THE ROLE OF TRANSACTIONAL LEADERSHIP STYLE OF OWNER/MANAGERS IN ADOPTING A MARKET ORIENTED CULTURE: A CASE OF MANUFACTURING SME’S

Abstract
The purpose of this study is to examine the possible relationship of transactional leadership style on the three tenets of market orientation, thus, competitor orientation, customer orientation and inter-functional coordination. Questionnaires were used to gather data from 200 owner/managers of manufacturing SME’s in the Accra metropolis of Ghana. The collected data from the questionnaires were analysed through the Structural Equation Modelling using the Partial Least Squares approach (SEM-PLS). The findings showed that transactional leadership style had an inverse but a significant relationship to customer orientation and inter-functional coordination. The implication is that, an owner/manager who expresses positive outcomes to employees for performing their duties in line with instructions and also focuses on employee mistakes and complaints and also emphasizes development of process in setting goals, directing, and striving to manipulate and control the situation inhibits the adoption and practice of a market-oriented culture. Also with the manufacturing, SME’s in Ghana, adopting a transactional leadership style will not encourage market-oriented culture. It is therefore recommended that owner/managers to adopt other styles of leadership which can translate in the practice of market-oriented culture.

Keywords: Transactional leadership style, customer orientation, competitor orientation and inter-functional coordination, SMEs, Partial Least Square, Ghana

1.0 Background
Since 1992, Ghanaian governments have successfully handed over power to other governments without any instability hence making investors have enough confidence without any interruption to their businesses. SMEs constitute the vast majority of businesses in Ghana providing services and goods to large organisations, hence contributing to expanding output, providing value-added activities in the manufacturing sector, creating employment opportunities especially in the services sector, and contributing to widening Ghana’s export base (Ghana Investment Promotion Centre, 2010).

According to Bastiat Ghana Institute (2014), 85 percent of the SMEs offer employment in the manufacturing sector and they contribute about 75 percent to Ghana’s GDP and account for about 92 percent of businesses in Ghana. Also, statistics from the National Board for Small Scale Industries (NBSSI) indicates that SMEs constitute about 90 percent of the private sector’s contribution to the GDP of Ghana. These denote that SMEs, therefore, have catalytic impacts on growth, income and employment opportunities in Ghana. The fast-changing global environment has augmented the complexities of business which demands effective leaders. These leaders must not only be able to understand the rapidly changing business scenario but also be able to adopt the appropriate leadership styles which can enhance or improve small business performance (Hayat & Riaz, 2011).
Fiedler (1996), one of the most respected researchers on leadership, provided a treatise on the importance of leadership while arguing that the effectiveness of a leader is a significant factor to the success or failure of a group, organisation, or even an entire country. Indeed, it has also been argued that one way in which businesses have sought to cope with the increasing volatility and turbulence of its external environment is by training and developing leaders and equipping them with the skills to cope with changing environments (Koech & Namusonge, 2012). The study of leadership is deeply attached to culture. Leaders need to practice cultures which will invariably lead to utmost organisational growth and performance. Recent studies (Herath & Mahmoud 2013, Hussain, Ismail & Akhtar, 2015, Appiah-Nimo, Boohene, Gbadeyan & Agyapong, 2016) have begun to link leadership and market orientation behaviour most especially among small firms making it a research priority.

Market orientation is seen as an intangible management culture that is linked to the organisation’s responses to consumers’ needs and wants (Narver & Slater, 1990; Ruekert 1992) and hence posited to be a source of competitive advantage (Appiah-Nimo et al., 2016). On the condition that, as the literature suggests, market orientation plays a key role in business profitability, then business leaders need a clearer understanding of it in order to implement the market orientation philosophy. Subsequently, other studies by Dubhilela (2013) and Vieira (2010) have argued that top management is an antecedent crucial to the development of market orientation in businesses. However, there is very little empirical research identifying factors affecting top management behaviour in relation to the development of market orientation in organisations.

In Ghana, among the bigger obstacle to SMEs now is access to funding and ability to conduct market research which will go a long way to increase their share of the market and increase their customer base (Bastiat Ghana Institute, 2014). Owner/managers’ behaviour is in this sense crucial in the development of a market-oriented culture, mainly because their influence is keenly felt. This study examines the role of transactional leadership style of owner/managers in adopting a market-oriented culture.

This paper is organised as follows. The first part looked at the background to the study. The second section examined the theoretical review for the paper. This is followed by the methodology and results and discussions respectively. The final section discussed the conclusions, recommendations and directions for future research.

2.0 Literature review

Theoretical review

Leadership theories

The theories of leadership have moved away from traits, behaviour and situational characteristics that determine leadership. Instead, there is now focus on the relationship between leaders and followers. Thus, the theories are based on social-exchange or relationship based theory, which posits that both leaders and followers commit to working together under a satisfying condition (Cleveland, Stockdale & Murphy, 2000). Leadership is defined as a part of management involved with the supervision of others (Fiedler, 1996). De Pree (2004) also defined leadership as the art of influencing others. Thus, effective leaders influence followers in a desired manner to achieve desired goals, and therefore different leadership styles may affect organisational effectiveness or performance. Leadership is perhaps one of the most important aspects of management (Weihrich, Cannice, & Koontz, 2008). Hence, leadership is a major factor which contributes to the general wellbeing of organisations (Robbins & Coulter, 2007 and Dauda, 2010).

Two influential relationship-based leadership theories are Transformational and Transactional Leadership by Bass and Avolio (1998). Transformational leadership as one of
the relationship based theories refers to a leader influencing major changes in the attitudes and assumptions of organisational members and thus building commitment to strategies of an organisation (Yukl & Fleet, 1992). Within the transformational leadership construct, Bass and Avolio identified factors of leadership behaviours that are classified as transformational: Idealized Influence (Attributed and Behaviour); Inspirational Motivation; Intellectual Stimulation; Individualized Consideration. Again, they presented components that are characteristic of transactional: Contingent Reward; Management-By-Exception (Passive and Active). A transformational leader is a person who inspires followers to achieve outstanding outcomes and pay attention to all concerns and needs of followers and thus create positive energy in the followers whereby each individual is concerned for the other's interests (Robbins & Coulter, 2007 and Warrilow, 2012).

Transactional leadership style

This is another role differentiation and social interaction form of leadership. However, at this stage of evolutionary development, the influence process has been elevated to acknowledge the reciprocal influence of the leader and subordinate, and the development of their relative roles over time (Dansereau, Graen & Haga, 1975; Duchon, Green & Taber, 1986). In this theory, the leader may have different types of transactions and different relationships with different subordinates (Hollander, 1958). Additionally, transactional leaders motivate subordinates through the use of contingent rewards, corrective actions and rule enforcement (Bass, 1985; Bass & Avolio, 1990). Consistent with transformational leadership theory, research has found that transactional behaviours are related to leadership effectiveness in many different types of organisations (Bass, 1997). A transactional leader satisfies employee needs through recognition and rewards for tasks performed for the organisation (Shriberg, Shriberg & Lloyd, 2002). Individuals receive rewards for achieving the goals of the organisation through their performance, with the help of the transactional leader. This relationship between the individual and the transactional leader supports the meaning of exchange between the leader and individual (Tarabishy, Solomon, Fernald, & Sashkin, 2005). A transactional leader expresses positive outcomes to employees for performing their duties in line with instructions and also focuses on employee mistakes and complaints. Leadership drives the success of a small business, and thus, is essential for accomplishing organisational success (Harland, Knight, Lamming & Walker, 2005, and Garcia-Morales, Jimenez-Barrionuevo, & Gutierrez-Gutierrez, 2012). Also, transactional leaders emphasise the development of a process in setting goals, directing, and striving to manipulate and control the situation (McGuire & Kennerly, 2006). This clearly exhibits leaders as having a more significant influence on strategic decision making that affect the firm's culture in all areas; marketing, finance, human resources and also structural developments.

Market orientation

Market orientation is deemed as a source of competitive advantage and a key to future organisational success (Langerak, 2003). Narver and Slater (1990) had a goal to broaden the understanding of the components that help to build a market orientated culture in an organisation and propose a usable definition of the concept. They further argued that market oriented organisations are not only focused on customers but also on competitors. Additionally, they placed emphasis on inter-functional coordination (more of internal marketing) which connects all functions in the organisation and become part of the whole organisational culture. Subsequently, this definition was developed: “Market orientation consists of three behavioural components; customer orientation, competitor orientation, and inter-functional coordination.” Hence, Narver and Slater argued that profitability is the
ultimate goal of a firm, and it results from successful market orientation. A firm can achieve this through the identification and response to customers’ needs and providing products and services that satisfy those needs, thus making market orientation the primary instrument in developing a sustainable competitive advantage (Jaworski & Kohli, 1993; Narver & Slater, 1990; Kumar, Jones, Venkatesan, & Leone, 2011).

**Upper echelon theory**

A number of antecedents have been investigated and suggested in the development of a market orientation of an organisation. Kohli and Jaworski (1990) also discussed the senior management factors preceding the adoption of a market orientation. Upper echelons theory posits that strategic choices and performance levels can be predicted by the leadership composition (Hambrick & Mason 1984). This theory posits that observable managerial characteristics are reliable indicators of unobservable perceptions and values because they have an influence on the process of strategic choice and the outcomes resulting from these choices (Carpenter, Geletkanycz, & Sanders, 2004, Nielsen 2010). The values of the top management team can affect the perception of a situation, which then affects the strategic choice (Hambrick & Mason 1984). Additionally, it emphasises that leaders characterised by bounded rationality will make a decision based on their cognitive, social and physiological characteristics (Tinga, Azizan, & Kweha, 2015).

Connecting the theory to the study, SME leadership or the owner/manager exercises a leadership position to fundamentally implement different strategies regarding culture to achieve growth for their firm (Ucbasaran, Westhead & Wright, 2001). Thus, leader’s aspirations and competence, as well as their strategic management behaviour, influences the development of the firm (Raymond, Cadieux & St-Pierre, 2012). The upper echelon theory which underpins this study specifically buttresses the idea that indeed leaders/managers influence the decision of the firm greatly and hence the choice of leadership style should be a matter of grave interest. This theory clearly explains the importance of the leader’s characteristics in an organisation’s pursuit for growth and strategies.

**Leadership style and Market Orientation**

Leadership is perceived by extant literature (Bass, 1997, Jogulu, 2010, and Schneider & George, 2011) as the motivation of group processes, where the leader exercises power, influence and a form of persuasion as instruments to achieve particular behaviours. It is widely thought that top organisational leaders within a firm always set the tone for the rest of the organisation. As posited by Slater and Narver (1995), a dynamic environment facilitates the requisite dynamic style of leadership. Also, these leaders or managers encourage an environment where innovation and non-conformation with the status quo is expected (Arham 2014). Additionally, Eisenberger, Gonzalez-Moral, and Becker (2010) also found that the leader or owner/manager is prominent for implementing market orientation. The concept of a leaders’ risk tolerance relates to the tendency of risk-taking activities. This implies that a market-oriented firm must respond to the constantly changing business environment in order to provide relevant and timely products to meet the demands of consumers. As Jaworski and Kohli rightly put it, “new products and programs often run a high risk of failure and tend to be more salient than established products”. Evidently, if a firm is reluctant to accept the possibility of unsuccessful products, then that firm will not achieve a market-oriented culture, because fears of failure will reduce creativity and new product development. On the contrary, if leaders or owner/managers display a willingness to take up risks and accept occasional failures as a cost of competing in a the market, then invariably, subordinates within the firm
will share same beliefs and will be more willing to share in the firms’ ideas and innovative thinking (Jaiyeoba, Kealesitse & Marandu, 2015).

Hence it was hypothesised:

**H1**: Transactional leadership style has a significant relationship with Customer Orientation

**H2**: Transactional leadership style has a significant relationship with Competitor Orientation

**H3**: Transactional leadership style has a significant relationship with Inter-functional Coordination

### 3.0 Methodology

This quantitative study used a descriptive research method to examine the relationship between transactional leadership style and the tenets of market orientation of manufacturing SMEs in the Accra metropolis in Ghana. The objectives of the study informed the decision to adopt a descriptive research design. The total number of manufacturing businesses recorded in the NBSSI’s register for 2013 in the Metropolis was 3,474. The study used Bartlett, Kotrlik and Higgins (2001) sample size determination table to determine a sample of 400 respondents out of the 3,474. Lists of all the registered manufacturing SMEs with their contacts were provided by NBSSI. The various manufacturing SMEs were given codes which were written down on pieces of papers and put in a box. The lottery method was used in selecting the 400 respondents from thence questionnaires were sent to all those randomly selected. Data was collected between the periods of April – June 2015. Primary data was used for the study and collected through the use of questionnaire. The information requirements of this study enabled the adoption of two measures adapted from extant literature- Multifactor Leadership Questionnaire (MLQ) and Market Orientation (MKTOR). The Structural Equation Model (SEM) utilising the Partial Least Square (PLS) was used to analyse the data. The PLS approach to SEM offers an alternative to covariance-based SEM, which is especially suited for conditions when data is not normally distributed. PLS path modelling is referred to as soft-modeling-technique with minimum demands regarding measurement scales, sample sizes and residual distributions. The SEM-PLS approach provides the capability to estimate PLS path models within the R programming environment.

### Table 1: Research variables operationalised

<table>
<thead>
<tr>
<th>Leadership style</th>
<th>Transactional</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. I discuss in specific terms who is responsible for achieving performance targets</td>
</tr>
<tr>
<td></td>
<td>2. I wait for things to go wrong before taking action</td>
</tr>
<tr>
<td></td>
<td>3. I show that I am a firm believer in “If it ain’t broke, don’t fix it.”</td>
</tr>
<tr>
<td></td>
<td>4. I concentrate my full attention on dealing with mistakes, complaints, and failures</td>
</tr>
<tr>
<td></td>
<td>5. I direct my attention toward failures to meet standards</td>
</tr>
<tr>
<td></td>
<td>6. I express satisfaction when others meet expectations</td>
</tr>
</tbody>
</table>
### Market orientation

**Customer orientation**
1. Our business objectives are driven primarily by customer satisfaction
2. We constantly monitor our level of commitment to serving customers' needs
3. Our business strategies are driven by our beliefs about how we can create greater value for customers
4. Our strategy for competitive advantage is based on our successful and unsuccessful customer experience across all business activities
5. We measure customer satisfaction systematically and frequently
6. We give close attention to after sales services

**Competitor Orientation**
1. Our sales person(s) and other employees regularly share information within our business concerning our competitors
2. We respond to competitive actions that threatens us
3. The owner/manager of the firm regularly discusses competitor strengths and strategies
4. We always target customers, where we have an opportunity for competitive advantage

**Interfunctional coordination**
1. All sales personnel and other employees in the firm regularly share information about customers in terms of their feedback to product/services we offer to them
2. Owner(s) and employees in the firm communicate freely about our successful and unsuccessful customer experience across all business functions
3. Owner(s) and employees in the firm are all involved in serving the needs of our target market
4. All managers/owners and employees understand how everyone in our business can contribute to creating customer value

---

**Source:** Author’s construct, 2015

### 4.0 Results and Discussions

The questionnaires administered yielded a response rate of 50%, representing 200 respondents. This response rate is reasonable as a comparison to other studies in leadership style and market orientation (Keskin, 2006 and Armarrio, Ruiz & Amario, 2008). This study used the SEM-PLS to examine the relationship between transactional leadership style and the market orientation indicators of manufacturing SMEs in Accra.
### 4.1 Demographic Characteristics

Demographic characteristics of respondents were analysed using cross tabulations. The results are presented in Table 1.

**Table 1: Demographic Characteristics of Respondents**

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Male (n=124)</th>
<th>Female (n=76)</th>
<th>Total (n=200)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present job position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner and Founder</td>
<td>48</td>
<td>19</td>
<td>67</td>
</tr>
<tr>
<td>Manager</td>
<td>56</td>
<td>43</td>
<td>99</td>
</tr>
<tr>
<td>Owner and Manager</td>
<td>19</td>
<td>14</td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>76</td>
<td>200</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30 years</td>
<td>38</td>
<td>19</td>
<td>57</td>
</tr>
<tr>
<td>31-40 years</td>
<td>63</td>
<td>38</td>
<td>101</td>
</tr>
<tr>
<td>41-50 years</td>
<td>15</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>51-60 years</td>
<td>7</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>61 years and above</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>76</td>
<td>200</td>
</tr>
<tr>
<td>Highest educational qualification achieved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No formal education</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Basic education certificate</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Junior High School Certificate</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Senior Secondary School Certificate</td>
<td>22</td>
<td>9</td>
<td>31</td>
</tr>
<tr>
<td>Vocational/Technical Certificate</td>
<td>6</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Diploma/Degree Certificate</td>
<td>63</td>
<td>40</td>
<td>103</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>28</td>
<td>10</td>
<td>38</td>
</tr>
<tr>
<td>PhD</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>76</td>
<td>200</td>
</tr>
<tr>
<td>Work experience before commencement of current business</td>
<td>Yes</td>
<td>65</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>59</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>76</td>
<td>200</td>
</tr>
<tr>
<td>Previous work experience related to your current business</td>
<td>Yes</td>
<td>64</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>60</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>76</td>
<td>200</td>
</tr>
<tr>
<td>Business startup experience prior to this business</td>
<td>Yes</td>
<td>65</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>59</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>76</td>
<td>200</td>
</tr>
</tbody>
</table>
Table 1 shows the present job positions held by the respondents. Out of the 200 respondents, 99 representing 49.5 percent were found in the position of Managers. A total of 67 respondents representing 33.5 percent were in the position of being the Owner and Founder and also, Owner and Managers position were held by 33 (16.5%).

Further, the table reveals that out of 200 respondents, 124 representing 62 percent were males whilst 76 representing 38 percent were females. The results showed an interesting consistency in the male sex dominating. A total of 86.6 percent of owner/managers were male, and 13.4 percent were female in the survey.

A large number of the respondents between 31 and 40 years old were 101 representing 50.5 percent and the lowest number of respondent being one person representing 0.5 percent was in the age range of 61 years and above. The Upper Echelon Theory suggests that the personal characteristics of the members of the top management team play a far more important role than expected. Factors such as age are assumed to affect the decisions made by the top management and subsequently their market orientation. The results suggest that majority of the managers were matured enough to know the kind of marketing strategies to adopt in order to satisfy customers.

Table 1 also shows that majority of the respondents were educated with about 146 (73%) having diploma, degree, master’s and doctorate. It was also observed that 50 (25%) of the respondents had some secondary/ commercial/ technical certification. Only four respondents (2%) did not have any formal education. The table furthermore shows that majority of the respondents had diploma/degree certificates, accounting for about 51.5 percent. This also proves that majority of the managers (both men and women) had high educational qualifications which provided a tendency of being market oriented. Kohli and Jaworski (1990) noted education of top managers as a factor encouraging market orientation. Additionally, Chaganti and Parasuraman (1996) also observed that education affects the different ways in which information needs are determined which affects the ability to identify marketing opportunities. The findings also supports that of Becherer, Halstead and Haynes (2001) who also found that owner/managers with less education led firms exhibited a significantly less market orientation. Similarly, a review of literature on the relationship between the level of education of the owner/manager and the performance of the business has established a generally positive relationship (Liedholm & Mead, 1995 and Barringer, Jones & Neubaum, 2005).

The table again shows that among the respondents, most (54%) had some working experience before operating their current business. The implication according to this study is that working experience is very important in operating a small and medium scale enterprise in the manufacturing industry. Again, of the total percentage of respondents who had previous experience before commencing their businesses, Table 1 shows that 53 percent had previous work experience relating to this present one. Among the 200 respondents, 55.5 percent had business start-up ideas prior to this business and 47 percent had been with their present business between 1-5 years of operation. It is followed by 72 (36.5%) respondents who had been with the present firm between 6-10 years. The Upper Echelon Theory (Hambrick &
Mason, 1984) suggests that the more strategic a decision, the more important the personal
characteristics of the decision makers, such as age, tenure within the organisation and
specialisation.

4.2 Analysis of the final Measurement Model
The final measurement model clearly explains how the model was tested using the
factor loadings, composite reliability and discriminant validity. The composite reliability
assisted in evaluating how the measurement model was consistent. The results are shown in
Tables 2 and 3.

Table 2: Final Measurement Model

<table>
<thead>
<tr>
<th>Variables</th>
<th>Factor Loadings</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitor Orientation</td>
<td>.76-.83</td>
<td>.65</td>
<td>.79</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>.71-.81</td>
<td>.57</td>
<td>.73</td>
</tr>
<tr>
<td>Inter-functional Coordination</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Transactional</td>
<td>.65-.77</td>
<td>.49</td>
<td>.74</td>
</tr>
</tbody>
</table>

Source: Fieldwork, 2015

Table 2 revealed that the factor loadings of the variables ranged between .65 and .83. The
composite reliability values ranged between .73 and .79 which is greater as compared to the
.70, maximum level suggested by Nunnally (1978). Again, the Average Variance Explained
(AVE) ranged between .49 and .65. Thus, they exceeded the benchmark of 0.4 suggested by
Fornell and Larcker (1981) and Chin (2010). Therefore, these results strengthen the reliability
of the instrument.

Table 3: Discriminant validity

<table>
<thead>
<tr>
<th></th>
<th>ComOrient</th>
<th>CustOrient</th>
<th>IntCoord</th>
<th>Transac</th>
</tr>
</thead>
<tbody>
<tr>
<td>ComOrient</td>
<td>.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CustOrient</td>
<td>-.07</td>
<td>.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IntCoord</td>
<td>.08</td>
<td>.17</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Transac</td>
<td>-.19</td>
<td>-.37</td>
<td>-.21</td>
<td>.70</td>
</tr>
</tbody>
</table>

Source: Fieldwork, 2015

Discriminant validity test aids in ascertaining whether concepts or measurements that are
supposed to be unrelated are, in fact, unrelated (Campbell & Fiske, 1959). Correlation
coefficient between measures of a construct and measures of conceptually different
constructs usually gives evidence of discriminant validity. If the correlation coefficients are
high, it depicts a lack of discriminant validity or weak discriminant validity, depending on the
theoretical relationship and the magnitude of the coefficient. Alternatively, if the correlation
coefficients are low to moderate, this demonstrates that the measure has discriminant validity.

4.3 Structural Model
The test of the structural model, the PLS technique was used to estimate the path coefficients
and t-statistics of the relationships between the leadership styles, market orientation and firm
growth. Figure 1 shows the path coefficients of the relationships between the variables.
Hypotheses testing

The study examined the effect of owner/manager leadership style on market orientation of manufacturing SME’s in the Accra metropolis. The interpretations of the hypotheses are summarized in Table 3.

Table 3: Path Coefficients

| Path Coefficients | Original Sample (O) | Standard Error (STERR) | T Statistics (|O/STERR|) | P Values |
|-------------------|---------------------|------------------------|-----------------------------|----------|
| -> ComOrient      | -0.188              | 0.065                  | 2.895                       | 0.004    |
| Transac           |                     |                        |                            |          |
| -> CustOrient     | -0.366              | 0.061                  | 5.981***                    | 0.000    |
| -> IntCoord       | -0.209              | 0.070                  | 2.996**                     | 0.003    |

*p<.10. **p<.05. ***p<.01.

Source: Fieldwork, 2015

Table 3 shows that transactional leadership style had a negative but significant relationship with customer orientation ($\beta$=-.36, $t$= 5.98, p< .05.), and inter-functional coordination ($\beta$=-.20, t=2.99, p< .05.) This implies a transactional leader does not encourage market orientation. The results are consistent with that of Wong, Saunders, and Doyle (1989), who also surveyed a manufacturing industry and found the most dominant impediment to market orientation practice being management attitudes and behaviours. Likewise, Harris and Ogbonna (1998) also confirmed that a leadership style that seeks to be directive impedes market orientation. The transactional leadership style seeks to allocate tasks and procedures which do not support market orientation development. Harris and Piercy (1999) additionally revealed that formalised, conflicted, or politically motivated management behaviours are negatively associated with the extent of market orientation practiced.

The market orientation concept is explained as a distinct organisational culture, with set of beliefs and values that put the customer at the centre of the business’ thinking about strategy and operations (Deshpande & Webster, 1989). Thus, from an individual manager's perspective, top management behaviour is frequently mentioned as a key barrier to developing a market oriented culture (Harris, 1996; Harris & Ogbonna, 1998). Founders of companies play an important role as symbols and influence organisational culture (Harris, 1996). According to Harris, if the owner/manager of the company has a dominant personality and influence in the company; his/her behaviour acts as a major restriction on marketing activity. In sum, existing research of obstacles to market orientation has consistently found...
leadership behaviour which does not transform followers’ behaviour, as a significant obstacle to market orientation development and practice.

5.0 Conclusions and implications

The findings of this study have implications for the owner/managers of SME’s, academic and policymakers with a particular interest in how important leadership style is, and also in developing a market orientated culture for manufacturing SME’s in the Accra Metropolis in Ghana. The study revealed that an unrelated antecedent to market orientation is transactional leadership style when the manufacturing sector of SME’s is considered. Thus, owner/managers of manufacturing SME’s should avoid transactional leadership behaviours if they indeed want to encourage market orientated culture. Accordingly, transactional leadership style is an impediment to the market orientation development. It buttresses the fact that, leaders must rally support from followers if growth is to be achieved. Further, it is widely acknowledged that developing a market orientation is a complex process (Howell & Avolio, 1993) and hence will need support from the whole firm for it to be actualised. For academic purposes, the study contributes to knowledge by providing evidence of relevant market orientation antecedent. It further provides a divergent view on transactional leadership style and market orientation and also broadens understanding of leadership style and its linkages with market-oriented culture. The study recommends that owner-managers not to adopt transactional leadership style if they hope to practice a market-oriented culture as it stiffens processes and leaves no room for creativity by workers. Policymakers should encourage owner/managers to adopt market-oriented cultures that may achieve growth in the long run.

5.1 Limitations and directions for future studies

The study focused on manufacturing SMEs in the list compiled by the NBSSI. The results should, therefore, not be generalised for all other sectors of SMEs in other areas. Furthermore, this study only concentrated on a single style of leadership as it relates to market orientation. Further research is suggested on investigating other leadership styles in relation to market orientation. Also, data were collected in 2015, though literature reviewed do not disprove the results found in this study. Finally, a longitudinal study is highly recommended if replication of this study is made due to the high chances of respondents (owner/managers) changing their preferences regarding their leadership styles.

REFERENCES


Hayat N, Riaz MT. The influence of the SMEs top-level managers’ leadership styles and their entrepreneurial orientation on the business performance. 2011.


Avolio BJ, Bass BM. You can drag a horse to water but you can't make it drink unless it is thirsty. Journal of Leadership Studies. 1998 Jan;5(1):4-17.


McGuire E, Kennerly SM. Nurse managers as transformational and transactional leaders. Nursing Economics. 2006 Jul 1;24(4):179.


Fornell C, Larcker DF. Structural equation models with unobservable variables and measurement error: Algebra and statistics. Journal of marketing research. 1981 Aug 1:382-8.


Wong V, Saunders J, Doyle P. The barriers to achieving stronger marketing orientation in British companies: an exploratory study.


Deshpande R, Webster Jr FE. Organizational culture and marketing: defining the research agenda. The journal of marketing. 1989 Jan 1:3-15.
