. Managerial leadership style includes transactional leadership and related styles while entrepreneurial leadership style includes transformational leadership and other leadership behaviors with entrepreneurial orientations. Likewise Mixed Leadership style is a combination of managerial and entrepreneurial leadership style [22,27,28]. This study focuses into entrepreneurial leadership style which is conceptualized as a combination of leadership and entrepreneurial oriented behaviors [22].

Business Performance

Performance is a recurrent theme in most branches of management [29]. There has been a debate among researchers on what business performance is all about [30]. Previous studies which focused on business performance seem to have failed to reconcile various positions on performance conceptualization. The fact that Business performance is a multidimensional phenomenon might have contributed to the lack of unanimity in conceptualizing business performance [31]. For many years, researchers on business performance have been preoccupied by discussions and debates on terminology, level of analysis and conceptual basis for assessment of performance [29,32]. Previous studies suggest that firm performance conceptualization suffer from two main problems identified as organizational performance and measurement dilemma [33]. Most of existing studies have widely used business performance and organizational performance concepts interchangeably suggesting that there is no conceptualization differences between the two concepts [24-26,34,35].

However some studies consistently used the word organizational performance while others used business performance. A thought came to carry out an in-depth inquiry to investigate as to whether the two concepts suggested any conceptual differences. For example, Venkatraman and, Ramanujam [29]; Fairoz, Hirobumi and Tanaka [36] and Aziz, Abdullah, Tajudin and Mahmood [25] consistently used the term business performance without clear conceptualization, which otherwise, could have given an insight to the issue at hand. Likewise, Dess and Robinson [37] Abu-Jarad, Yusof and Nikbin [28], Obiwuru

et al. [38] used the term organizational performance consistently through their studies. Most studies in the existing literature on performance have blindly used the concept without proper conceptualization [31]. Airing out their position on this issue Dess and Robinson [37] argued that, Organizational performance is complex and multidimensional phenomenon, thus conceptualizing such phenomenon is difficult. Of the few who tried to conceptualize it, still there was a no convergence on what should be considered as performance in SMEs. For example Javier as cited by Abu-Jarad, Yusof and Nikbin [28] considers performance to be equated to the famous 3Es (economy, efficiency, and effectiveness) of a certain program or activity. On the other hand, Daft [39] regarded organizational performance as the organization's ability to attain its goals by using resources in an efficient and effective manner. According to Dess and Robinson et al. [37], any research which incorporates organizational performance must address two basic issues of which in their absence, it will not be possible to achieve clarity in the findings. According to him the first issue is selection of the conceptual framework from which the concept of organizational performance is defined. Secondly is the issue of identification of accurate available measures which operationalize organizational performance. While the earlier is addressed in this part the letter is addresses in next subsection which deeply deals with Measurements. At the apex of the performance conceptualization paradox, thorough analysis of previous studies-irrespective of the label they attached to firm performance- brought interesting findings. Looking at how concepts were measured, business performance and organizational performance were found to have used approximately the same measurements. This brings an implication that concept nomenclature makes no significant difference when it comes to application. For example while Studies like, Venkatraman and Ramanujam [29]; Fairoz, Hirobumi and Tanaka [36] and Aziz, Abdullah, Tajudin and Mahmood [25,26] used financial indicators of performance like, profitability, return on investment, return on assets and non-financial indicators like satisfaction, firm overall performance, labor turnover. Likewise studies which used organizational performance to label firm performance such as Dess and Robinson [37]; Abu-Jarad, Yusof and Nikbin [33] and Obiwuru et al. [38] used similar measurements to capture firm performance. Based on the conceptualization evidence from previous studies this study thus finds secured to use business performance and organizational performance interchangeably because they all mean the same thing.

However most of the existing literatures on organizational performance seem to have failed to capture all or many dimensions of organizational performance required, despite sound methodological; tools and models used. It might be due to overconfidence in the

methodological and models used there by ignoring the importance of conceptualization of organizational performance. Likewise it may be due to complexity and multidimensional nature of organizational performance or even nature of studies used due to the fact that organizational performance means different things depending on the branch of management one is dealing with [31]. Despite the reasons behind the issue, the fact remains that, most researchers have fallen into a reduction trap of organizational performance measurement for simplicity and overemphasize in the research tools under the expense of the subject matter [40]. Likewise many studies stacked in the economic tradition, over emphasizing the importance of external market factors in determining organizational performance, whereas others have built on the behavioral and sociological paradigm. Such studies have reduced organizational performance to organizational factors and their 'fit' within the environment as the main success determining factors [41]. Based on the existing literature on business performance, this study regards business performance of SMEs to be complex and multidimensional, thus it is skeptical of any reductionism syndrome portrayed by existing literature. In the light of this view this study took a convergent point of various dimensions of organizational performance suggested in the literature.

Small and Medium Enterprises

There is no universally accepted meaning of SMEs. However there are various universally accepted criteria used to define SMEs worldwide [14]. Of all criteria, size of the firm is widely used to define SMEs. However different countries use various measure of size depending on their level of development. In Tanzania for example the term SMEs is used to mean micro, small and medium enterprises sometimes is termed as micro small and medium enterprises (MSMEs). It is therefore, common to see the two terms used interchangeably in various Tanzanian studies on SMEs [14]. The commonly used yardsticks include total number of employees, total investment and sales turnover. As Table 1 indicates-in Tanzania's context-micro enterprises are the one with one to four employees, small enterprises are the one with five to 49 employees, and medium enterprises are the one with employees from 49 to 99 while large enterprises comprise of employees from 100 and above [14]. This study used Tanzania meaning of SMEs because the study is taken from Tanzanian pint of view of SMEs. However micro enterprises are excluded because most of them are unregistered and often with no clear contact address In case a firm falls under two categories in terms of number of employee's criteria, then the level of investment will be the deciding factor.

Category	Employee	Capital Investment in Machinery (Tshs.)
Micro enterprise	1-4	Up to 5 mil.
Small enterprise	5-49	Above 5 mil. to 200 mil.
Medium enterprise	50-99	Above 200 mil. to 800 mil.
Large enterprises	100+	Above 800 mil.

Source: Adopted from URT, 2003

Table 1: Categories of SMEs in Tanzania.

Entrepreneurial Leadership and Performance

Existing literature suggests variation of findings regarding the relation between entrepreneurial leadership and business performance of SMEs. Some studies which attempted to research on the impacts of entrepreneurial orientation on business performance have reported the existence of positive relationship between entrepreneurial orientation and business performance of SMEs [23-25,42]. Along the same line of thinking, others have found a weak relationship between entrepreneurial orientation and business performance of SMEs while others found it to have played a mediating role on the relation between leadership styles and business performance of SMEs [25,34]. However studies which combined entrepreneurial orientation with leadership attributes and used its construct to measure entrepreneurial leadership style have found a positive relationship between entrepreneurial leadership and business performance of SMEs [22,27,28,43,44]. Henceforth this study aims at testing the relation between entrepreneurial leadership style and business performance of SMEs in Tanzanian context which previous studies have not been able to cover. This study is thus expected to bring a significant contribution to leadership and entrepreneurship literature. In addition this study is expected to bring an insight on how the combination of the leadership

and entrepreneurial behaviors can influence business performance of SMEs in Tanzania.

Research hypotheses

Based on the existing literature on impacts of entrepreneurial leadership style on SMEs and the objectives of the study discussed in the previous subsection, this study tested the following hypotheses:

Entrepreneurial leadership style is widely used by SMEs in Tanzania.

There is a positive relationship between entrepreneurial leadership and business performance of SMEs in Tanzania

Entrepreneurial leadership style is a significant and strong predictor of business performance of SMEs in Tanzania.

Conceptual framework

This study used a conceptual framework adapted from Van Zyl and Mathur-Helm [22]. In this model entrepreneurial leadership is considered to be the combination between entrepreneurial orientation and leadership attributes indicated in Figure 1.

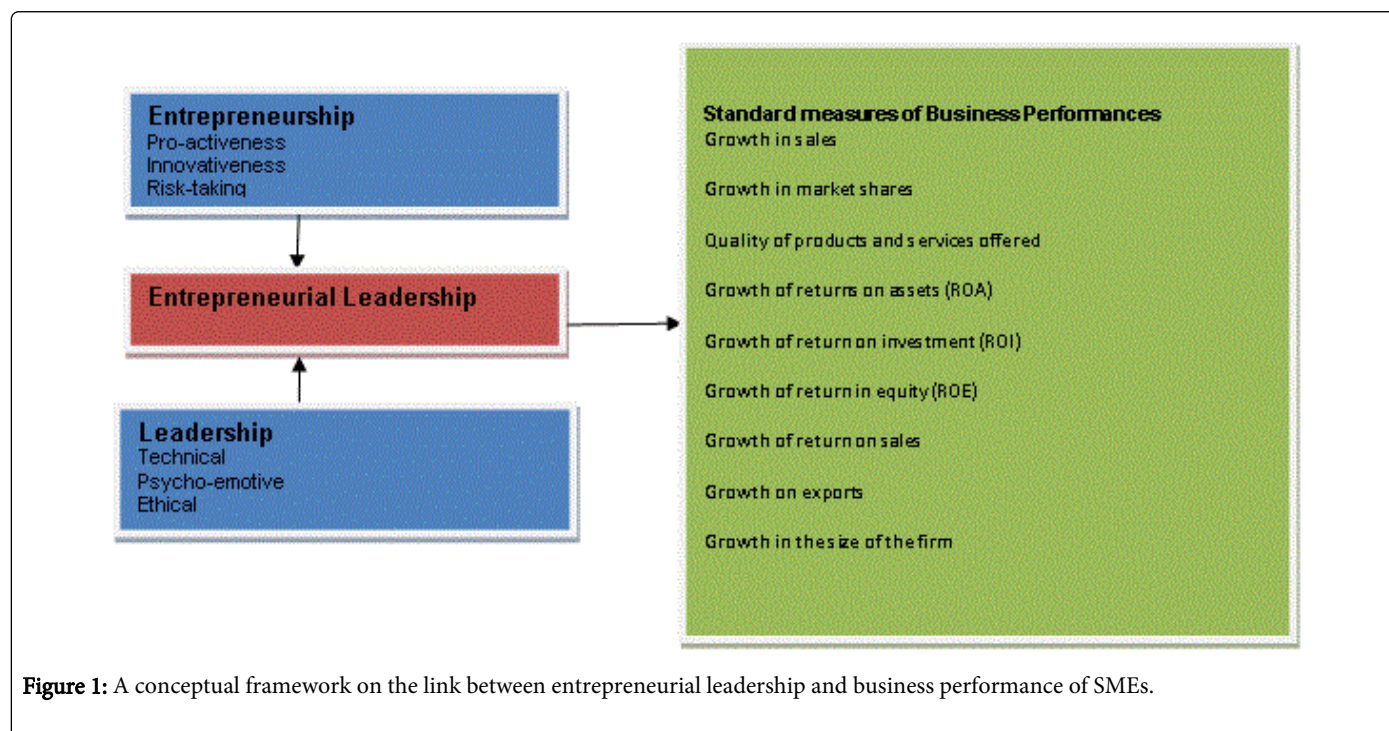


Figure 1: A conceptual framework on the link between entrepreneurial leadership and business performance of SMEs.

Research Methodology

Research design

This paper used field survey research methodology in which data were collected from CEOs of 100 SMEs using mailed questionnaires and telephone interviews. This Design was found suitable because the study covered 100 SMEs scattered all over the country, which could otherwise require a lot of resources and time beyond the researcher's capacity [45,46]. 98 questionnaires out of 100 questionnaires sent to respondents returned. Two questionnaires were found and complete thus could not qualify for further analysis. Data analysis is thus based

on 96 questionnaires and 85 telephone interviews based on CEOs willingness to talk on telephone phone.

Research method

This study employed sequential mixed method, qual-QUAN, in which the first part of the research started by exploring the extent to which entrepreneurial leadership style is being used by SMEs in Tanzania using descriptive statistical techniques followed by the second part which tested the second and the third hypotheses using quantitative statistical tools namely Pearson product moment correlation and simple regression by SPSS. This method is chosen based on the fact that, the nature of the phenomenon being researched

is moderately known thus require a midpoint between quantitative and qualitative method [46]. In addition hypotheses to be tested require a mixed research method. More over the researcher is informed by pragmatic philosophical orientation which can accommodate both qualitative and quantitative methods [47].

Entrepreneurial Leadership

Entrepreneurial leadership is defined by this study as the combination of leadership and entrepreneurial characteristics [22]. Entrepreneurial leadership is moderately researched in the leadership and organizational performance literature. As shown in Figure 1, entrepreneurial leadership has two dimensions namely entrepreneurship and leadership [22]. However Entrepreneurial leadership known in many entrepreneurship literatures as entrepreneurial orientation, has been widely researched and measured by three attributes namely pro activeness, innovation and risk taking [22,48,49]. On the other hand Leadership is measured by three attributes namely technical, psycho-emotive and ethical [22]. Technical behavior is about technical abilities which the leaders possess including his/her knowledge and his/ her 'know how' that may explain his /her capacity to influence. The ethical behavior of leadership is measured by observing the frequencies or even readiness of the leaders to make right decisions and actions combined with good intentions, and accompanied by moral correctness of behaviors. Likewise psycho-emotive measures the attraction of the leader psychological traits of his/her character, on his/her social skills and on his/her ability to create an appealing climate [50]. Although researchers like Mousavi, et al. [51] proposed a different measure of entrepreneurial leadership by using what he calls a comprehensive package of entrepreneurial leadership measurement it is still unpopular and thus its validity and reliability is yet to be tested in the wider context. On such account this study used Van Zyl and Mathur-Helm's adopted version of entrepreneurial leadership style [22].

Business performance

Previous studies indicate the presence of standard scale of business performance of organizations although there is still a long debate on how performance of SMEs can be measured due to lack of archival performance records and reluctance of the business leaders and managers to give such information to researchers [23]. On such accounts this study used business performance measures used by SMEs in Tanzania which may not necessarily resemble similar studies elsewhere. Several surveys, have reported on the difficulty to get data in the standard measures widely used in other parts of the world such as Profitability; Gross profit Return on asset (ROA), Return on investment (ROI), Return on equity (ROE), Revenue growth, Market share and stock price for financial business performance of SMEs [3]. Non-financial measures are also included in the standard measure of non-business performance of SMEs which is said to include; achieving start up goals overall performance, Provide secure job to employees and Satisfaction with company's performance [52,53]. Databases for financial archival data are not certain because in Tanzania SMEs are not legally supposed to keep financial records. Most SMEs which conduct self-business performance for monitoring control use their own measures which most studies on the particular area-as shown in Figure 1-have summarized them to be, Turnover, Profitability, Cost of sales, Number of customers, Prices of products/services, Cost of inputs, Number of employees, Stock used, Equipment used and Loss (Minister of Industry and Trade 2012). Considering the fact that,

business performance records of SMEs in Tanzania is very poor, this study finds inevitable to use measures available in Tanzanian context which may not necessarily include all measures shown in Figure 1. However using SMEs self-evaluated data may be invalid and thus should be treated with caution because in most cases they don't capture what the SMEs intend to measure [3].

Data analysis

This study used simple regression analysis by SPSS 16.0 tool to test the correlation between entrepreneurial leadership style and business performance of SMEs. Simple regression is found to be a convenient method for this study because, it is used to find out how independent variable(s) can explain changes in the dependent variable [54,55]. In this case simple regression was used to test how leadership style explains changes in business performance of SMEs. Pearson product moment correlation was used to test the prediction capacity of entrepreneurial leadership style on business performance of SMEs.

Findings

The findings of this study are based on the three hypotheses which are stated earlier in this paper. The hypothesis testing aimed at 3 objectives namely:

Assess the extent to which entrepreneurial leadership style is used in Tanzanian SMEs.

Test the relation between Entrepreneurial leadership style and business performance of SMEs in Tanzania.

Test the extent to which entrepreneurial leadership style predict variations in business performance of SMEs in Tanzania.

Descriptive statistical techniques such as tabulations and percentages were used to analyze data which were qualitatively used to test the first hypothesis by employing respondent's opinion consideration and researcher's critical thinking. Pearson product moment correlation was used to test the second hypothesis while simple regression was used to test the third hypothesis. The study analyzed 96 questionnaires returned out of 100 sent to respondents selected randomly from SMEs registered at Business Registration and Licensing Agency (BRELA). Two questionnaires were found incomplete thus not suitable for further analysis while the remaining two questionnaires did not return. In addition the analysis is also based on responses of 85 CEOs who were willing to participate in telephone interviews. The findings are presented in three hypotheses accordingly.

Hypothesis one: Entrepreneurial Leadership Style is widely used by SMEs in Tanzania. 56% of the respondents made responses which is associated with innovative behavior while 41% did not show any indicator of innovative behavior. 47.8% of respondents responded to proactive behavior while 52.2 were rather inactive when responding to the role they play in entrepreneurial activities of their respective SMEs. 83% of all respondents who answered the question(s) related with risk taking behavior indicated willingness to take reasonable risks required to make a leader entrepreneurial while 26.5% were skeptical of risk taking in their SMEs. Generally speaking the level of entrepreneurial orientation measured by innovation, pro activeness and risk taking seems to be high among the managers of SMEs in Tanzania. However as argued earlier, entrepreneurial orientation is not the same as entrepreneurial leadership [56-58]. Entrepreneurial leadership is

essentially a combination of entrepreneurial orientation and leadership behavior [22].

Entrepreneurial leadership	CEOs with leadership behavior	CEOs Without particulate leadership behavior
Innovative behavior	56.0	41.0
Proactive behavior	47.8	52.2
Risk taking behavior	83.0	26.5
Have technical skills	56.3	43.7
Psycho emotive behavior	82.9	16.6
Ethical behavior	87.3	12.7
Mean (%)	68.88	31.12

Source: Author based on interviews conducted to 85 CEOs of SMEs in various parts of Tanzania between February and April 2015,

Table 2: Entrepreneurial leadership trend in Tanzanian SMEs (% of CEOs in command of either 4 entrepreneurial leadership dimensions).

Looking at the remaining three variables of the entrepreneurial leadership style as indicated in Table 2, 56% of the CEOs had technical skills related to entrepreneurship while 43.7% did not have command of technical skills. Furthermore, 82.9 % indicated responses related with psycho emotive leadership behavior while only 12.7 % did not indicate possession of this leadership behavior. Moreover, 87.3% of the respondents made responses which imply presence of ethical behavior while 12.7 % showed responses which imply possession of unethical behavior. Based on these findings the hypothesis that “Entrepreneurial leadership style is widely used by SMEs in Tanzania” is supported because 68.88% of the CEOs in average percentages command entrepreneurial leadership behavior while 31.12% only, belong to other leadership styles.

Hypothesis two: There is a positive relationship between entrepreneurial leadership and business performance of SMEs in

Tanzania. Pearson product moment correlation and regression analysis assume normality of the data used, in support of these assumptions, a normality test was conducted using SPSS statistical software and the output supported the assumption. Table 2 presents the findings of the 2 tailed Pearson product moment correlation test conducted by SPSS for testing the second hypothesis.

The findings show that there is a positive correlation between entrepreneurial leadership styles and business performance of SMEs in Tanzania. The pearson correlation coefficient is 0.6 thus is a moderate positive correlation taking into consideration the fact that, perfect positive correlation is 1. The correlation between entrepreneurial leadership style and business performance of SMs in Tanzania is significant at 0.01 significant level (2 tails) as shown in Table 3.

Correlations			
		Entrepreneurial leadership style	Business Performance
Entrepreneurial leadership style	Pearson Correlation	1	0.634**
	Sig. (2-tailed)		0.000
	N	96	96
Business Performance	Pearson Correlation	0.634**	1
	Sig. (2-tailed)	0.000	
	N	96	96

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

Table 3: Correlation between entrepreneurial leadership style and business performance of SMEs in Tanzania.

These findings thus imply that the hypothesis is supported and that there is a positive relationship between entrepreneurial leadership style and business performance of SMEs in Tanzania. Leadership style is a significant and strong predictor of business performance of SMEs in Tanzania. Simple regression analysis by SPSS was conducted to test the

third hypothesis aimed at finding whether leadership style is a good predictor of business performance of SMEs in Tanzania.

Hypothesis Three: Entrepreneurial leadership style is a significant and strong predictor of business performance of SMEs in Tanzania. The regression equation used to test the second hypothesis from the regression output in Table 2 can be summarized as

BP=33.026+0.627(ELs) Where BP is business performance ELs is entrepreneurial leadership style.

Coefficient table, further shows that, at 95% level of confidence, p value of the regression model is 0.000, which is potentially less than

0.05 and thus significant; this implies that, there is a big possibility that the population slope is significantly different from zero therefore the regression model is capable to predict variations of dependent variable (Table 4).

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta	Lower Bound		Upper Bound	
1	(Constant)	33.026	2.418		4.296	0.000	5.587	1.519E1
	Entrepreneurial leadership style	0.627	0.079	0.634	7.943	0.000	0.470	7.836E-1
^a Dependent Variable: Business Performance								
Source: Author based on data collected by mailed questionnaires between February and April 2015								

Table 4: Regression equation.

Model Summary ^b					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	0.634 ^a	0.402	0.395		9.7971
^a Predictors: (Constant), Entrepreneurial leadership style					
^b Dependent Variable: Business Performance					
Source: Author based on data collected by mailed questionnaires between February and April 2015					

Table 5: Coefficient of determination (R2).

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6056.09	1	6056.09	63.095	0.000 ^a
	Residual	9022.41	94	95.983		
	Total	15078.5	95			
^a Predictors: (Constant), entrepreneurial leadership style						
^b Dependent Variable: Performance						
Source: Author based on data collected by mailed questionnaires between February and April 2015						

Table 6: Significance of the predictor.

Determination for the regression model was found to be 0.395 (Table 5) implying that entrepreneurial leadership style can predict 40% of the variations in business performance of SMEs Tanzania.

Coefficient of determination suggest that, entrepreneurial leadership style is a moderate predictor of business performance variations of SMEs in Tanzania. However it does not give us any picture as to whether it is significant and thus useful predictor of

business performance unless we include ANOVA regression output (Table 6).

Since the P value of the regression model is found to be 0.000, which is basically smaller than 0.05 thus there is no enough evidence to conclude that entrepreneurial leadership style is not a significant predictor of business performance of SMEs in Tanzania. At 0.05 level of significance we conclude that entrepreneurial leadership style is a significant predictor of business performance variations in Tanzanian SMEs.

Conclusion

The findings of this study showed that, there is a moderate positive correlation between entrepreneurial leadership style and business performance of SMEs in Tanzania. Furthermore findings show that, there is a significant correlation between entrepreneurial leadership style and business performance of SMEs, in Tanzania.

Moreover, entrepreneurial leadership style is found to be a slightly weak predictor of business performance variations of SMEs in Tanzania.

However entrepreneurial leadership style is a significant predictor of business performance thus its role should not be undermined. Policy makers should use these findings to promote entrepreneurial leadership in Tanzanian SMEs. These findings of this study suggest that, there is a big possibility that the current poor performance of SMEs in Tanzania is associated with lack of entrepreneurial leadership skills.

However the findings of this study should not be generalized beyond the context under which the study was conducted.

Furthermore, we call for future studies to conduct similar studies in specific industries such as service, food processing, retail and handcraft to see whether the findings will deviate from the one reported by this study.

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