


**EFFECT OF TRANSFORMATIONAL, DEMOCRATIC AND AUTOCRATIC
LEADERSHIP STYLES ON CHANGE MANAGEMENT IN SMALL AND MEDIUM
ENTERPRISES IN NAIROBI.**

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made within this paper.

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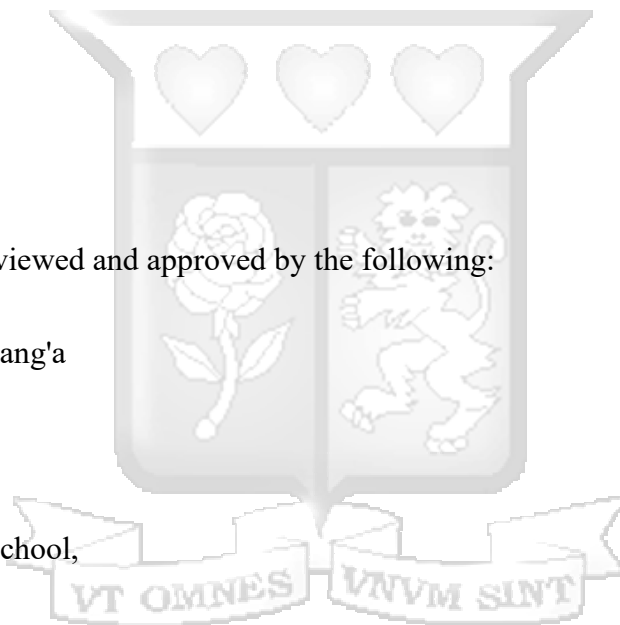
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ABSTRACT

In the modern dynamic business environment, managing change has become quite imperative for the sustainability and competitiveness of the SMEs. SMEs in Kenya's accommodation and food sector face a critical dilemma while they are essential drivers of economic growth, many struggle with managing organizational change effectively due to mismatched leadership styles. The prevalence of autocratic leadership limits adaptability and employee engagement raising concerns about which leadership styles are most effective for facilitating change in this context. This study, therefore, examined the effect of three styles of leadership: transformational, autocratic and democratic on change management of SMEs in Nairobi, Kenya. The purpose of the study was to address the issue of adapting SMEs to dynamically changing markets, focusing on the development of leadership competencies and their role in encouraging engagement among employees, minimizing change resistance and increasing organizational adaptability. The research relied on Full Range Leadership Theory and Kurt Lewin's Change Theory. The study used a positivist research philosophy with a descriptive cross-sectional research design. Primary data was collected via structured questionnaires targeting SME owner or managers with 197 participants selected using judgmental sampling technique while descriptive and inferential statistical data analyses was carried out to look for patterns in the data. Findings suggest that autocratic leadership is the most prevalent style of leadership in SMEs in Nairobi County with transformational leadership being the least popular of the three. According to the results of inferential statistics, transformational and democratic leadership have significant positive effect on change management, with the effect of transformational leadership being substantially stronger. On the other hand, autocratic leadership had significant negative effect on change management. Therefore, this study concludes that transformational and democratic leadership styles effect successful change whereas autocratic leadership is detrimental to successful leadership. This study provides incremental value by filling the empirical gap in the literature on culturally adaptive leadership strategies, and it provides actionable insights that might be useful for policymakers, leaders of SMEs and researchers. The findings contribute to a broader understanding of culturally adaptive leadership strategies, emphasizing its role in sustaining organizational growth and resilience in emerging markets.

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LIST OF ABBREVIATIONS

FRLT: Full Range Leadership Theory

KNBS: Kenya National Bureau of Statistics

KTDA: Kenya Tea Development Agency

MSME: Micro, Small, and Medium Enterprises

NACOSTI: National Commission of Science Technology and Innovation

SHRM: Strategic Human Resource Management

SME: Small and Medium Sized Enterprises

SPSS: Statistical Package for the Social Sciences

SU-IERC: Strathmore University Institute of Ethics and Research Committee



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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the current dynamic and competitive environment organizations like Small and Medium Enterprises (SMEs) operate under continuous pressure to adapt to rapid technological innovation, demographic changes, changing consumer behavior and global economic turbulence. It is approximated that more than 60% of Kenyan SMEs are heavily hampered by change challenges particularly in the post-COVID-19 era. These are shifts in consumer demand, supply chain disruptions and shifts in digital engagement. Effective change management has therefore emerged as a primary driver of business continuity and sustainable growth in Kenya's SME sector (KNBS, 2023).

In the words of Gupta et al. (2012) and De Wit and Meyer (2010), the question today is no longer whether organizations must change, but when, how, and in what directions. Organizations must also continuously change their way of acting in the light of their environments to survive and remain competitive by reacting to, or shaping, their operating environments.

Change is inevitable and central to business operation. Planned and unplanned changes push organisations and people beyond their comfort zones, thus compelling them to act (Waldman, 2011). The rationale for the organisational change involves external opportunities/threats alignment or addressing internal problems (Caldwell et al., 2010). Whatever the reason, change must be managed strategically to avoid adverse implications on people (Phipps, 2012).

However, resistance towards change is common and mostly driven by the employees' fear and need for security. Wegge et al. (2014) effective leadership deals with resistance through communication, education, and providing employees with incentives. According to Ruiz et al. (2011), involving employees early on makes the change process go more smoothly and increases the change's longevity (Fickenscher & Bakerman, 2011).

Organizational change can be proactive or reactive. Proactive changes are strategic, usually innovative, and often meant for long-term growth, while reactive changes are responses to

immediate external challenges. The leaders could only ensure that there is successful management of change if they actually understand their organization's culture and strengths, build teamwork, and ensure open communications.

1.1.1 Leadership Styles

One of the most fundamental elements in creating organizational success is effective leadership. It has conventionally been defined as a process in which one person influences a group of persons to reach or realize predefined goals or objectives (Amoako-Asiedu & Obuobisa-Darko, 2017). As described by Yukl (2010), it has also been defined as persuading others about understanding what needs to be done and the ways by which shared objectives can be achieved. Dixon and Hart (2010) significantly pointed out that an effective leader inspires not just motivates but also increases efficiency, which results in the success of an organization.

Leadership can be regarded as intrinsically a social process; through interpersonal influence exerted by leaders upon organizational participants, leadership is defined. Shared underlying themes of most definitions of leadership are the dependency upon collaboration, social nature of leadership, and the exterior role that the leader plays in directing the group towards attaining a predefined goal (Cheng, 2011). It is through the enactment of different styles of leadership that leaders may motivate staff to attain organizational objectives.

Leadership styles refer to the methods that leaders employ to communicate with their teams, reach decisions, and accomplish goals (Northouse, 2018). Strand (2011) affirms that different leadership styles determine commitment and motivation levels among employees. Leadership styles play a pivotal role in shaping the dynamics of organizations and influencing their success. Leadership is the process through which a person influences others to achieve organizational goals (Mansaray, 2019). Different leadership styles cater to varying organizational needs and situations, each possessing unique characteristics, advantages, and limitations. Some common leadership styles include autocratic, democratic, transformational, transactional and laissez-faire leadership styles among others (Sharifah et al., 2012).

Transformational leadership involves the capacity to inspire and motivate employees to prioritize the organization's goals over their own (Carter et al., 2012). This style fosters an

environment of innovation, commitment, and teamwork by emphasizing values and long-term goals. Transformational leaders act as visionaries, empowering employees to embrace change and enhance their capabilities (Mansaray, 2019).

Research indicates that transformational leadership positively correlates with employee satisfaction and organizational performance (Ganta & Manukond, 2014). By aligning individual goals with organizational objectives, transformational leaders facilitate a sense of shared purpose (Holmes, 2019). However, the effectiveness of this style depends on the leader's ability to communicate a compelling vision and build trust.

Transformational Leadership inspires workers to do more than is expected of them through a process called charismatic leadership which includes building trust, admiration, and loyalty of followers that subsequently leading to a high level of performance and commitment (Yin et al., 2019). Transactional leadership uses structured tasks, rewards, and punishments to drive performance (McCleskey, 2014). Leaders employing this style focus on short-term objectives and adherence to organizational policies. While effective in achieving specific outcomes, transactional leadership often lacks the emotional connection necessary to inspire employees (Mansaray, 2019). Studies show that transactional leadership is beneficial in highly regulated industries where compliance is critical. However, its limitations include the inability to foster innovation and adaptability, which are crucial in dynamic environments (Robbins & Judge, 2017).

Autocratic leadership involves centralized decision-making, with leaders exercising full control over organizational activities (Mansaray, 2019). This style is suitable in scenarios requiring quick decision-making and adherence to strict protocols. However, it often stifles creativity and employee morale (Puni et al., 2014). The Kenya Tea Development Agency (KTDA) exemplifies the challenges of autocratic leadership in managing change. The agency's reliance on top-down decision-making hindered employee buy-in during a computerization process, leading to its failure (Awuor & Kamau, 2015). This underscores the need for a more participatory approach in implementing organizational changes.

Democratic leadership emphasizes collaboration, involving employees in the decision-making process (Khan et al., 2020). This participatory approach fosters a sense of ownership, leading to higher employee motivation and satisfaction (Mansaray, 2019). Democratic leaders are

particularly effective in environments requiring innovation and adaptability. However, the inclusive nature of this style may lead to slower decision-making, particularly in crisis situations (Holmes, 2019). Balancing inclusivity with efficiency is critical for maximizing its benefits. Laissez-faire leadership allows employees significant autonomy in decision-making and task execution (Mansaray, 2019). This style is effective when team members are highly skilled and self-motivated. However, inactive leadership can lead to a lack of direction and accountability (Puni et al., 2014).

Leadership styles directly influence change management processes. Transformational leaders inspire and engage employees, democratic leaders foster collaboration, and autocratic leaders ensure swift decision-making in high-pressure scenarios (Hossin et al., 2023).

Furthermore, while there are over ten recognized leadership styles in the literature, there is limited consensus on which are most applicable to SMEs undergoing change in Kenya. This study focuses on three key styles i.e. transformational, democratic, and autocratic which reflect a wide behavioural range from participative to directive. These styles were selected because they are most frequently observed in SMEs (Carter et al., 2012; Holten & Brenner, 2015) and offer differing implications for employee engagement and change acceptance.

The study used Behavioral Leadership theories and Full Range Leadership theory to provide an appropriate theoretical foundation for the choice of the leadership styles. Behavioral theories, particularly those stemming from the research of Lewin et al. (1939), categorize leadership into democratic, autocratic, and laissez-faire styles. Democratic leadership emphasizes collaboration, open communication and including the team in decision making while autocratic leadership centralizes power and decision-making in the leader, with minimal input from team members. This framework helps explain why democratic and autocratic leadership styles are distinct and relevant for studying how leaders influence the change management process. Transformational leadership is central to the Full Range Leadership Theory (Bass, 1985). This theory highlights how transformational leaders inspire change by motivating and empowering employees while fostering innovation.

This study focused on three leadership styles identified by the Behavioral Leadership theories and Full Range of Leadership theory namely, democratic, autocratic and transformational

leadership styles respectively were selected for their motivational attributes as outlined earlier to achieve the research objectives.

1.1.2 Change Management

Change management involves the systematic approach to transitioning individuals, teams and organizations to a desired future state. It is an essential process for firms to be competitive and adaptable in dynamic environments (Mansaray, 2019).

Change management refers to the methodical process of assisting people, groups and organizations in moving from their current situation to a more ideal future state (Singh, 2014). It is designed to help stakeholders understand, accept, and adjust to changes that arise inside or outside the organization. Kotter (2011) describes it as using defined structures and tools to manage any organizational transformation.

Strategic Human Resource Management (SHRM, 2020) emphasizes that change management relies on systematic approaches and the application of tools and knowledge to implement changes effectively. This involves redefining strategies, technologies, and systems to integrate new processes or products while minimizing negative outcomes. It also addresses challenges like resistance to change, communication failures, and technical malfunctions (SHRM, 2020). Prosci (2016) highlights the focus on the human aspect using processes, tools and techniques to accelerate the acceptance and effectiveness of changes among employees.

The goal of change management is to make organizations more efficient, effective, and adaptable to environmental shifts (Mukonyo, 2014). It involves fostering new values, behaviors, and attitudes while overcoming resistance (Singh, 2014). Building consensus among stakeholders, testing transitions, and planning organizational restructuring are all part of this comprehensive process. However, implementing the right strategies to ensure smooth transitions remains a significant challenge (Mukonyo, 2014).

This study defines change management as a structured process that transitions organizational processes and technologies while ensuring employee support, clear planning, and continuous monitoring (Onyango, 2020).

Effective change management often involves simplifying and publishing procedures to ensure accessibility and inclusivity (World Trade Organization, 2015). However, the process is inherently complex. Kotter (2014) highlights that change affects not just operations but also people, making communication and engagement critical. Armstrong (2009) adds that organizational changes include structures, management, employees, and processes.

Defining change management as a coordinated effort to transition organizations to a desired state (SHRM, 2020), Thompson (2007) highlights its focus on fostering acceptance and commitment among employees. It involves systematic methodologies and tools to achieve business goals (Melbourne, 2003). Hortho (2008) underscores its importance for survival, enabling organizations to adapt to consumer demands, develop contingency plans, and respond to challenges proactively.

Communication, planning, and training are critical elements of a proactive change approach (SHRM, 2020). Leaders play a pivotal role, with quick decision-making essential in today's dynamic environments (Van, Demerouti, & Bakker, 2013). However, resistance to change often stems from employee attitudes which can undermine readiness and acceptance (Bouckennooghe, 2010; Shea et al, 2014).

Organizational readiness encompasses psychological and behavioral preparedness to implement change (Weiner, 2009). Factors like training alignment, systematic communication, and employee engagement determine success. Feedback loops are vital for refining knowledge and fostering commitment (Elving, 2005).

Despite the many benefits of change management, assumptions about universal acceptance can derail efforts (Ford et al., 2008). Research suggests that many organizations prioritize cost reduction and growth over sustainability (Monahan et al., 2016). To address these gaps, future studies should examine cultural and cross-functional dynamics in change management (Piertse et al., 2012).

This study examined how leadership styles influence change management in the success of Kenyan SMEs using Kurt Lewis's change model to assess readiness and effectiveness. By addressing gaps in understanding, organizations can better navigate complex transitions and align change strategies with broader goals.

1.1.3 Small and Medium Sized Enterprises in Kenya

Small and Medium-Sized Businesses (SMEs) are regarded as significant forces behind economic prosperity. They are essential parts of a physical economy because they generate sales, jobs, and tax income. In Kenya, a large population acknowledge the importance of small businesses in creating jobs, especially those with intermediate skills. Approximately, 77 percent of workers in the private sector are employed by SMEs, which contribute 35 percent of Kenya's GDP. The Kenyan government has been heavily supporting SMEs through government incentives because their growth has outpaced their contribution to the GDP in recent years (ROK, 2015).

In Kenya, SMEs account for 34.3% of the country's total economic activity. 77% of all employment statistics are made up of this (Ouma et al, 2007). In Kenya, the informal sector—that is typified by poor organizational structures, minimal use of labour-intensive technology, and probably no registration or license accompanies a sizable fraction of SMEs.

In Nairobi, the country's economic hub, SMEs form the backbone of job creation and innovation. However, there are several challenges faced by these enterprises that limit their adaptability to market demands for sustained growth. One major challenge is resource constraints in terms of lack of funding and skilled labour, which are really the major drawbacks to investing in leadership development and change management by SMEs (Oduor & Mukulu, 2021). Besides this, the tendency of a high mortality rate among SMEs is estimated at 46%, not living beyond their first year, and can be traced back to inadequate leadership coupled with resistance to change (World Bank, 2020).

Another related challenge is on how to go through regulatory compliance and red tape. SMEs in Nairobi are likely to be operating within such a complex regulatory environment that requires adaptive leadership to the frequent policy changes (Awuor & Kamau, 2015). The transformational and democratic forms of leadership may allow SMEs to become more resilient and innovative, but the prevalence of autocratic leadership in certain sectors increases employee grievance and resistance to change (Mansaray, 2019).

Furthermore, the issue of cultural dynamics significantly influences leadership effectiveness for change management. Most SMEs in Nairobi operate within collectivist settings where

employee involvement and participatory decision-making are a key factor in implementing successful change (Hossin et al., 2023). Most leaders of SMEs lack training in aligning leadership practices with organizational culture, which further complicates change initiatives (KNBS, 2016).

Technology adoption is another pressing issue. While digital transformation offers significant growth opportunities, many SMEs in Nairobi struggle with the associated costs and the resistance from employees unprepared for technological shifts. This underscores the need for leadership styles that emphasize communication, motivation, and skill development to ease transitions (Le et al., 2023).

In Kenya, SMEs are active across various sectors including wholesale and retail trade, manufacturing, construction, information and communication technology (ICT), transportation, professional services, and the accommodation and food services sector (KNBS, 2016). While wholesale and retail trade accounts for the largest share of SMEs, the accommodation and food services sector stands out due to its dynamic nature, high interaction with consumers, and susceptibility to market shifts (Okech & Mutinda, 2022). This sector is critical not only for its economic contribution but also for its role in employment creation, supply chain stimulation, and tourism development, particularly in urban hubs like Nairobi (Global Tourism Resilience and Crisis Management Centre, 2020). Unlike sectors such as manufacturing or ICT, where change management often revolves around technical upgrades, the accommodation and food sector faces continuous operational and customer-driven changes requiring agile leadership approaches. Therefore, this sector provides a rich and relevant context to examine how leadership styles directly influence change management outcomes within SMEs, making it an appropriate focus for this study.

1.2 Problem Statement

Change management is a critical challenge for SMEs in Kenya, which form the backbone of the Kenyan economy. Despite their significant contribution, very few Kenyan SMEs have managed to overcome strategic change issues that inhibit growth and competitiveness (Gacharia, 2016). Leadership plays a central role in driving growth and sustainability in SMEs by affecting internal organizational dynamics and influencing adaptability to various business environments. Recent studies have shown that, aside from driving strategic decision-making,

effective leadership styles, such as transformational, democratic, and autocratic leadership are critical in fostering employee engagement and organizational agility (Ebrahim, 2018; Mansaray, 2019).

Change management remains a critical challenge for SMEs in Kenya, which form the backbone of the Kenyan economy. SMEs contribute about 40% to Kenya's GDP and employ about 86% of the workforce (KNBS, 2016). Despite such a huge contribution from them, about 75% of SMEs fail within the first three years of operation due to inability to navigate through organizational change effectively (World Bank, 2019). Challenges such as reluctance to change, resource constraints, and a lack of organized change management processes significantly impede SMEs' growth and competitiveness (Awuor & Kamau, 2015).

Leadership has a substantial impact on the growth and sustainability of SMEs, as well as the internal organization's dynamic and adaptability and employee engagement (Ebrahim 2018). Effective leadership styles like democratic, transformational and autocratic leadership not only increase organizational agility but also improve change management (Mansaray, 2019). However, many Kenyan SMEs lack formal leadership structures with leadership frequently being informal and reactive (Asiimwe, 2021). According to surveys, more than 60% of SME leaders in Kenya do not receive professional leadership training, restricting their ability to effectively manage change (KNBS, 2016).

Despite the fact that significant study has been undertaken on leadership styles worldwide, most studies have focused solely on large organizations, leaving the issues encountered by SMEs in dynamic business contexts virtually unexplored (Goyal et al., 2024; Holten & Brenner, 2015). Although the impact of transformational and democratic leadership styles on change management is well established, the concept of autocratic leadership has received less attention in this regard (Hossin et al., 2023). There have been very few empirical studies on the Kenyan SME context, particularly Nairobi as the country's economic core. This demonstrates a knowledge gap in understanding how leadership styles influence local change management (Linge et al., 2016).

As helpful as it is, most of the research has tackled the performance of various leadership styles in managing the change in the organization but much empirical testing has not been conducted in terms of how leadership styles autocratic, democratic, transformational, transactional, and

situational leadership affect change management in SMEs (Clarke et al., 2022; Hossin et al., 2023; Le et al., 2023). It is known that those leadership styles can ensure successful management of change, but there is not enough research concerning the organizational structures of Kenyan SMEs. Asimwe (2021) comments that this situation arises because most of the studies that are currently available concentrate on large corporations at the expense of small enterprises. Development of research in countries such as Kenya is also limited by other aspects such as insufficient funds, ignorance, and fast-changing business situations (Awuor & Kamau, 2015; Linge et al., 2016). Previous studies by Awuor and Kamau (2015) and Maina and Kiboi (2018) have focused primarily on general leadership and firm performance, overlooking the nuanced relationship between leadership styles and change management within sector-specific contexts.

The present research addressed these gaps by examining how transformational, autocratic and democratic leadership styles influence change management practices within SMEs in Nairobi, Kenya. In this way it aimed to offer practical recommendations which allow SMEs to implement empirically tested policies on hiring and developing managers in charge of organizational transformation. Moreover, as Goyal et al. (2024), Holten and Brenner (2015), and Mazzetti and Schaufeli (2022) point out, it is imperative to undertake additional studies on the link between leadership styles and change management in order to improve organizational performance in an ever changing and competitive landscape.

1.3 Research Objective

1.3.1 General Objectives

The general objective of the study was to investigate the effect of transformational, democratic and autocratic leadership styles on change management among SMEs in Nairobi using Kurt Lewin's Change Management Model.

1.3.2 Specific Objectives

Specifically, this study aims to:

- i. To determine the effect of transformational leadership on the change management in small and medium sized enterprises in Nairobi.

- ii. To assess the effect of autocratic leadership on the change management in small and medium sized enterprises in Nairobi.
- iii. To establish the effect of democratic leadership on the change management in small and medium sized enterprises in Nairobi.

1.4 Research Questions

The following research questions served as the basis for this study:

- i. What is the effect of transformational leadership on the change management in small and medium sized enterprises in Nairobi.
- ii. How does autocratic leadership influence change management in small and medium sized enterprises in Nairobi.
- iii. In what way does democratic leadership impact change management in small and medium sized enterprises in Nairobi.

1.5 Scope of the study

The study examined the effect of leadership styles on change management in SMEs in Nairobi. The study further explored the influence of transformational, autocratic, and democratic leadership styles on managing change in SMEs in Nairobi region. The study was confined to small and medium sized enterprises in Nairobi only. The choice of small and medium sized enterprises in Nairobi as the unit of analysis is justified as it accommodates 16.2% of all the SMEs in the country providing a good representation of the enterprises. Primary data was collected through structured self-administered questionnaires to owners and managers of SMEs who are the key decision makers in change management. The target population of the study was 5,668 SMEs in Nairobi. A sample size of 197 managers or owners was purposively selected as the main respondents. The study ran from November 2024 to April 2025.

1.6 Significance of the Study

1.6.1 Owners and Managers of SMEs

The study is important to owners and managers of SMEs because it offers information on how change management practices affect SMEs leadership styles and practices. The study offers

ideas to SMEs in Kenya on how leadership styles can be used to translate into easier change management, which is quite critical for the survival and development of such enterprises within a volatile market setting. By detecting the most effective leadership style for guiding change, the research may help leaders and managers within SMEs select and develop appropriate approaches to leadership. This can lead to better employee engagement, less resistance to change, and increased adaptability of organizations for the future; hence, it helps grow and make the SME sector more viable and sustainable.

1.6.2 Future Researchers

The study adds to the literature on how leadership styles relate to change management with regard to SMEs in Kenya among scholars and researchers. It addresses a research gap by providing empirical data on how transformational, autocratic, and democratic styles influence change management within the context of SMEs, which has received limited academic focus. Such findings add to the wealth of reference materials useful for studies in the future and increase the body of academic literature, perhaps even spurring further research into the leadership challenges in emerging economies and those within the SMEs.

1.6.3 Government of Kenya

This research is of policy significance to the Kenyan government as well because SMEs constitute a vital part of the national economy. The findings could help policymakers design specific programs and policies that support effective leadership development within the SMEs and thus make such enterprises more resilient and flexible in relation to the competitive market. Additionally, the findings of this study would be useful in government programs targeting the assurance that SMEs are encouraged to attain robust growth and stability; hence, contributing towards the national agenda of economic development and job creation.

1.7 Chapter Summary

An overview of the research on the relationship between leadership styles and change management in SMEs in Nairobi, Kenya, is given in this chapter. It calls for strong leadership in handling change in the dynamic business environment of Kenyan SMEs. The study's objectives, research questions and research importance are outlined with an emphasis on management of SMEs and implications for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to establish a foundation of the existing knowledge on the relationship between leadership styles and change management focusing on SMEs. It allows for the identification of theoretical and empirical gaps, therefore helping to clarify the study's focus and justify why further research is needed in the context of Kenyan SMEs. This also helps in the identification of leadership styles most relevant to managing change effectively at SMEs and is considered crucial in developing recommendations for SME leaders in Kenya. It also helps inform the conceptual framework through a look at established theories and methodologies used in prior studies, which ensures that the research is anchored on scholarly work and informed by previous findings. The theoretical and conceptual frameworks that served as the study's compass were also covered in this chapter. It also examined criticisms, research gaps and the summary.

2.2 Theoretical Framework

The theoretical framework is a party of concepts, ideas, and assumptions that act as a roadmap to conceptualize the problem under investigation. Creswell (2014) defines a theory as a suggested rationale for the link between variables investigated in a study. The theoretical framework of the present research is embedded in two meaningful theories: Transformation leadership theory as an anchoring theoretical framework and Kurt Lewis change theory, offering additional support. A multi-theoretical method was useful for better analysing the study's objectives. It is also important for an in depth understanding on how leadership styles affect change management.

2.2.1 Full Range Leadership Theory

The full range leadership theory (FRLT) or full range leadership model (FRLM) is a “complete approach to leadership styles that covers low to high engagement leading to different leadership efficiency” (Antonakis & House, 2013). The development of the theory is based on more than 100 years of leadership research involving the empirical works of Max Weber, James

MacGregor Burns, and Bruce J. Avolio. FRLM is a “comprehensive leadership theory encompassing various leadership styles, including transformational, transactional, and laissez-faire. It focuses on the behaviour of leaders in different work situations and how these behaviours impact workforce efficiency and engagement” (Antonakis et al., 2003). Therefore, the model was developed out of the limitations of the existing leadership theories.

The theory posits that transformational leadership leads to high engagement and effectiveness, while transactional leadership results in moderate levels, and laissez-faire leadership is the least effective (Antonakis & House, 2013; Antonakis et al., 2003). The FRLM is structured around two axes: the degree of leader involvement and the effectiveness of their leadership style. In this case, the transformational leadership style focuses on inspiring and motivating followers to achieve extraordinary levels of performance (Antonakis et al., 2003; Kanat-Maymon et al., 2021). Therefore, it essentially involves idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

On the other hand, transactional leadership focuses on maintaining a stable and efficient working environment through exchanges and rewards. Taking into account the leader involvement versus the effectiveness axes, this leadership style involves the following: laissez-faire (hands-off leadership), management-by-exception, and contingent rewards. Lastly, laissez-faire leadership represents a lack of leadership characterized by a hands-off approach and a reluctance to provide guidance or direction.

Considering that FRLT is a comprehensive leadership theory focusing on the behavior of leaders towards the workforce in different work situations, it was a relevant theoretical framework for the current research (Kanste et al., 2009). Its focus on multiple leadership styles even makes it more appropriate for the study that sought to explore three leadership styles: transformation, autocratic, and democratic leadership styles. However, the theory is not without its limitations, especially in the context of the current study. For instance, while it recognizes transformational leadership styles, autocratic and democratic leadership styles are not explicitly categorized within the model.

Fortunately, since the model defines the behaviors, attributes, and outcomes associated with different leadership styles in detail, foundational principles of the theory are still applicable to autocratic and democratic leadership. For instance, autocratic leadership can loosely be linked

to certain transactional behaviors (contingent reward or management by exception), where control is more top-down (Somabhai, 2012). On the other hand, democratic leadership overlaps with elements of transformational leadership, particularly individualized consideration and intellectual stimulation (Sivarat et al., 2021). In this regard, the model was appropriate for the study.

Its application for the study involved providing a framework for measuring leadership behaviors in different situations during change management. Specifically, leadership behaviors under the three leadership styles were operationalized through the FRLT's Multifactor Leadership Questionnaire (MLQ), which measures how frequently a leader uses different behaviors aligned with transformational, transactional, and laissez-faire styles.

2.2.2 Kurt Lewis Theory of Change Management

One of the foundational models in organizational change management is the Change Theory, which Kurt Lewin developed in the 1940s. His theory has been summarized as a "three-step model" and is described as a structured process in which an organization moves from its present state to a future desired state through three steps: Unfreezing, Changing, and Refreezing (Lewin 1947). Being among the founders of social psychology, Lewin believed that behavior is a product of the environment, and that change is only possible by tackling dynamics from social forces that reinforce any particular behavior. His approach became an important framework for understanding and implementing change within organizations (Burnes, 2004).

Lewin's Change Theory involves three major stages: unfreezing, a stage of readying the organization for change by challenging existing attitudes and belief, motivating employees to accept the need for transformation. Changing is a step wherein new behaviors, procedures, or attitudes are prescribed, thus allowing employees to experiment with and learn to live with the changed practices. Refreezing is the means by which changes are consolidated within the organizational culture as a method of avoiding regression back to old behaviors (Lewin 1947).

Other scholars, like Edgar Schein, further developed Lewin's work and emphasized the fact that, in essence, during the process of unfreezing, the employees need to have their sets of beliefs dismantled and to open themselves up to new ideas (Schein, 1996). Similarly, the eight-step model by John Kotter is also an evolution of Lewin's stages but gives a more concrete

methodology for conducting change and, at the same time, was similarly based on Lewin's core concept of progressive and staged change (Kotter, 1996).

Kurt Lewin's Change Theory offers distinct strengths that have solidified its relevance in organizational change management. A primary strength is its provision of a clear and structured approach to managing change through its three-stage model: Unfreezing, Changing, and Refreezing. This framework simplifies the complex dynamics of organizational transformation into actionable steps. Moreover, the theory highlights the importance of addressing employee resistance to change, ensuring smoother transitions during change initiatives. It also underscores the necessity of fostering a supportive organizational culture that aligns with the change objectives, thereby enhancing the sustainability of the transformation (Burnes, 2004).

Nevertheless, Lewin's model has its share of weaknesses. One critique is that it oversimplifies the intricacies of organizational changes, failing to account for the nonlinear and iterative nature of change processes in contemporary business environments. Additionally, the model assumes a linear progression of change, which may not be applicable in scenarios requiring simultaneous or cyclical adjustments. Lastly, its applicability is somewhat limited in large-scale or complex changes where multiple variables and iterative strategies are involved (Cummings et al., 2016).

Despite its impact, criticisms have confronted Lewin's Change Theory, especially regarding contemporary, rapid-growth business environments. Some critics argue that the model is inflexible for complex continuous change due to its linear step-by-step nature, assuming there is a stable end state following the refreezing stage (Burnes, 2004). More importantly, according to some researchers, such a model over-simplifies the process of change because only three stages cannot capture the real iterative and adaptive nature of the change processes in the real world (Cummings & Huse, 1989). Nevertheless, Lewin's model is still useful as a basic guideline, especially for the case where the structured and planned change needs to be implemented.

Other change models, such as the Kotter eight steps, develop this process in greater detail through the use of steps, each focused on one particular action. While Kotter bases his theory on urgency and creating momentum for change, Lewin focuses on the need to break resistance by developing a readiness for change before any new behaviors are to be introduced (Kotter,

1996). Additionally, Lewin's approach contrasts with the transformational leadership approach, where change is driven through vision and motivation rather than structured phases. Transformational leaders often adopt a more flexible, ongoing approach to change, making it suitable for dynamic environments, whereas Lewin's model is beneficial in stable, structured contexts (Northouse, 2018).

In the case of Kenyan SMEs, Lewin's Change Theory offers a formalized system to manage change; this is very important in settings where the chances to adapt could not be constant. Unfreezing would be very instrumental at the level of Kenyan SMEs; workers may be resistant both due to established rhythms in doing business and due to limited exposure to other ways of performing the job. During this stage, through employee engagement, leaders can tear down resistance and unlock openness to innovation (Wachira, 2018). The changing phase in Kenyan SMEs involves introducing new processes or technologies relevant for the growth needs of the organization, while the refreezing stage is characterized by letting the leaders solidify these changes, so they become part of the organizational culture and practice (Mansaray, 2019).

Du et al. (2020) applied Kurt Lewin's Change Theory to investigate the role of leadership in organizational transformation within Chinese universities, finding that leaders who implemented the stages of unfreezing, changing, and refreezing were successful in reducing resistance and facilitating smoother transitions during digital transformation. This study provides evidence of Lewin's relevance in managing structured stages of change, which is applicable to the organizational context of this research.

Okalany and Adipala (2016) explored Lewin's Change Theory in the context of African universities undergoing structural change, emphasizing the importance of addressing resistance during the unfreezing stage and the need for strong leadership to sustain changes during the refreezing stage. Their findings support the utility of Lewin's model in structuring change initiatives, which aligns with its application in SMEs in Nairobi.

Hossin et al. (2023) reviewed leadership styles in SMEs and their relationship to change management, suggesting that Lewin's structured change process, when integrated with appropriate leadership styles, significantly enhanced the implementation of new practices. This underscores Lewin's Change Theory as a foundational framework for implementing leadership-driven organizational changes, a key aspect of this study.

Lewin's Change Theory applies in this study because, through it, clear and actionable structures are developed, which often agrees with the structured approach required in most Kenyan SMEs. In a setting where limitations abound and stability is required, the Lewin model presents an orderly implementation of change with concern for employee resistance. This three step process of unfreezing, changing, and refreezing allows the SME leader to guide the employees through transitions in a controlled manner. This would allow for successful and lasting change to take place in the company. This theory and concept also support the style of transformational leadership, since there is a specific path on which to base one's leadership, especially for SMEs needing defined stages toward organizational change.

Nevertheless, since the study sought to examine the effect of leadership styles on change management in SMEs, Lewis change theory holds relevance. In particular, the study was interested in the influences of transformational leadership, autocratic leadership and democratic leadership styles. The theory provided a supporting framework, alongside full range leadership theory, to determine how each of these leadership styles can effect change in SMEs in Kenya.

2.3 Empirical Review

This section of the chapter provides a critical analysis of the existing empirical literature on the topic under investigation.

2.3.1 Transformational Leadership and Change Management

Transformational leadership emphasizes inspiring and motivating employees to exceed expectations by fostering innovation and change. Leaders adopting this style focus on building a vision and creating enthusiasm among employees, which often leads to enhanced organizational performance (Alqatawenh, 2018). Transformational leaders are particularly effective in aligning employees' values with organizational goals, fostering creativity, and promoting long-term commitment (Mansaray, 2019). Its characterized by four dimensions: Idealized Influence, whereby leaders serve as role models and acquire trust and respect from the team members (Gachira & Ntara, 2024; Yahong & Loang, 2023); Inspirational Motivation, which involves creating and communicating a compelling vision that inspires employees to work towards shared goals (Alqatawenh, 2018; Gachira & Ntara, 2024); Intellectual

Stimulation, encouraging employees to think critically, challenge assumptions, and generate innovative solutions (Iqbal et al., 2015; Gachira & Ntara, 2024); and Individualized Consideration, providing personalized support, mentorship, and guidance tailored to individual employees' needs (Alqatawenh, 2018; Yahong & Loang, 2023).

Transformational leadership is particularly suited to managing complex changes, as it empowers employees and fosters an adaptive organizational culture (Alqatawenh, 2018; Mansaray, 2019). Research indicates that transformational leadership enhances employee engagement, innovation, and resilience, contributing to sustained organizational success (Iqbal et al., 2015; Gachira & Ntara, 2024).

Transformational leadership has been broadly acknowledged to ensure successful change, especially in turbulent environments such as those presented by SMEs. On the other hand, transformational leaders inspire and motivate the workforce to do more than their immediate requirements through building up innovation and a continuous improvement culture. For instance, a study conducted among Vietnamese SMEs by Le et al. (2023) indicated that transformational leadership was what influenced successful change management processes at firms. It thus means that managers who employed transformational styles made fewer disrupting transitions since they fostered innovation, had a vision of what the future would be like, and also gave ownership to the employees concerning the change process. However, while insightful, the study was geographically limited to Vietnam and the context did not focus on SMEs. Therefore, more research was warranted in this field.

Carter et al. (2012) focused on the study of transformational leadership within the United States-based organization and found that a leader who can inspire a compelling vision and who is able to connect emotionally with his employees would be able to mobilise change effectively. The study found out that the capacity of the transformational leader in building trust, giving individualised support, and stimulating intellectual curiosity leads towards high levels of employee commitment and engagement which are, in turn, considered as vital for successful change management. However, since the study's scope was confined to government agencies in the United States, its application to Kenya's SMEs is limited.

Studies on the effectiveness of the transformational leadership in the management of change have emphasized the approach as vital in higher education institutions within Jordan. The

research determined Jordanian leaders in universities who pursue transformational approaches, particularly those that underline clear visions and ethical practices, might succeed more effortlessly in the pursuit of strategic performance in spite of institutional challenges. It also implied that Jordanian universities' transformational leaders may foster innovation and adaptability, demonstrating that it is the leadership's responsibility to keep educational institutions relevant and competent in a fast-changing global context (Alamad et al., 2024). The study was limited in Jordan and neglected SMEs as the focus, which warranted further research.

In a study conducted in Malaysia, Hao and Yazdanifard (2015) identified transformational leadership as a critical factor in fostering organizational improvement and innovation. Their research revealed that transformational leaders allow their employees to creatively suggest ideas for the process of change. In such a way, organizational culture of continuous improvement decisive in adjusting to the challenge of global competition is developed. The findings suggest that a core driver of transformational leadership-alignment of employee and organizational goals-can help underpin the process of change management by creating a shared sense of purpose in turbulent and unpredictable markets.

It was also revealed in the research by Hossin et al. (2023) that in SMEs, organizational cultures valuing collaboration and employee empowerment were more open to transformational leadership styles. The leaders who fitted their leading style to the cultural values of the organization succeeded more in leading change initiatives since employees felt that the change was in line with the firm's established practices and beliefs. According to Hossin et al. (2023), since transformational leaders lead through inspiration, they can breed a culture of adaptability more effectively that would ease transitions during periods of change. In those kinds of cultures, employees are more willing to adopt new processes and technologies because they were supported both by their leaders and the organizational environment.

Analysis conducted by Islam et al. (2021) brings out the element of employee engagement as a catalyst for change as mediated by transformational leadership. According to the research, engagement during times of change is greatly increased by the transformational leadership principles of employee empowerment and effective communication. When employees feel valued and included in decision-making processes, they are more motivated to actively participate in the change initiatives. The study further emphasizes that leaders who effectively communicated a clear vision for the change and provided ongoing support were more likely to

overcome employee resistance and foster a smoother transition. Similarly, a study by Engida et al. (2022), involving 512 employees from public organizations revealed that managers who followed the principles of transformational leadership effected change more effectively by engaging employees in the process.

The notion above finds support in the research by Mansaray (2019) in Nigeria, where transformational leadership in SMEs enhanced their adaptability and responsiveness to environmental changes. Workers were more willing to accept enterprise-wide adoption of new processes and technology due to clear communication and emotional support from the organizational heads. The latter factor was particularly relevant for the SMEs, since their resource constraints normally preclude trial-and-error processes in dealing with change. Focusing on the higher education sector, a survey by Okalany and Adipala (2016) states that the unique challenges African universities face as they undergo transition require transformational leadership.

Chukwuma et al. (2023) examined the leadership styles of automobile dealerships in South Africa and noticed that transformational leadership reduced employee resistance to change. By fostering an atmosphere of open communication and trust, transformational leaders foster the development of employees' ability to adjust to new procedures, which is the most important component of any change process.

Koske and Munjuri (2023) produced empirical evidence suggesting that the principles of transformational leadership accounted for 51.5 percent of effective change management in county governments. The study underscores the importance of driving initiating change through inspirational motivation, intellectual stimulation, idealized influence, and individual considerations. The sentiments above are also furthered by Lukhova and Kyongo (2023) who attribute the effectiveness of transformational leadership to its ability encourage employees to look at the common good. When transformational leadership is prevalent in the workplace, employees typically feel safer, more valued, and appreciated.

In Kenya, SMEs operate under most instances highly competitive and resource-constrained conditions, and therefore their level of adaptability ensures their very survival. This is particularly important for Kenyan SMEs, in that their leaders are responsible for inspiring and motivating their employees to increase organizational agility through dynamic markets

(Mansaray, 2019). The transformational leaders in Kenyan SMEs will spur an atmosphere of trust and teamwork that will drive innovative solutions for helping them overcome peculiar challenges in the region, such as underdeveloped sources of capital and regulatory barriers (Wachira, 2018). Through this leadership style, the SME leader is able to ensure that strong and cohesive teams with motivated members would be in a position to accept changes aligned with the organisational growth.

For instance, transformational leadership is particularly significant for Kenyan SMEs because leaders can only apply their change-driven initiatives when there is an atmosphere of mutual trust and openness to the ideas of the employees. Such has been the case at the Kenya Ports Authority, where transformational leaders have successfully promoted adaptability and innovation, which are critical in a rapidly changing industry (Dickson & Kising'u, 2019).

Other than this, continuous change is not always guaranteed under transformational leadership as it results in employee dependence on the leader's motivational factor, which removes long-term employee self-governance. Studies in African contexts, including Kenya, also show that while transformational leadership fits culturally collaborative contexts, it may fall short in SMEs because sometimes the demand requires immediate directive action (Chukwuma et al., 2023).

A case study by Gacharia (2016) on Chase Bank Kenya, attempted to find out how strategic leadership, commonly associated with transformational practices, could support continuous change management even in the face of financial and operational difficulties. Its transformational leaders shared a vision, promoted ethics that encouraged innovation, helping the firm become resilient and adaptable. Gacharia's findings indicate that transformational leadership is well-suited to Kenya's business environment, where SMEs often face volatile external conditions that require flexible and visionary approaches.

Based on this contextual setting of Kenyan SMEs, the Transformational Theory by Burns, and the general trend of existing literature on the topic, it is expected that transformational leadership will have a positive influence on change management within these organizations. It can thus be expected that in Kenyan SMEs, the transformational leaders will increase commitment and innovation among employees and create an enabling environment for change. It is, however, expected that with the resource constraints and environmental volatility,

complementary strategies like elements of transactional leadership, introducing structure and ensuring consistent implementation of changes will be needed to support transformational leadership in a way that may provide a more enabling environment for transformational leadership to support sustainable change management in Kenyan SMEs (Wanza & Nkuraru, 2016).

2.3.2 Autocratic Leadership and Change Management

Autocratic leadership is characterized by centralized decision-making, where the leader exercises significant control and expects strict adherence to rules and procedures. This leadership style prioritizes task completion and adherence to processes, often at the expense of employee input and autonomy (Iqbal et al., 2015; Yahong & Loang, 2023). Autocratic leaders are often effective in high-pressure situations requiring immediate decisions. They may implement change by using authority and coercion, which can achieve immediate results but might provoke resistance among employees if not handled carefully (Mansaray, 2019; Aguwa et al., 2019). While autocratic leadership ensures efficiency and clarity in decision-making, its long-term application may limit creativity, reduce employee morale, and foster disengagement (Iqbal et al., 2015; Yahong & Loang, 2023).

A study by Moosa et al. (2023) indicates that even though autocratic leadership can speed up decision-making processes during times of crisis, it normally leads to dissatisfaction among employees and resistance to change. Precisely, the autocratic kind of leadership can kill innovation and momentarily reduce employee engagement, where flexibility and adaptability are key features, thus leading to the failure of change initiatives.

Despite adopting a different research approach, Jinga et al. (2024) made similar observation as by Moosa et al. (2023). Autocratic leadership was among the various leadership styles examined with reference to public universities in Ethiopia. The researchers noted, its effect on change management is both positive and negative. Its positive effect is manifested through speedy decision-making processes which hasten change processes. Additionally, it makes it possible for one person to take charge of the change process, guaranteeing consistency, output, and efficiency in reaching objectives more quickly. Nevertheless, the researchers found that this style of leadership can result in an excessive reliance on the leader, which could cause followers to lose interest and become discontent with their job.

The notion that autocratic leadership can enhance but also hamper change management is also furthered by Du et al. (2020) whose study draws evidence from Chinese universities. The study shows that universities managed by autocratic leaders faced the issue of low morale among employees; this disorients the implementation of new systems and processes. Employees under authoritarian leaders tend to feel removed from decision-making, which consequently led to change resistance. According to Du et al. (2020), considering the unpredictable nature of organizational change, it is essential to involve employees actively and secure their support. Unfortunately, employees under an autocratic leadership are removed from change initiatives and change. However, in some high-pressure situations, autocratic leadership can help the leaders make fast decisions, especially for universities that need to bring about immediate structural changes in the organization.

Empirical evidence from project implementation in China reveals that autocratic leadership emphasizes personal dominance, centralized authority, and strict control over subordinates (Zhang et al., 2020). As such, autocratic leaders influence the dynamics of project implementations—task performance, team interaction, organizational commitment, and extra-role performance—negatively. On the other hand, Mansaray's (2019) systematic review of literature suggests that autocratic leadership works better for organizations characterized by hierarchical structures that highly value authority and control of power. Organizations with highly procedural hierarchical structures, autocratic leaders are better at enforcing change since employees within these organizations are used to following orders upwards.

Iqbal et al. (2015), in the context of Pakistan, studied the impact of autocratic leadership on morale and productivity during organizational change. They found that autocratic leadership can easily afford clarity and speed in decision making during high-pressure situations, it has many demerits associated with low employees' involvement in terms of the fact that employees feel less engaged and miserable. The lack of employee involvement in any of the decision-making processes created alienation and resistance to change, which in turn impeded the effectiveness of the change initiatives.

The autocratic style of leadership keeps decisions centralized and stringently controls the process. Hence, employee participation and innovation get considerably reduced. In Pakistan, this leadership style was helpful in terms of ensuring compliance but simultaneously resulted in a rise in disengagement among the workforce because the workers felt not included in the

decision-making process (Bakari et al., 2017). Though the autocratic style of leadership proves handy at certain high-stakes levels, long-term adaptability generally fails because this leadership style stifles creativity and does not allow employee initiative (Usman, 2020).

The study on the effectiveness of autocratic leadership in terms of change management shows mixed results. Some studies show that autocratic leadership works well within a stable environment but cannot cope with the dynamic environments that demand flexibility (Iqbal et al., 2015). Research evidence in African contexts indicates that while autocratic leadership may ensure compliance by employees, it often fails to actually inspire the employees, hence lowering their ability to commit toward sustained change (Chukwuma et al., 2023). This is similar to what Kenyan studies find, which observe that although autocratic leadership may be an influence in brief-term change, it is rather ineffective in long-term employee involvement and commitment (Wanza & Nkururu, 2016).

Although autocratic leadership creates a sense of stability, it has repeatedly revealed flaws in African situations where flexibility and adaptation are in high demand. According to research conducted on African hierarchical organizations, while authoritarian CEOs can enforce conformity, their limited perspective completely limits employee engagement and creativity (Dike et al., 2015). The study further looks at autocratic leaders as those who breed dissatisfaction and resistance among subordinates because there is no participation in decision-making, which affects the effectiveness of change. This is to say that autocratic leaders, although very useful when a situation involves high control, may not work in African SMEs, whose survival depends on innovation and the ability to adapt to any market change. (Dike, 2015; Iqbal et al., 2015).

The context of Kenyan SMEs would therefore suggest that autocratic leadership may have a lukewarm effect in managing change. While the autocratic leader might easily inspire and compel organizations to immediately, task-oriented change, particularly in highly regulated or resource-constrained sectors, the lack of employee involvement might limit the long-term sustainability of these changes. The theory postulates that the autocratic leadership instils control and compliance, which is useful for immediate change. However, considering a specific context of Kenyan SMEs, it is expected that a high reliance on autocratic leadership will yield only negative consequences such as lower morale and growing resistance hence, in terms of sustaining change, the participative approach is to be engaged in (Mansaray, 2019).

2.3.3 Democratic Leadership and Change Management

Democratic leadership, sometimes referred to as participative leadership, entails valuing employee contributions, promoting active participation in organizational procedures and sharing decision making duties with the team. This approach builds trust and fosters morale, ensuring that employees feel heard and valued (Aguwa et al., 2019). Leaders employing this style facilitate discussions, value diverse perspectives, and foster a sense of ownership among employees (Iqbal et al., 2015; Yahong & Loang, 2023). Democratic leadership is particularly good in promoting inclusivity and creativity. By creating an environment of shared responsibility, democratic leaders enable employees to contribute to organizational goals collaboratively. However, excessive consultation may delay decision-making, particularly in dynamic or crisis situations (Aguwa et al., 2019). Studies have shown that this leadership style improves employee satisfaction, enhances team cohesion, and drives long-term performance by promoting empowerment and engagement (Iqbal et al., 2015; Mansaray, 2019; Yahong & Loang, 2023).

Democratic leadership remains participative and has been rated as one that has proved very effective in eliciting positive change within the SME environment. According to the study by Oussible and Tinaztepe (2022), democratic leadership allows for collective decision-making, which has been associated with high levels of buy-in by employees. This conclusion was made after surveying 207 employees in various Turkish firms. In their view, democratic leadership style is most preferred since leaders who adopted the style actively motivated them and encouraged cooperation and decision-making. Employees under democratic leadership feel appreciated and part of the organization since their ideas, views, and perspectives are incorporated into critical decisions.

It is observed in Bahrain that democratic leadership brings transparency and collaboration, shares the decision on employees, and hence reduces resistance to change. The leadership style in Bahrain is culturally expected to be inclusive, employees believe in the ownership of the process of change, hence the transition is smoother (Aldulaimi & Abdeldayem, 2020).

A survey by Aajani et al. (2023) involving 323 employees from various Nigerian organization revealed a significant positive correlation between democratic leadership and the management of resistance to change. In other words, the more democratic a leader was, the more effective

it was to curb employee resistance. It was observed that democratic leaders foster a trusting and collaborative culture linked to greater levels of employee commitment to change. When leaders within the organizations strived to include employees in the process, the change was less painful and involved fewer cases of resistance or conflict. In fact, when compared to laissez-faire and autocratic leadership, Aajani et al.'s (2023) research affirms democratic leadership to have the best odds of producing change successfully.

Jinga et al. (2024) examined the role of democratic leadership in Ethiopian public universities to reduce resistance to change with participative decision-making. Though their findings highlight the need for democratic leadership in implementing organizational change, the focus on public universities instead of SMEs limits their applicability in the private sector. Socio-economic differences also demand that these findings be considered in local research to validate these previous findings.

Similarly, Värttö's (2019) research advocates for the democratization of the change management process, which involves adopting the democratic leadership paradigm for change initiatives. After studying four Finnish organizational juries organized by non-profit organizations, the researcher explains that a deliberative leadership style influence employee engagement during times of change. It turned out that juries helped the process of change by giving the stakeholders a way to exchange information and develop a common understanding. Thus, leaders who apply democratic leadership styles to engage employees more in the change process are able to relate this to higher commitment and lower resistance by employees. However, Värttö's (2019) notes the consequentiality of the juries in the change process as their main weakness.

Democratic leadership, also commonly referred to as participative leadership, is a style of leadership whereby the leaders ensure that the employees are involved in making decisions; thus, they can easily communicate, share responsibilities, and work collaboratively. In this democratic framework of leadership, the leaders seek the contribution of their team members before making final decisions by putting into consideration different perspectives. This inclusive approach gives employees a sense of ownership as well as responsibility, a culture significant for organizational flexibility and innovation. Democratic leaders are known for the great importance they place on interpersonal relationships and creating a trusting, open atmosphere (Northouse, 2018). In this respect, Chukwuma et al. (2023) state that democratic

leaders are concerned first and foremost with interpersonal relationships and establishing an atmosphere of trust and openness.

Democratic leadership in Kenyan SMEs is seen to be particularly applicable in industries where innovation, teams, and responsiveness to customers have particularly high premiums. Democratic leaders in Kenyan SMEs are accorded an opportunity to tap into the expertise and innovation of their employees in the quest to solve some unique problems faced in this competitive and mostly resource-constrained environment. These include, among others, access to capital or sudden market demands. Such leadership style is conducive to Kenyan values of community and inclusiveness, finding expression at the workplace by ensuring that workers feel empowered and motivated enough to contribute ideas (Wanza & Nkuraru, 2016). Democratic leadership allows SMEs in Kenya to be agile and flexible in the wake of increased uncertainty because employees actively engaged in the change process can therefore be prepared for uncertainty (Mansaray, 2019).

Generally, democratic leadership and change management have produced positive findings; however, inconsistencies exist depending on different organizational contexts and employee dynamics. For instance, while it has been established that democratic leadership has a positive influence on employees' morale and reduces resistance to change, yet studies still indicate that it may be less effective in high stake situations or when decisions have to be made fast during crisis periods (Iqbal et al., 2015). This attribute of the democratic leadership style has, in most African settings, been seen to promote cohesion among members of the team. Nevertheless, numerous scientific works indicate that this aspect of leadership could have little scope for expansion within organizations that are hierarchical in nature or otherwise rigid because of traditional power arrangements (Chukwuma et al., 2023).

A study done by Wanza and Nkuraru (2016) on the effect of change management practices in workplace settings at the University of Eldoret, indicated that through democratic leadership, employees' morale was immensely boosted, and commitment to change was very much enhanced. Kenyan culture values highly the community ideals and mutual respect fostered by this style of leadership through participatory decision-making processes and transparency. The democratic leadership enables the Kenyan leading SMEs to tap the collective knowledge base emanating from the team members. This would enhance the capabilities of problem solving and innovation, especially in times of change.

On the same note, among the leadership styles examined, Kung'u (2019) noted that democratic leadership had the strongest positive effect on change management, outperforming transformational, transactional, laissez faire, and autocratic leadership styles. This was the most preferred leadership style by a sample of 501 employees across four counties in Kenya. In another study, focusing on Kenya Tea Development Agency (KTDA), Awuor and Kamau (2015) discovered that indeed, during times of change, democratic leadership seemed to be in a unique, strong position: employees could feel interested in or even owners of parts of decisions made and be accountable for those decisions. Whereas the autocratic kinds of leadership styles showed lower levels of engagement among employees since they are excluded from important decisions and resist change.

2.4 Research Gaps

The empirical literature reviewed confirm that leadership styles influence change management. However, the nature and degree of change varies. For instance, whereas transformational and democratic leadership styles have positive effect on change management, the effect of autocratic leadership can either be positive or negative. Of the three, it emerges that democratic leadership style is the most preferred by followers or subordinates. However, despite these meaningful empirical insights, the studies reviewed are not without limitations. For instance, most of the studies were conducted in other countries. Aajani et al. (2023) investigated the impact of leadership styles on handling change resistance by looking at 323 workers in Nigerian companies. Du et al. (2020) investigated authoritarian leadership in Chinese universities and its impact on employee active reactions and organizational change. Engida et al. (2022) investigated change leadership on employees' readiness to change in Ethiopian public organizations surveying 512 employees. Hossin et al. (2023) examined the role of leadership style and its relevance in change management within SME management. Islam et al. (2021) analysed the role of transformational leadership in employee engagement during change management processes in South Asia. Jinga et al. (2024) examined the impact of leadership influences on change processes in Ethiopian public universities. Mansaray (2019) explored the effect of transformational leadership on change management in Nigerian SMEs. Oussible and Tinaztepe (2022) analysed a population of 207 employees in Turkish SMEs to determine the effect of democratic leadership style on organizational productivity by the mediating role of employee performance. Värttö (2019) studied four Finnish non-profit

organizations to understand the impact of democratic leadership on employee engagement during change. These studies offer valuable insights but are limited by their geographical scope given that were conducted in different countries from Kenya's socio-economic environment. Due to inter-country differences, findings and conclusions from these studies cannot be generalized to Kenya's dynamic SME context. These studies do not take into consideration the socio-economic environment that exists in Kenya, which includes regulatory frameworks and cultural norms that may influence the effectiveness of leadership styles in managing change.

Several studies done by Islam et al. (2021), Jinga et al. (2024) and Du et al. (2020) focused on universities, public organizations or non-profits which are fundamentally different from SMEs in terms of structure, agility, and resource availability. The findings from these studies may not directly apply to the unique challenges SMEs face in Nairobi such as informality, limited access to credit and high employee turnover.

While several studies explored the impact of individual leadership styles such as transformational leadership by Le et al. (2023) and Mansaray (2019) or democratic leadership by Oussible & Tinaztepe, (2022) and Aajani et al. (2023) on change management. Very few have looked into the comparative impact of multiple styles such as transformational, democratic, and autocratic on change management. The limiting nature of the literature restricts the scope of how these styles relate or interact or even which one is more viable in given contexts such as Nairobi SMEs. This also creates a gap in understanding how leadership styles operate in the informal and resource-constrained settings typical of Kenyan SMEs. The current study will take a wider approach by examining the effects of leadership styles including transformational leadership alongside autocratic and democratic styles.

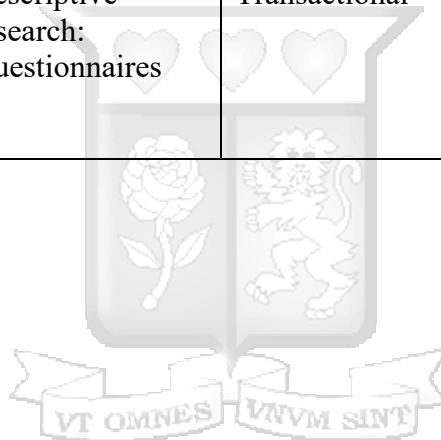
A study conducted by Koske and Munjuri (2023) explored the influence of transformational leadership on change management within Kenyan county governments. It demonstrated that change outcomes were better for leaders who utilized inspirational motivation and intellectual stimulation. Despite this, the focus on public sector organizations limits the transferability of findings to SMEs which operate under different regulatory and operational conditions. The current study addressed these gaps by examining the effect of different leadership styles on change management in targeted SMEs in Nairobi.

Table 2.1 Summary of literature map.

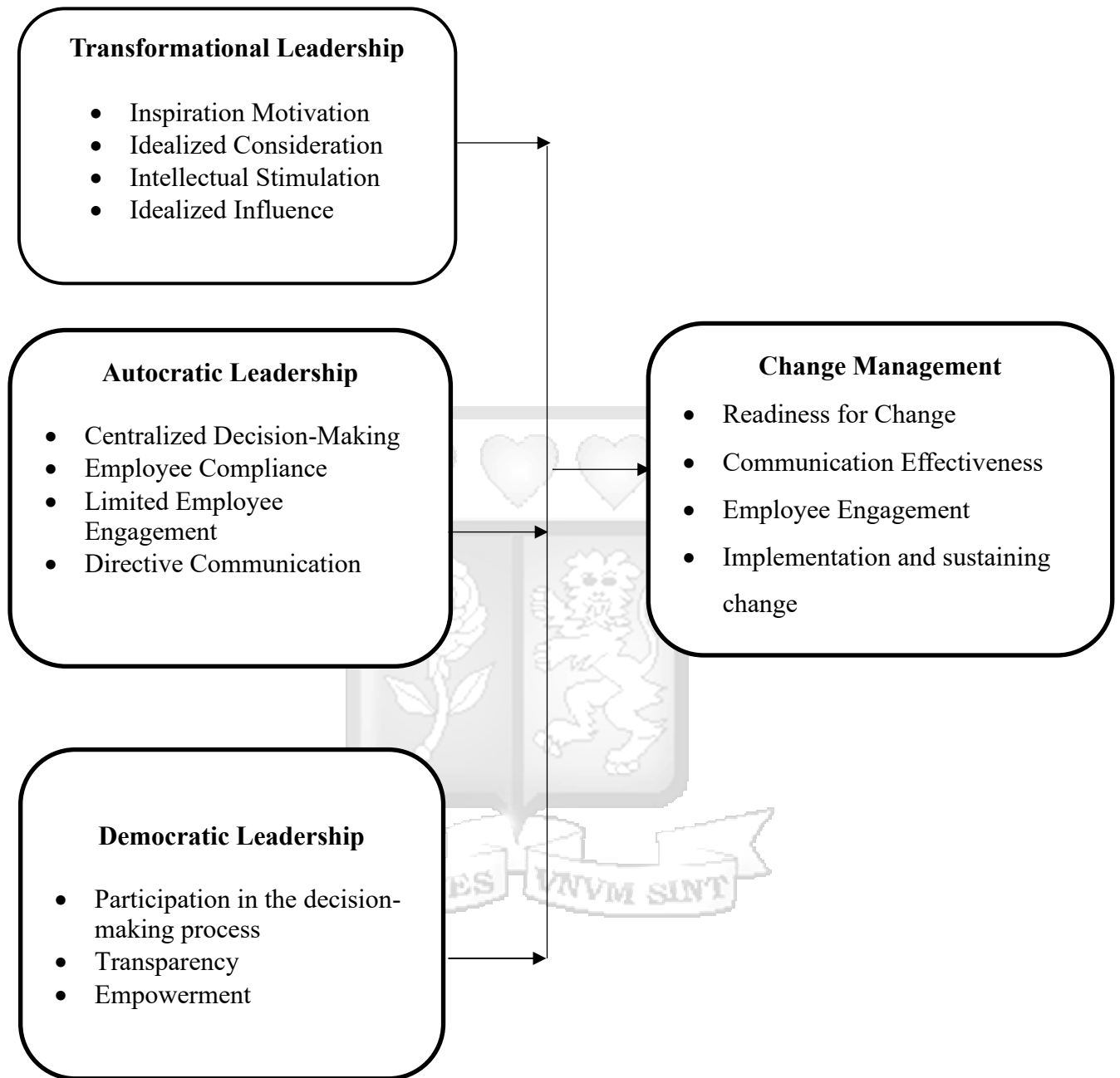
Authors & Year	Region Studied	Theories Used	Methodologies Adopted	Leadership Style Investigated	Measures of Change Management Practices	Findings
Bakari et al., 2017	Pakistan	Lewin's Three Step Model	Causal research: Questionnaire survey	Authentic Leadership	Impact on employee readiness, commitment, and support for change	Authentic leadership enhances readiness and commitment, supporting Lewin's model
Mansaray, 2019	Nigeria	Authoritarian, Transformational, Transactional leadership theories	Literature review	Transformational, Democratic	Leadership's effect on change	Transformational and strategic leadership are key for effective change
Awuor & Kamau, 2015	Kenya	Autocratic, Democratic, Transactional, Transformational	Descriptive research: Questionnaire	Autocratic, Democratic, Transactional, Transformational	Influence on managing change	Autocratic leadership hinders change; democratic and transformational support it
Shah, 2023	USA	Transformational, Authoritarian	Literature review	Transformational, Authoritarian	Influence on change processes	Leadership is essential in driving change; aligns with goals
Zainol et al., 2020	Malaysia	Transformational Leadership	Literature review	Transformational	Effect on employee engagement and acceptance	Effective leadership and training are critical for managing change
Mekonnen & Bayissa, 2023	Ethiopia	Transformational and Transactional	Cross-sectional study: Survey of	Transformational, Transactional	Influence on change readiness	Transformational leadership greatly

			health professionals			impacts change readiness
Chukwuma et al., 2023	South Africa	Transformational and Transactional	Descriptive survey	Transformational, Transactional	Impact on cognitive rigidity	Transformational leadership reduces cognitive rigidity effectively
Bagga et al., 2023	India	Transformational Leadership, Kotter's eight steps	Survey: Virtual team respondents	Transformational Leadership	Effect on change outcomes in virtual teams	Positive impact, with culture mediating results
Sonkori & Odek, 2022	Kenya	Transactional Leadership	Descriptive research: Questionnaires	Transactional	Impact on structural changes and morale	Transactional leadership affects change; punitive measures can cause fear

Source: Author 2024



2.5 Conceptual Framework



Independent Variables

Dependent Variable

Figure 2.1: Conceptual Framework

Source: Author 2024

2.6 Operationalization of study variables

This section identifies the independent and dependent variables of the study.

Table 2.2: Operationalization of Variables

Variable	Indicators	Source Data	Data Collection Tool	Data Analysis	References
Transformational Leadership	Intellectual Stimulation, Individualized Consideration, Idealized Influence, Inspirational Motivation, Personalized support, Employee involvement in vision.	Employee perceptions on leadership impact	Questionnaires Five-point Likert scale	Descriptive Statistics, Regression Analysis	Carter et al., 2012; Faupel & Sub, 2018; Gilley et al., 2008; Mekonnen & Bayissa, 2023.
Autocratic Leadership	Centralized decision-making, Rule enforcement, Task focus, Top-down communication, Limited participation, Resistance to input.	Employee feedback, Managerial feedback	Questionnaires Five-point Likert scale	Descriptive Analysis, Correlation Analysis	Atkinson & Mackenzie, 2015; Ionescu, 2014; Awuor & Kamau, 2015.
Democratic Leadership	Participative decision-making, Idea consideration, Open communication, Ownership of change, Responsiveness, Morale building.	Managerial feedback Employee perceptions on involvement	Questionnaires Five-point Likert scale	Descriptive Statistics, Correlation Analysis	Holten & Brenner, 2015; Ionescu, 2014; Gerwing, 2016.
Change Management	Planning and implementation, Engagement, Resistance management, Communication, Adaptability, Sustainability.	Employee adaptability, Management insights	Questionnaires Five-point Likert scale	Regression Analysis, Correlation Analysis	Faupel & Sub, 2018; Holten & Brenner, 2015; Hussain et al., 2018.

Source: Author 2024

2.7 Chapter Summary

This chapter has discussed the theoretical underpinning of transformational, autocratic, and democratic leadership in relation to managing change. Empirical evidence suggests that, while the most effective leadership type that achieves large-scale change is transformational in nature, democratic leadership is necessary in ensuring a minimal level of resistance due to its participative approach. Autocratic leadership strong control, structure, rules, and policies, this style of leadership usually works well in risky or crisis situations. The chapter identifies a research gap that requires further studies that deal with integrating these leadership styles in various settings.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology used to examine the effect of leadership styles on change management within SMEs in Nairobi, Kenya. This chapter is useful in making this work methodical, adding reliability to it, based on a correct methodological structure that adds validity and dependability to its findings. It also gives the design on how to collect data and analyze it, hence helping the study achieve its objectives and answer the research questions effectively. It also outlines the steps used to conduct the research study. They include the following areas which are research design, population of study, the sample size and sampling technique, data collection methods, data collection technique and data analysis.

3.2 Research Philosophy

A research philosophy according to Wang (2012) is a set of beliefs regarding the best methods for gathering, analyzing, and applying data about a phenomenon. There exist four main philosophies of doing research: positivism, interpretivism, critical realism, and pragmatism (Saunders et al., 2019). They differ in their thoughts about reality and knowledge. Positivism is seen to assume that the nature of reality is objective. Therefore, it advocates for the testing of hypotheses through empirical observation and measurement in order to discover universal laws (Kothari & Garg 2019; Saunders et al., 2019). In contrast, interpretivism is the theory that holds that reality can be seen as a social construct; knowledge of any type is better understood through the subjective experiences of people. Interpretivism generally finds its application in qualitative research on human behaviors within contexts. (Bryman & Bell, 2015; Denzin & Lincoln, 2018). Critical realism is a philosophy underlining that, though there is an objective reality, it can only be partially accessed because of social structures. Combining both surface and deeper causal analyses could, for this reason, help unearth complex influences at play (Archer et al., 2016; Danermark et al., 2019). Pragmatism prioritizes practical outcomes and values means through which real-life problems can be addressed by using both qualitative and quantitative approaches as tools that provide useful knowledge in the solving of a problem (Creswell, 2018; Saunders et al., 2019).

The research philosophy for this study was positivism. This is because it aligns well with the study's aim to investigate the correlation between leadership styles and change management in medium enterprises (SMEs). This specific goal necessitates a quantitative examination to validate hypotheses and reach findings. The study utilized approaches for data collection by using questionnaires to gather tangible evidence.

According to the positivist paradigm, actual events can be empirically observed and rationally explained. The study's research philosophy was positivism implying that the research assumed that only factual knowledge is trustworthy. The only tasks involved in positivism studies are data collection and interpretation. Since positivism depends on theory to develop a hypothesis to be tested during the research process, the research findings produced are statistically quantifiable and observed.

3.3 Research Design

Research design is a conceptual framework for conducting research. It serves as a model for data collection, measurement, and analysis (Bryman and Bell, 2018). In this study, the research design to be employed was descriptive cross-sectional research design, a quantitative approach ideal for examining relationships between variables at a specific point in time. According to Kothari (2014), this design involves collecting data using structured tools like questionnaires to provide a snapshot of the phenomenon under investigation at a single moment in time rather than over time without influencing the variables.

The choice of this design is guided by its suitability for gathering detailed information on the current state of leadership styles and their impact on change management. Specifically, the design allowed the study to focus on the what and how different leadership styles such as transformational, democratic and autocratic rather than exploring the why questions.

The structured nature of the research facilitated standardized data collection, enhancing the reliability of the results. The design also aligned with quantitative research principles, which emphasize numerical measurement and statistical analysis of relationships between variables (Saunders et al., 2019). This approach proved effective in providing a clear and accurate account of the effects of leadership styles on change management in the targeted organization.

3.4 Population of the Study

A population refers to a group of people or elements with common observable characteristics being investigated and from which the researcher extrapolates the findings of a study (Saunders and Lewis 2012).

According to the Micro, Small and Medium Enterprises (MSME) Basic Report by the Kenya National Bureau of Statistics (KNBS) carried out in September 2016 identified that in Nairobi County there were 5,668 licensed SMEs across the accommodation and food service activities sector. This study targeted all the licensed SMEs listed with KNBS in the Nairobi region. With focus on small and medium enterprises only which represent 14.8% and 1.4% of the total licensed SMEs in Nairobi respectively, we obtain a refined population size of licensed small and medium enterprises. This study focused only on small and medium enterprises in Nairobi's accommodation and food service activities sector.

The accommodation and food services sector is a critical component of Kenya's economy, significantly contributing to GDP, employment and local business ecosystems. This sector remains among the top employers in urban areas, driven by Nairobi's growing hospitality and tourism activities (KNBS, 2023). According to the Kenya National Bureau of Statistics (KNBS, 2023), Nairobi hosts a significant proportion of Kenya's SMEs, making it a strategic focal point for research on leadership and change management.

Nairobi was also selected as it accommodates 16.2% of all the SMEs in the country providing a good representation of the enterprises.

Table 3.1: Distribution of Target Population and Sample Size

Sector	SME (Nairobi)	Percentage of Sector	Sample size(n)
Accommodation	646	11.4%	22
Food & Beverage Services	5,022	88.6%	175
Total	5,668	100%	197

Source: KNBS (2016)

3.5 Sampling Design and Technique

Sampling, according to Cooper and Schindler (2018), is the process of selecting a predefined sample size drawn from a particular population in order to represent that population. It is a subset of items chosen from a population with the goal of estimating the population's characteristics. The researcher made use of judgmental sampling to make sure that each subset of the population was represented. This study employed judgmental sampling to select participants who meet specific criteria such as being SME owners or managers in the accommodation and food sector in Nairobi. These individuals are uniquely positioned to provide insights into how transformational, autocratic, and democratic leadership styles influence change management. The targeted approach ensures the data collected directly addresses the research objectives, providing depth and relevance to the analysis.

The Israel Yamane 1992 formula was used to calculate the sample size based on the size of the population selected for the study.

$$n = N/(1+Ne^2)$$

Where;

n = sample size

N = population

e = margin of error or level of precision at 7%

$$n = 5,668 (1 + 5.668 \times (0.07^2))$$

$$n = 197$$

For this study, 197 small and medium enterprises were contacted, with managers or owners serving as the primary respondents. The study's objective is to collect responses from 197 managers/owners, with businesses in the accommodation and food service activities sector serving as the units of analysis.

3.6 Data Collection Methods

According to Mugenda and Mugenda (2003), data is all the information that a researcher has collected for the study. The study utilized quantitative methods to collect data. Saunders et al. (2012) states that the characteristics of the subject, the research question, the data to be collected and the anticipated result are the primary factors influencing the choice of data

collection instrument. According to Kothari (2004), collecting data through questionnaires is a time-saving method that yields a substantial amount of information, particularly when a large population is interested. In comparison, secondary data was collected through published reports such as the annual reports and organization strategic plans.

In this respect, Saunders et al., 2009 stated that rating questions are frequently used to collect opinion data, often utilizing a Likert-style rating scale where the participants indicate the extent to which they agree or disagree with a statement or set of statements. The study adapted questions from various authors cited following the suggestions by Saunders et al., 2009, where researchers can either adopt, adapt, or create their own questions when creating a questionnaire. The research targeted the effect of leadership styles on change management in small and medium sized enterprises, hence a 5 Likert-scale rating questionnaire was adapted for the study. The study used closed ended questions which were based on a Likert scale with five points ranging from strongly agree to strongly disagree. The questionnaire was broken down into two sections: Section A and B. Section A focused on demographic information while section B addressed the variables of the study. Section B had 4 parts which was divided as follows; Part one discussed transformational leadership, Part two discussed Autocratic leadership, Part three discussed Democratic leadership style and Part four addressed change management in SMEs in Nairobi.

Data collection involved the administration of a questionnaire. The survey tool was delivered to participants using the drop-off and pick-up method. Each questionnaire was accompanied by a cover letter that outlined the study's goals, promised confidentiality to participants, and encouraged them to take part in the research. The participants were asked to take part in the survey and share the information. The survey was given to owners or managers of SMEs in the accommodation and food sectors in Nairobi, Kenya. The survey gathered firsthand information from the selected participants.

3.7 Research Quality

3.7.1 Pilot Testing

Pretesting was done to provide alternate data for sample selection and to find flaws in the design instrument to be used (Cooper & Schindler, 2014). A pilot study involving fifteen businesses in Nairobi County was conducted to test the reliability of the questionnaire. Simple random

sampling technique was used to select the pilot sample. The participants in the pilot test were not included in the final analysis of the study.

3.7.2 Validity

According to Kothari and Garg (2019), validity is a measuring attribute that is concerned with how well a test captures the essence of the research being conducted and whether any variations found with a measurement tool actually represent true differences among research participants drawn from a sample. The two forms of validity assessed in this study are content and construct validity. Content validity was attained through the involvement of supervisors who reviewed the questionnaires in the instruments in conjunction with the research objectives and provided expert judgments while construct validity was used to ensure by the fact that the instrument contains questions in line with the variables of the study.

The researcher also conducted a pilot study to ensure that the data instruments are able to collect the required information by the study to be checked. After which the pilot's results were used to improve the data instruments.

3.7.3 Reliability

The accuracy, precision, and consistency of a research instrument determines its reliability. An instrument's stability and consistency increase its reliability (Kumar, 2014). There are several types of reliability and they include; Internal consistency which means that all the items in the questionnaire consistently measuring the same construct. This was evaluated using Cronbach's Alpha. Test-retest reliability aims to assess the stability of the instrument over time, which was administered to a subset of participants twice (Saunders et al., 2016; Kothari, 2004). While inter-rater reliability describes the consistency among multiple raters (Saunders et al., 2016). The study used Cronbach alpha to evaluate the study's reliability. The degree to which a test unit arrangement can be used to identify a single dominant variable is indicated by the Cronbach alpha (Cronbach, 1951). All variables were considered valid if their alpha coefficients are 0.7 and above.

Table 3.2: Cronbach's coefficient results

Variable scale (leadership style)	Cronbach's Coefficient (α)
Transformational Leadership Style	0.756
Democratic Leadership Style	0.737
Autocratic Leadership Style	0.723
Change Management	0.739

Source: Primary Data

3.8 Data Analysis

The data analysis process began with sorting, summarizing, and recording the data collected in Microsoft Excel. Initial screening and cleaning were conducted to address errors or outliers before exporting the data to SPSS software version 28 for further cleaning and analysis.

Both descriptive and inferential statistical techniques were used in the study's data analysis. Descriptive statistics like frequencies, mean, percentages, averages, and standard deviations were applied to summarize and interpret the data in alignment with the study's objectives. Results were presented in frequency tables for clarity.

Inferential statistics included correlation and regression analyses. Correlation analysis were used to determine if a relationship existed between the independent variable, leadership styles and the dependent variable, change management. This analysis also assessed the strength and direction of the relationship.

Regression analysis further explored the magnitude of the correlation between the dependent variable and the independent variables, as well as the total effect of all independent factors. The equation was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficients

Y= Change management

β_0 = is the regression constant or intercept,

X_1 = Transformational leadership

X_2 = Autocratic Leadership

X_3 = Democratic Leadership

ε = Error term

3.9 Diagnostic Tests

Diagnostic tests are conducted on data collected so as to test compliance with assumptions of multiple regression models. This ensures that there are no violations of multiple regression model assumptions thus translating to the validity and reliability of results. The following diagnostic tests must be conducted to test the validity and reliability of the multiple regression model analysing the effect of leadership styles on change management.

3.9.1 Normality Test

The normality test is a test to show whether a dataset is well-described by a normal distribution. The Shapiro-Wilk and Kolmogorov-Smirnov tests among other tools are normally used to perform this test. These tests are important in that many statistical analyses such as t-tests and ANOVA assume the normal distribution of data (Saunders et al., 2019; Kothari, 2004).

3.9.2 Multicollinearity

In cases where two or more independent variables in a regression model have high correlations, multicollinearity arises and can distort estimates, reducing the precision of the estimated coefficients. Common diagnostics include the Variance Inflation Factor (VIF) and Tolerance. Generally speaking, high values of VIF above 10 are usually indicative of multicollinearity problems (Saunders et al., 2019).

3.9.3 Homoscedasticity

Homoscedasticity: The variance of errors at every level of an independent variable is assumed to be equal. In practice, equality in dispersion is normally checked through Levene's Test. Non-

existence of homoscedasticity, which is termed heteroscedasticity, may violate statistical tests such as regression analysis (Kothari, 2004).

3.9.4 Linearity

Linearity tests show whether the dependent variable and independent variable are linearly related to one another. Usually, a diagnostic scatter plot and the correlation coefficient are used to test this assumption (Saunders et al., 2019).

3.9.5 Autocorrelation

Autocorrelation refers to the level at which residuals within a regression model are independent of one another. The Durbin-Watson statistic provides a widely used test in assessing the problem of autocorrelation in specific time-series data. Values close to 2 indicate no autocorrelation, while values close to 0 or 4 suggest its presence (Kothari, 2004; Saunders et al., 2019).

3.10 The Ethical Considerations

The researcher formally requested permission and clearance from Strathmore University Institutional Scientific and Ethical Review Committee (SU-ISERC) prior to starting data collection. Furthermore, in order to obtain authorization to carry out the research, a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI) was sought. In addition, the researcher was granted a Research Permit, which enabled him to carry out research inside Nairobi's boundaries. Respondents were informed that their information were only utilized for study purposes. Respondents' information was kept private, and the study was carried out impartially. To maintain their dignity, participants were informed of the study's confidentiality.

3.11 Chapter Summary

This chapter provides an overview of the research methodology employed in the study. It outlines the target population, the sample size, and the sampling techniques used to select participants, as well as the sampling frame. Additionally, the chapter describes the data collection methods, the instruments applied to gather information, and the data analysis

techniques chosen to meet the study's objectives. Ethical considerations observed during the research process are also highlighted.



CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study, which sought to investigate the effect of leadership styles on change management within small and medium-sized enterprises in Nairobi, Kenya. Employing the data collection and analysis methods detailed in the preceding chapter, the results are presented in a systematic manner via tables and figures. The structure of the chapter encompasses the response rate, respondent demographic information, descriptive statistics, inferential statistics, and a concluding summary.

4.2 Response Rate

The study targeted 197 SME managers and/or owners in Nairobi, Kenya, who received questionnaires for completion. Following the return of 166 questionnaires for analysis, data cleansing revealed 8 with significant errors, omissions, and incomplete responses. As a result, 158 questionnaires were deemed suitable for analysis, yielding an 80.20% response rate, as documented in Table 4.1.

Table 4.2: Response Rate

	Frequency	Percentage
Respondents	158	80.20%
Non-response (including ineligible data)	39	19.80%
Total (initial target)	197	100.00%

Source: Primary Data

4.3 Demographic Information

Respondent demographic data was collected to provide crucial context for interpreting the study's findings. This information allows for an understanding of the composition of the respondent sample in terms of age, gender, educational qualifications, and position held within the SME as well as the organizational characteristics such as size (i.e., of number of employees) and years of operation. By contextualizing the data, the generalizability and relevance of the

results can be assessed to the broader population of SMEs in Nairobi. Findings are presented in Table 4.2

Table 4.3: Demographic Information

Background information	Distribution	Frequency	Percentage
Gender	Male	78	49.4%
	Female	80	50.6%
Age	18-30 years	25	15.8%
	31-40 years	45	28.5%
	41-45 years	54	34.2%
	46-59 years	24	15.2%
	Over 60 years	10	6.3%
Education level	Certificate	30	19.0%
	Diploma	51	32.3%
	Degree	44	27.8%
	Masters	18	11.4%
	Other	15	9.5%
Position in the SME	Manager	67	42.4%
	Owner	91	57.6%
Number of employees	Less than 10	85	53.8%
	11-30	55	34.8%
	More than 30	18	11.4%
Years in operation	0-2 years	33	20.9%
	2-5 years	64	40.5%
	5-15 years	43	27.2%
	Over 15 years	18	11.4%

Source: Primary Data

Table 4.2 reveals a near-equal gender distribution, with 50.6% female and 49.4% male respondents. This balanced representation enhances the generalizability of the findings and suggests that potential gender bias was effectively mitigated. All the age brackets and education levels were represented, further enhancing the generalizability of findings. However, most (34.2%) respondents were aged 41-45 years. A significant majority of respondents possessed

advanced educational qualifications, suggesting a strong comprehension of the research topic and contributing to the provision of insightful data. 57.6% of them were SME owners with 42.4% being managers.

The surveyed SMEs exhibited a range of sizes, quantified by employee count. A majority (53.8%) employed fewer than 10 individuals, while 11.4% employed more than 30. It is to be noted that employee directly reflects an SME’s size and organizational structure with smaller SMEs having more informal structures, while larger SMEs tending to have more complex structures and formalized processes. Also, the complexity of change management increases with the number of employees. Therefore, a representation of different-sized SMEs enhances generalizability of findings. It also provides insights into varying leadership styles and change management strategies among SMEs.

Lastly, the operational lifespan of the surveyed SMEs also varied. 20.9% had been in operation for less than two years, 40.5% for two to five years, and 38.6% for more than five years. This is significant because newer SMEs are likely to have different leadership needs and change management capacities compared to established SMEs. Newer SMEs might be more adaptable but lack established processes, while older businesses might have more rigid structures but greater resources.

4.4 Descriptive Statistics

This section presents the descriptive statistical findings, including mean values and standard deviations, which summarize the central tendency and dispersion of the responses.

4.4.1 Transformational Leadership

Respondents were asked to rate aspects of transformational leadership in their SMEs on a five-point Likert scale where 1=strongly disagree and 5=strongly agree. Table 4.3 provides a summary of the responses.

Table 4.4: Transformational Leadership

	Mean	SD
Leaders articulate a compelling vision for change.	3.8608	.8072

Leaders lead by example and demonstrates the values they expect employees to follow during the change process.	3.1266	.7934
Leaders encourage creativity and innovation during the change process.	2.8165	.9926
Leaders develop employee skills to adapt to new processes.	2.7532	.8320
Leaders provide individualized support to employees during change.	3.2215	.6901
Leaders actively involve employees in shaping the vision for change.	2.8797	.8295
Overall Mean	3.0389	.8327

The overall mean for the transformational leadership was 3.0389 at a .8327 standard deviation. A mean of 3.0389 suggests that, on average, respondents perceived a moderate level of transformational leadership within their SMEs. The standard deviation of .8327 indicates a moderate degree of dispersion of responses, implying that while the average response was around 3.0389, individual responses somewhat varied; some respondents felt positive about transformational leadership, while others perceived less. The item, “Leaders articulate a compelling vision for change” had the highest mean of the statements (M=3.8608, SD=.8072). This means that most respondents strongly felt that vision for change within their SMEs were sufficiently articulated. However, the statement, “Leaders instil pride and ownership in employees after successful change” had the lowest mean score (M=2.6139, SD=.8839). This means that a significant portion of the respondents felt that leaders did not instil pride and ownership in employees once a successful change was achieved.

4.4.2 Autocratic Leadership

Respondents were asked to rate aspects of transformational leadership in their respective SMEs on a five-point Likert scale where 1=strongly disagree and 5=strongly agree. Table 4.4 provides a summary of the responses.

Table 4.5: Autocratic Leadership

	Mean	SD
Leaders prioritize goal achievement above all else.	3.5253	1.0832
Leaders control employees through clear directives.	3.4304	1.1045
Leaders rely on authority and strict supervision to implement change.	3.6013	1.0788

Leaders use threats or reprimands to enforce compliance	3.4684	1.0535
Leaders ensure quick decision-making during change processes.	3.4177	1.0627
Leaders focus on meeting change objectives efficiently, regardless of employee input.	3.3797	1.1507
Overall Mean	3.4705	1.0889

The overall mean for the autocratic leadership style was 3.4705 at a 1.0889 standard deviation. This mean score indicates that, on average, respondents perceived a relatively moderate to high level of autocratic leadership within their SMEs. The relatively high mean suggests that autocratic leadership is a common style within the surveyed SMEs. The standard deviation of 1.0889 indicates a relatively high degree of variability in responses, meaning that there was a wider range of perceptions regarding autocratic leadership among respondents. This can be attributed to the diversity of the respondent sample and varying organizational characteristics. As further noted, the perception towards autocratic leadership was consistent across all the aspects of autocratic leadership style.

4.4.3 Democratic Leadership

Respondents were asked to rate aspects of democratic leadership style in their SMEs on a five-point Likert scale where 1=strongly disagree and 5=strongly agree. Table 4.5 provides a summary of the responses.

Table 4.6: Democratic Leadership

	Mean	SD
Leaders involve employees in decision-making processes related to change.	3.2152	.8594
Leaders ensure employee ideas are considered and valued.	2.9051	.7359
Leaders promote open communication during the change-process.	3.2342	.7219
Leaders establish a sense of shared ownership of change initiatives.	3.0259	.6894
Leaders address employee concerns regarding change.	3.3228	.8212
Leaders build morale and commitment toward successful change implementation.	3.2848	.8501
Overall Mean	3.1730	.7796

The overall mean for the democratic leadership style was 3.1730 at a .7796 standard deviation. This mean indicates that, on average, respondents perceived a moderate level of democratic leadership within their SMEs, indicating that democratic leadership is present, but not overwhelmingly so. The standard deviation of .7796 indicates a relatively low level of variability in responses which implies that most responses had similar view regarding the democratic leadership style. This is also shown across individual indicators/measures of the leadership style.

4.4.4 Change Management

Respondents were asked to rate aspects of change management practices in their SMEs on a five-point Likert scale where 1=strongly disagree and 5=strongly agree. Table 4.6 provides a summary of the responses.

Table 4.7: Change Management

	Mean	SD
Clear steps and structures are followed during change processes.	4.4177	.6677
Change initiatives enhance long-term sustainability.	4.6329	.5665
Employees demonstrate ownership of change processes.	3.5253	.9393
Resistance to change is effectively managed.	3.0253	.8109
Leaders communicate change processes clearly and consistently.	3.5570	.7420
Change initiatives foster innovation and adaptability.	4.8481	.3589
Overall Mean	4.0011	.6809

The overall mean for change management was 4.0.11 at a .6809 standard deviation. This mean indicates that, on average, respondents perceived a relatively high level of effective change management practices within their SMEs. The low standard deviation shows that there was a strong level of agreement among respondents. However, the item, “Resistance to change is effectively managed” had the lowest mean (M=3.0253, SD=.8109). This means that, on average, respondents remained neutral or were undecided on the idea of resistance to change being effectively managed within their SMEs. However, according to item, “Change initiatives enhance long-term sustainability” (M=4.6329, SD=.5665), respondents strongly felt that change initiatives enhanced long-term sustainability.

4.5 Inferential Statistics

For the purpose of establishing relationship between the variables, the study performed inferential statistics. This was done in two parts: first, correlation analysis was performed to check for the association between the variables and regression analysis performed in order to predict the dependent variable based on the values of the independent variables. Results are presented below.

4.5.1 Correlation Analysis

Spearman's rank correlation coefficient was employed to assess the monotonic relationship between the variables of the study. This was done to assesses the statistical strength and direction of a monotonic relationship between two variables. Findings are shown in Table 4.7.

Table 4.8: Correlation Analysis

		CHAMNGT	TRALS	AUTLS	DEMLS
Spearman's rho	CHAMNGT	1.000			
	TRALS	.850**	1.000		
	AUTLS	-.722**	-.698**	1.000	
	DEMLS	.737**	.707**	-.609**	1.000

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

The correlation matrix above shows the association between each variable of the study. There was a very strong positive and statistically significant correlation between transformational leadership style and change management ($r=.850$, $p<.05$). This observation implies that leaders who exhibit transformational leadership characteristics are more likely to lead successful change initiatives within SMEs. A similar finding was made between democratic leadership style and change management ($r=.737$, $p<.05$). This means that the more democratic a leader is, the more they are likely to effect change.

On the other hand, there was a strong negative and statistically significant relationship between autocratic leadership style and change management ($r=-.722$, $p<.05$). This means that as autocratic leadership increases, change management effectiveness tends to decrease, implying a very negative impact of autocratic leadership on change management within SMEs in Nairobi County, Kenya. Notably, as the results suggest, autocratic leadership style does not coexist

positively with other styles of leaders, in this case, transformational leadership ($r=-.698$, $p<.05$) and democratic leadership styles ($r=-.609$, $p<.05$).

4.5.2 Diagnostic Tests

Prior to regression analysis, diagnostic tests were performed to validate the model and verify the satisfaction of its underlying assumptions. This included tests for heteroscedasticity, normality, autocorrelation, and multicollinearity.

4.5.2.1 Test for Heteroscedasticity

The first assumption of the regression model holds that the variance of the error terms (or residuals) in the regression model is constant. Residual plot was generated to check if this assumption was violated.

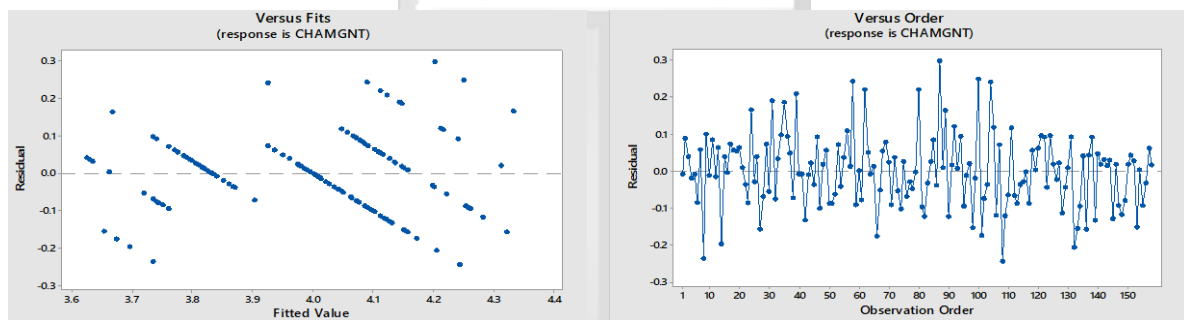


Figure 4.1: Test for Heteroscedasticity

As illustrated in Table 4.1, the assumption was not violated. This is because the spread (variance) of the residuals is relatively consistent across all predicted values. Also, the residuals are randomly scattered around the horizontal line at zero.

4.5.2.2 Test for Normality

The second assumption of regression analysis holds that the residuals or error terms follow a normal distribution. This assumption was tested using both a histogram plot and a probability-probability (P-P) plot, as shown in Figure 4.2.

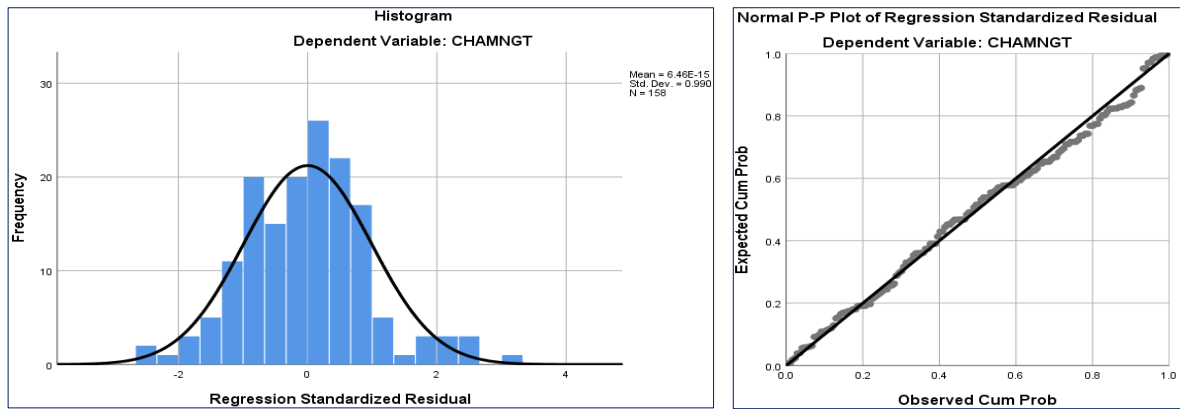


Figure 4.2: Test for Normality

The purpose of the histogram plot was to provide a visual representation of the distribution of residuals, to show the frequency of residuals within different intervals (bins). In this case, an almost symmetrical (bell-shaped) histogram can be observed, which indicates a normal distribution. Additionally, there is an absence of the extreme case of outliers. Therefore, the normality assumption was not violated.

This is further proven by the P-P plot which plots the observed cumulative probabilities against the expected cumulative probabilities under a normal distribution. As Fox (2019) explains, if the residuals are normally distributed, the points on the P-P plot will fall close to a straight diagonal line. This was the case as demonstrated above.

4.5.2.3 Test of Multicollinearity

The Variance Inflation Factor (VIF) and Tolerance were undertaken to check if the two or more of the predictor variables exhibited significant correlation with one another. The VIF measures how much the variance of a regression coefficient is inflated due to multicollinearity. A VIF of 1 indicates no multicollinearity whereas VIF values greater than 10 indicate significant multicollinearity. Findings of the VIF test are shown in Table 4.8.

Table 4.8: Test of Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
TRALS	.377	2.653
AUTLS	.372	2.685
DEMLS	.399	2.505

a. Dependent Variable: CHAMNGT

As illustrated above, the assumption was satisfied since $VIF < 10$ for all the variables. Tolerance values further confirm that the assumption was not violated.

4.5.3 Multiple Regression Analysis

Upon confirming the validity of the regression model via diagnostic tests, multiple regression analysis was employed to determine the predictive relationship between transformational, autocratic, and democratic leadership styles and change management.

The model summary was produced to assess the explanatory power of the independent variables on the variance of the dependent variable. Results are published in Table 4.9.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.872 ^a	.761	.756	.0989893

a. Predictors: (Constant), TRALS, AUTLS, DEMLS

b. Dependent Variable: CHAMNGT

As shown on the table above, a coefficient of determination (R Square) value of .761 was produced. This value indicates the proportion of the variance in the dependent variable that is explained by the independent variables. Therefore, it was observed that the three leadership styles—transformational, autocratic, and democratic leadership styles—account for up to 76.1% of variability in change management among SMEs in Nairobi County. Even when adjusted by the number of predictors, the model still explains 75.6% (Adjusted R Square) of variance in the dependent variable, suggesting that it is still a strong predictor of change management.

The analysis of variance (ANOVA) was computed to assess the overall significance of the regression model. The analysis breaks down the variability achieved above into different components, providing insights into how well the independent variables, as a group, predict the dependent variable. The findings are presented in Table 4.10.

Table 4.90: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.796	3	1.599	163.160	.000 ^b
	Residual	1.509	154	.010		
	Total	6.305	157			

a. Dependent Variable: CHAMNGT

b. Predictors: (Constant), TRALS, AUTLS, DEMLS

As shown on the table, under the Sum of Squares (SS) column, the total variation of the dependent variable is 6.305 of which 4.796 is explained by the regression model and 1.509 is not explained by the model (i.e., the error term). The F-test, which is determined by dividing Mean Square regression and Mean Square Residual aims to test the null hypothesis whereby all the regression coefficients are equal to zero. A large F-statistics, like in the case of the study, indicates that the regression model is a good fit for the data. This is further confirmed by the p-value which is less than .05.

Therefore, the results above show that the regression model is statistically significant at ($F(3, 154) = 163.160, p < .05$). Therefore, transformational, autocratic, and democratic leadership styles are reliable predictors of change management among SMEs in Nairobi, Kenya.

Lastly, regression coefficient was computed to predict dependent variable based on the values of the independent variable. Findings of the test are shown on Table 4.11.

Table 4.11: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	2.945	.168		17.507	.000
	TRALS	.316	.039	.522	8.126	.000
	AUTLS	-.059	.015	-.254	-3.933	.000
	DEMLS	.094	.034	.175	2.802	.006

a. Dependent Variable: CHAMNGT

In the table above, the beta coefficients represent the change in the dependent variable for a one-unit change in the independent variable, holding all other independent variables constant with the standard error measuring the variability of the coefficient estimate. The t-statistic aims

to test the null hypothesis that the coefficient is equal to zero with the sig. (p-value) representing the probability of realizing the observed t-statistic if the null hypothesis were true.

In light of the above, the analysis revealed a constant (intercept) of 2.945, which is the predicted value of change management when all the independent variables are zero. Since the p-value is .000, the constant is statistically significant. Transformational leadership style has a beta coefficient of .316, implying that for every unit increase in this leadership style, change management is predicted to increase by .316 units, holding other variables constant. Since $p < .05$, transformational leadership is a significant positive determinant of change management.

The beta coefficient of -.059 for autocratic leadership style suggests that a unit increase in this style of leadership within SMEs will see a decline in the effectiveness of change management by -.059, holding all other variables constant. With $p < .05$, this study concludes that autocratic leadership has a significant negative effect on change management. Lastly, democratic leadership style has a significant positive effect on change management as, confirmed by ($B = .094, p < .05$). However, its effect is less compared to transformational leadership style.

The final regression model for the study is as follows:

$$\text{CHAMNGT} = 2.945 + .316\text{TRALS} - .059\text{AUTLS} + .094\text{DEMLS} + \varepsilon$$

Where: CHAMNGT=change management, TRALS=transformational leadership style, AUTLS=autocratic leadership style, DEMLS=democratic leadership style, ε =error term.

4.6 Chapter Summary

In this chapter, the results of the study, comprising response rate, respondents' demographics and background information, descriptive statistics, and inferential statistics are presented in a systematic manner using tables and figures. The findings of the study underscore the role of different leadership styles on change management in Nairobi's SMEs.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary and comprehensive discussion of the key findings regarding the impact of leadership strategies on change management within small and medium enterprises in Nairobi, Kenya. Building upon the analysis conducted in previous chapters, this section provides the conclusions of the study, recommendations, and suggestions for future research.

5.2 Summary of Key Findings

A total of 158 of the targeted 197 Nairobi-based SME owners and managers participated in the study, yielding a sufficient response rate. Demographic data of the respondent sample suggests that both genders, all generations, and educational backgrounds of typical SME owner or manager were well represented. Additionally, the study featured diverse characteristics of SMEs in terms of size (measured by number of employees) and longevity (measured by years of operations). Findings from descriptive statistics suggest that, out of the three leadership styles studied, autocratic leadership was the most prevalent followed by democratic leadership and transformational leadership being the least popular. Additionally, respondents felt positive about change management initiatives.

Inferential statistics were employed to establish relationships between the variables of the study. Findings of correlation analysis suggest transformational leadership and democratic leadership styles exhibited strong, positive and significant correlations with change management. However, autocratic leadership style had strong negative and significant association with change management. Multiple regression analysis was performed to examine the predictive relationship between the variables. Findings suggest that transformational leadership and democratic leadership styles had significant positive influence on change management. On the other hand, autocratic leadership exerted significant negative influence on change management in SMEs in Nairobi County.

5.3 Discussion of Key Findings

This section presents a comprehensive discussion of the key findings of the study. The discussion is structured according to the specific objectives of the study.

5.3.1 Transformational Leadership and Change Management

The first objective of the study was to establish the influence transformational leadership style has on change management in Nairobi's SMEs. Descriptive statistics revealed that transformational leadership was the least common leadership style in SMEs, of the three styles surveyed. This observation corresponds with the views of Asimwe (2021), Josh (2022), and Tshibangu (2020), who argue that although beneficial and effective in driving innovation, employee engagement, and business success, the application of SMEs within SMEs can present unique challenges. Tshibangu (2020) says that it requires significant investments in employee development and empowerment and SMEs are known to resource constrained. Additionally, this leadership style is unpopular in SMEs because it often thrives on formal organizational structures and may require formal training and experience for SME owners and managers.

Findings of correlation analysis revealed that transformational leadership style and change management exhibited significant positive correlation. This finding was further substantiated by the results of the regression analysis which revealed a significant positive predictive relationship between transformational leadership style and change management. This means that leaders who demonstrate transformational leadership traits, contribute to a higher degree of change management effectiveness within SMEs. Therefore, in this regard, this study is in support of the principles of FRLM and Lewin's change management theories. This is because the findings demonstrate that transformational leaders motivate employees, foster innovation, and create a vision for change, aligning directly with the core components of the FRLM.

Beyond supporting the theoretical frameworks, the realization that transformational leadership is a significant predictor of successful change management is supported by numerous studies (Alamad et al., 2024; Alqatawenh, 2018; Carter et al., 2012; Chukwuma et al., 2023; Gacharia, 2016; Hao & Yazdanifard, 2015; Islam et al., 2021; Koske & Munjuri, 2023; Le et al., 2023; Mansaray, 2019; Wachira, 2018). According to these studies, transformational leadership reflects positively on change management for several reasons. For instance, transformational

leaders create a supportive and empowering environment that enables organizations to navigate change successfully. By focusing on people, vision, and inspiration, these leaders drive positive outcomes and ensure that change initiatives are implemented effectively. In the context of change management, Mansaray (2019) explains that by establishing trust, ensuring effective communication, and involving employees in the process, transformational leaders minimize resistance and foster buy-in.

5.3.2 Autocratic Leadership and Change Management

The second objective of the study was to determine the influence of autocratic leadership and change management in SMEs. Findings of descriptive statistics indicate that autocratic leadership is the most widespread form of leadership in Nairobi's SMEs. In other words, leaders of SMEs in Nairobi tend to exhibit autocratic characteristics. This observation aligns with Josh (2022), Rao and Zaidi (2020), and Yusuf et al.'s (2024) sentiments on autocratic leadership. They argue that this style of leadership is often prevalent in SMEs for several reasons: many SMEs are founded and operated by a single individual or a small group of individuals who tend to exhibit a strong sense of ownership and a desire to maintain tight control over all aspects of the business, cultural factors where in some cultures autocratic leadership is widely accepted and even expected, and the need to prioritize efficiency and cost effectiveness in especially resource-constrained SMEs.

Interestingly, despite its popularity, findings of inferential statistics suggest that autocratic leadership style and change management have a significant inverse relationship. This means that the more a leader exhibits autocratic leadership traits, the more an SME becomes less effective in effecting change. In other words, autocratic leadership is counterproductive to successful change. In this context, this finding is not in support of the principles of the study's theoretical frameworks – FRLM and Lewin's change management theories. This is because followers do not consider autocratic leaders as inspiring, motivating, and empowering enough to influence them to take on initiatives and impact change successfully as the principles of FRLM suggest. This is because autocratic leaders rely on active and passive management by exception leadership behaviors, both of which fall on the ineffective axis of the model.

While the relationship between autocratic leadership and change management remains largely contentious, as established in Section 2.3.2, findings from this study have significant empirical

support (Dike et al., 2015; Du et al., 2020; Jinga et al., 2024; Moosa et al., 2023; Zhang et al., 2020). According to the scholars, autocratic leadership emphasizes personal dominance, centralized authority, and strict control over subordinates. As a result, it deprives employees of their autonomy, flexibility, and creativity which are all essential during change. According to Moosa et al. (2023), autocratic leaders make decisions unilaterally, without seeking input from employees. This leads to a lack of ownership and buy-in, resulting in resistance to the change. Additionally, the lack of trust, autonomy, and control over their work can demotivate employees, leaving them feeling that their opinions and ideas are not valued which often leads to decreased morale and engagement.

5.3.3 Democratic Leadership and Change Management

The third objective of the study was to determine the influence democratic leadership style has on change management in SMEs in Kenya's Nairobi County. Findings from descriptive statistics suggest that democratic leadership is common in SMEs in Nairobi, but not as common as autocratic leadership, according to respondents. This is because the characteristics of democratic leadership makes it less favourable for SMEs seeking change – Ametefe et al. (2025), Imran et al (2025), and Keelson et al. (2024) elaborate that democratic leadership, which emphasizes consensus-building, can be time-consuming particularly for SMEs that often operate in fast-paced environments with limited resources, some SMEs may lack experienced employees with necessary expertise to contribute to meaningful decision-making, and this leadership style may be perceived as inefficient in that it slows down operations and reduces productivity.

Similar to transformational leadership style, democratic leadership also exerted a significant positive effect on change management. However, transformational leadership exhibited a significantly stronger predictive power. Nonetheless, this observation suggests that as leaders become more democratic, the more they effect change successfully within SMEs. Therefore, to this end, this study supports the principles of the study's theoretical frameworks – FRLM and Lewin's change management theories. This is because democratic leaders, like transformational leaders, involve employees in change initiatives and process, which as a result, empowers them and motivates them to take on responsibilities aimed at achieving desirable outcomes. Therefore, by involving employees, elements of transformational leadership which are depicted in FRLM's framework contribute to successful change.

The idea that democratic leadership effects change, as this study discovers, is supported by numerous previous empirical literature (Aajani et al., 2023; Aldulaimi & Abdeldayem, 2020; Iqbal et al., 2015; Jinga et al., 2024; Mansaray, 2019; Northouse, 2018; Oussible & Tinaztepe, 2022; Värttö, 2019; Wanza & Nkuraru, 2016). These studies all advocate for the democratization of change management processes. Democratic leadership fosters successful change management by engaging employees in the decision-making process, leading to increased buy-in and ownership. Open communication and collaboration build trust, reducing resistance and fostering a sense of collective responsibility. By valuing diverse perspectives and encouraging innovation, democratic leaders create an adaptable environment where employees feel empowered to contribute to the change, resulting in higher morale, enhanced problem-solving, and a smoother transition.

5.4 Conclusion of the Study

This study set out to examine the effects of transformational, democratic and autocratic leadership styles on change management in SMEs within the accommodation and food services sector in Nairobi County, Kenya. Anchored on the Full Range Leadership Theory and Path-Goal Theory, the study aimed to bridge the gap in understanding how various leadership approaches influence the success of change initiatives in a sector marked by volatility, rapid growth, and intense competition. The objectives above were achieved after surveying SME owners and managers in Nairobi County. Findings of the study revealed that autocratic leadership style was the most widespread whereas transformational leadership was the least popular leadership style by a significant mile.

The findings also revealed that transformational and democratic leadership styles have a positive and statistically significant effect on change management. Leaders who exhibit transformational qualities, such as articulating a compelling vision, providing individualized support, and fostering innovation, were found to facilitate smoother change processes by enhancing employee engagement and organizational adaptability. Similarly, democratic leadership, characterized by participative decision-making, open communication, and shared ownership of change, was shown to promote buy-in from employees, reduce resistance, and improve the overall effectiveness of change initiatives.

Conversely, autocratic leadership demonstrated a negative relationship with effective change management. The tendency of autocratic leaders to centralize decision-making, limit employee involvement, and discourage feedback was found to hinder successful change implementation. This aligns with existing literature suggesting that in dynamic and customer-oriented sectors like accommodation and food services, participative and people-centered leadership styles are more effective in managing organizational change.

These conclusions underscore the critical role of leadership in navigating organizational change within SMEs. They emphasize the need for SME leaders to adopt flexible, inclusive, and visionary leadership approaches to effectively manage change, enhance organizational resilience, and ensure long-term sustainability. The study contributes to both theory and practice by providing empirical evidence on the differential impacts of leadership styles on change management in a Kenyan SME context, thus filling a notable gap in existing research.

In summary, leadership style is a pivotal determinant of change management success. SMEs that cultivate transformational and democratic leadership practices are better positioned to adapt to market changes, foster innovation, and maintain competitive advantage. The findings advocate for targeted leadership development interventions aimed at equipping SME leaders with the skills necessary to drive effective change management.

5.5 Recommendations of the Study

In this section, the policy, practical, and theoretical recommendations of the study are provided.

5.5.1 Policy Implications

At policy level, this study recommends that policymakers and SME support organizations in Kenya should prioritize initiatives that promote and facilitate the adoption of transformational and democratic leadership practices. This can be achieved through targeted training programs, workshops, and mentorship schemes designed to equip SME leaders with the necessary skills and knowledge. Government agencies should consider integrating leadership development into existing SME support frameworks, emphasizing the proven link between these leadership styles and successful change management. Furthermore, policies should discourage or provide disincentives for autocratic leadership practices, promoting a more collaborative and inclusive organizational culture within the SME sector.

5.5.2 Practical Implications

Based on the findings, this study proposes that SME owners and managers in Nairobi should proactively cultivate transformational and democratic leadership approaches within their organizations. This should encompass actively engaging employees in decision-making processes, fostering open communication, and creating a culture of trust and empowerment. Leaders should articulate a clear vision for change, inspire their teams, and provide individualized support. Practical steps include implementing regular employee feedback mechanisms, conducting team-building exercises, and investing in leadership development training. Recognizing the negative impact of autocratic leadership, SMEs should transition away from top-down decision-making and embrace a more participatory management style, ensuring employees feel valued and invested in the change process.

5.5.3 Theoretical Implications

The finding that transformational and democratic leadership styles significantly predict successful change in Nairobi's SMEs, while autocratic leadership is detrimental, carries profound theoretical implications. It reinforces and extends existing leadership theories by highlighting the contextual relevance of these styles within a developing economy's SME landscape. This study suggests that the principles of empowerment, vision-sharing, and collaborative decision-making, core to transformational and democratic leadership, are universally applicable and critical for navigating organizational change in resource-constrained environments. The detrimental effect of autocratic leadership underscores the limitations of top-down approaches in fostering adaptability and buy-in, challenging theories that might prioritize efficiency over employee engagement. This finding necessitates further theoretical exploration into the nuanced interplay between leadership styles, cultural context, and organizational change, potentially leading to developing more context-specific leadership models for SMEs in emerging economies.

5.6 Limitations of the Study

While this study provides valuable insights into the effects of leadership styles on change management in SMEs within Nairobi's accommodation and food services sector, several limitations should be acknowledged. First, the study focused exclusively on licensed SMEs,

thereby excluding informal businesses, which form a significant portion of Kenya's SME landscape. This limits the generalizability of the findings to the broader SME sector. Second, the cross-sectional research design captured data at a single point in time, restricting the ability to assess causal relationships or observe leadership dynamics over an extended period. Third, the study relied on self-reported data from SME owners and employees, which may be subject to social desirability bias or inaccuracies in perception. Lastly, the study concentrated on three leadership styles, i.e. transformational, democratic and autocratic excluding other relevant styles such as servant, transactional, or laissez-faire leadership which may also impact change management outcomes.

5.7 Areas for Further Research

Building upon the findings and limitations of this study, several areas warrant further investigation. Future research could adopt a longitudinal design to examine how leadership styles influence change management over time, providing a more dynamic understanding of the relationship. Expanding the scope to include informal SMEs would enhance the representativeness and applicability of the findings to Kenya's entire SME sector. Additionally, incorporating other leadership styles, such as servant leadership, transactional leadership, and laissez-faire leadership, could provide a more comprehensive analysis of leadership influences. Comparative studies across different sectors beyond accommodation and food services such as retail, manufacturing, or ICT would also offer valuable insights into sector-specific leadership dynamics. Lastly, qualitative studies exploring in-depth employee perspectives on leadership and change management could complement quantitative findings and enrich the overall understanding of the subject.

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APPENDICES

Appendix I: Letter of Introduction

Ole Sangale Rd, Madaraka Estate,
P.O Box 59857 00200, Nairobi, Kenya.
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



18th October 2024

To Whom It May Concern,

RE: FACILITATION OF RESEARCH – KISUTSA, JACK NIMROD

This is to introduce Kisutsa, Jack Nimrod who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/061366. As part of our MCOM Programme, Jack is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Jack would like to request appropriate data from your organization.

Jack is undertaking a research paper on **“EFFECTS OF LEADERSHIP STYLES ON CHANGE MANAGEMENT IN SMALL AND MEDIUM SIZED ENTERPRISES IN NAIROBI, KENYA.”** The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM Programme seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Njoki Kiagiri'.

Njoki Kiagiri

Appendix II: Questionnaire

Association of African
Business Schools



INTRODUCTION

Dear Participant,

Please contribute to this research by taking this questionnaire, which should take no more than 5-10 minutes to complete. Your responses will remain confidential and will be used for academic purposes only.

Instructions:

1. Please do **not write your name** to maintain confidentiality.
2. Tick (✓) the response that best reflects your opinion.

SECTION A: DEMOGRAPHIC INFORMATION

This section seeks to get some basic demographic details about the respondents to enhance the analysis and provide more meaningful insights from the collected data.

1. Gender:

Male [] Female []

2. Indicate your age?

18-30 31-40 40-45 46-59 over 60

3. What is your level of education?

Certificate Diploma Degree Masters

Others, please specify _____

4. Position held in the business.

Owner Manager

5. On average how many employees does your organization have?

0-10 Employees 11-30 Employees 30 or more employees

6. How long has your organization been in operation since incorporation?

0-2 years 2-5 years 5-15years Over 15 years

SECTION B

PART ONE: Transformational Leadership.

Please indicate your own opinion for each statement by ticking (✓) the option that best represents your opinion. Use the following scale:

[1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly agree]

		1	2	3	4	5
1	Leaders articulate a compelling vision for change.					
2	Leaders lead by example and demonstrates the values they expect employees to follow during the change process.					
3	Leaders encourage creativity and innovation during the change process.					
4	Leaders develop employee skills to adapt to new processes.					
5	Leaders provide individualized support to employees during change.					
6	Leaders actively involve employees in shaping the vision for change.					

PART TWO: Autocratic Leadership.

Please indicate your own opinion for each statement by ticking (✓) the option that best represents your opinion. Use the following scale:

[1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly agree]

		1	2	3	4	5
1	Leaders prioritize goal achievement above all else.					
2	Leaders control employees through clear directives.					
3	Leaders rely on authority and strict supervision to implement change.					
4	Leaders use threats or reprimands to enforce compliance.					
5	Leaders ensure quick decision-making during change processes.					

6	Leaders focus on meeting change objectives efficiently, regardless of employee input.					
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PART THREE: Democratic Leadership.

Please indicate your own opinion for each statement by ticking (√) the option that best represents your opinion. Use the following scale:

[1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly agree]

		1	2	3	4	5
1	Leaders involve employees in decision-making processes related to change.					
2	Leaders ensure employee ideas are considered and valued.					
3	Leaders promote open communication during the change-process.					
4	Leaders establish a sense of shared ownership of change initiatives.					
5	Leaders address employee concerns regarding change.					
6	Leaders build morale and commitment toward successful change implementation.					

PART FOUR: Change Management in SMEs in Nairobi.

Please indicate your own opinion for each statement regarding change management in SMEs in Nairobi by ticking (√) the option that best represents your opinion. Use the following scale:

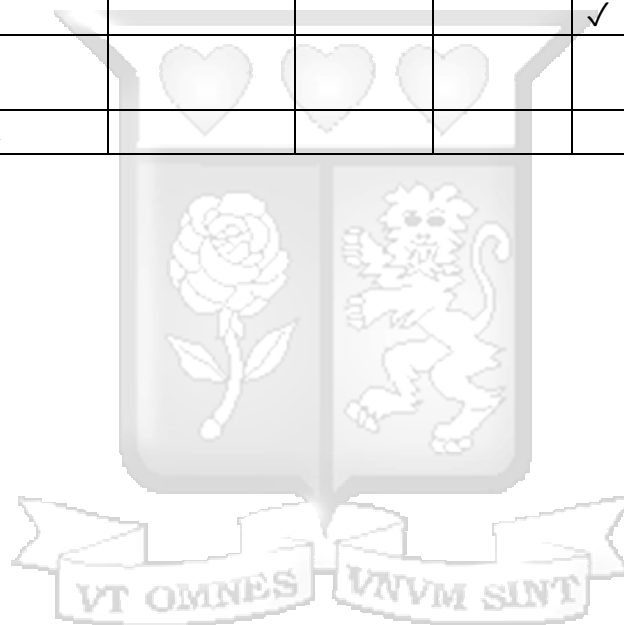
[1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly agree]

		1	2	3	4	5
1	Clear steps and structures are followed during change processes.					
2	Change initiatives enhance long-term sustainability.					
3	Employees demonstrate ownership of change processes.					
4	Resistance to change is effectively managed.					
5	Leaders communicate change processes clearly and consistently.					
6	Change initiatives foster innovation and adaptability.					

THANK YOU

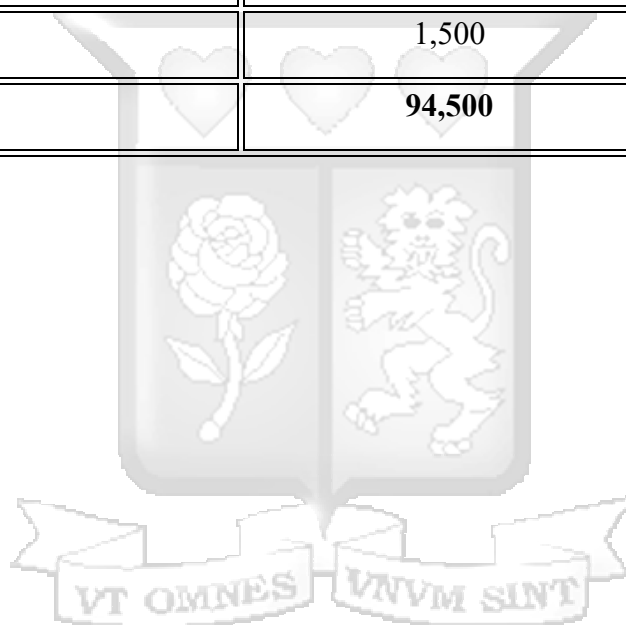
Appendix III: Work Plan

Monthly Activity	Sep-Dec 2024	Jan 2025	Feb 2025	Mar-Apr 2025	May 2025
Topic Identification	✓				
Problem Statement	✓				
Literature Review	✓				
Proposal Presentation		✓			
Corrections & Amendments		✓			
Collection of Data			✓		
Data Coding, Entry, Cleaning			✓		
Data Analysis				✓	
Report Writing				✓	
Research Project Presentation					✓
Journal Publication					✓



Appendix IV: Research Budget

Item	Total Cost (Kshs)
Printing of report	2,000
Research assistants	40,000
Binding	1,000
Data analysis/Analyst Software	30,000
Traveling expenses	10,000
Miscellaneous (airtime, stationery, etc.)	10,000
Hard cover binding	1,500
Total	94,500



Appendix V: Ethical Review Letter



17th February 2025

Mr Kisutsa Jack,
jack.nimrod@strathmore.edu

Dear Mr Kisutsa,

RE: Effect of Leadership Styles on Change Management in Small and Medium Sized Enterprises in Nairobi, Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2563/25**. The approval period is from **17th February 2025 to 16th February 2026**.

This approval is subject to compliance with the following requirements:





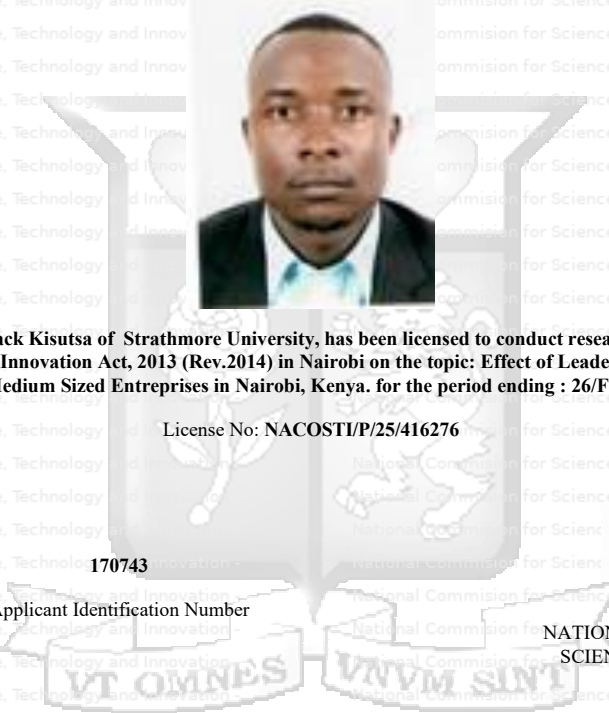

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

**Mr Ambrose Rachier,
Chairperson; SU-ISERC**

Appendix VI: NACOSTI License

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 170743	Date of Issue: 26/February/2025
RESEARCH LICENSE	
	
This is to Certify that Mr.. Jack Kisutsa of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Effect of Leadership Styles on Change Management in Small and Medium Sized Enterprises in Nairobi, Kenya. for the period ending : 26/February/2026.	
License No: NACOSTI/P/25/416276	
170743 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	
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