Directive Leadership Style and Performance of Manufacturing Small and Medium Enterprises (SMES) in Nairobi County, Kenya

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Abstract

This study sought to examine the influence of directive leadership style on organizational performance of manufacturing Small and Medium Enterprises (SMEs) in Nairobi County, Kenya. Positivism research philosophy and descriptive correlational research design were adopted. The target population consisted of managers/owners from 425 SMEs listed members of the Kenya Association of Manufacturers in Nairobi Region. Stratified random sampling technique was then used to draw a sample size of 369 managers/owners from the total population. Data was collected using self-administered questionnaires. Binary Logistic Regression (Cox and Snell R squared) revealed that 13.7 % of the probability of organizational performance was explained by directive leadership style. The parameter estimates results indicated that directive leadership style positively and significantly predicted organizational performance, $\beta = 3.435$, $p = .000$, $p < 0.05$. Based on these results the null hypothesis that "directive leadership style does not influence organizational performance in manufacturing SMEs in Nairobi" was rejected. The study concluded that directive leadership style significantly influenced organizational performance in manufacturing SMEs in Nairobi County. The findings provide new insights for owners/managers of manufacturing SMEs on use of directive leadership style to influence performance in their organizations. However, given the differences in capacity and demographics in various counties, the study recommends a similar study to be conducted with focus on Kenya at large using a longitudinal approach and other data analysis methods to provide new understanding of the SME sector as a whole.

Key words: Directive leadership, Organizational performance, Small and Medium Enterprises (SMEs), Nairobi County, Kenya

Introduction

Small and medium sized enterprises' (SMEs) leaders need to be aware of the changes in the global environment, as no business can succeed without a clear vision established by the organization's leadership supported by entrepreneurial actions. To achieve this, the leaders of the organizations must understand their own capabilities, competencies and leadership style (Sawaeana & Alib, 2020). One of the major strategies through which organizations can gain sustainability is by developing a culture of innovation through staff development, in addition to enabling or employing skilled and more professional leaders. This according to Mkheimer (2018) is a sustainability measure that if adopted by manufacturing SMEs, the leaders would be able to lead their subordinates in the process of implementing strategic business goals that will subsequently sustain the firm (Mkheimer, 2018).

Therefore, having a strong association between leadership style and the performance of manufacturing SMEs is imperative towards achieving their strategic development goals. House and Mitchell's (1974) path goal leadership theory was founded on the principle that the perception of an employee on work and performance was greatly affected by the leader's behavior. The theory is based on the expectancy motivation theory, which envisages that motivation is the basis of job satisfaction and performance. The four leadership styles described by House and Mitchell's path goal model are: directive, supportive, participative and achievement oriented, which should be appropriate to the situation to maximize both performance and job satisfaction

According to Northouse (2017), directive leadership is characterized by a leader who gives followers clear instructions about their tasks, what is expected of them, how it is to be done, and the timeline to be accomplished. A directive leader is able to set standards of performance, as well as make rules and regulations clear to followers. House and Mitchell (1974) add that a directive leader provides guidance and structure for members. In turn, the members expect direction, need details, context and boundaries to accomplish the task. This leadership behavior is appropriate when the followers want authoritative leadership and have external locus of control in addition to when the ability of the follower is low. It is also appropriate when the environmental task is ambiguous or complex, formal authority is strong and the work group offers job satisfaction (Achua & Lussier, 2013). The leaders insist on the adherence to high standards and punishment for employees who perform poorly. Other researches claim that authority founded on hierarchical differences predicts negative results such as work pressure, turn over intention, and fear of the leader (Wang & Guan, 2018).

Leadership behavior affect the ability of the leader to influence, direct, encourage and control employees to accomplish the work set for them and achieve organizational goals (Razak et al., 2018). The factors that determine both failure and success of small business include substantive and legitimate leadership behaviors and learning strategies. These factors may be among the principal reasons why some small businesses succeed, while others fail to understand the learning strategies, leadership knowledge, and skills used by successful small business leaders (Mersha & Avenew, 2018). Mkheimer (2018) identified leadership behavior, skills and qualities of leaders as essential factors that influenced the manufacturing industry's SMEs survival and growth. This therefore, offers an opportunity for researchers to explore more leadership studies so as to address the challenges that face the SME sector.

In Kenya, Micro and Small Enterprises (MSEs) take a large share of private sector enterprises across numerous sectors in the economy. They account for over 90% of private sector enterprises, 24% GDP and 93 % of the total work force. Thus, the development of this sector is paramount to the realization of the national development goals and the Kenya Vision 2030. Despite existing and past policy interventions, SMEs have continuously been faced with persistent challenges impeding their performance and development. These challenges that have largely affected the SME sector include but not limited to; access to markets, obsolete technology, regulatory environment and institutional coordination, governance structures, affordable finance among other emerging issues (Republic of Kenya, 2020). According to SDGs

(2019), the lack of sustainability efforts in the SMEs' manufacturing sector was largely attributed to the SME characteristics, which was presented as lack of awareness, expertise, skills and finance in addition to lack of innovation and human resources to build the required changes for sustainability within the sector. Wandiri, et al. (2020) added that as Kenya positioned itself to achieve the sustainable development goals, there was a need to revisit the contributions of the SMEs in the manufacturing sector.

Nevertheless, a report by OECD (2020) recognized a sharp decline in consumer confidence and consumption of goods and services resulting from the COVID 19 pandemic, viewed as one of the major concurrent public health and financial crises in recent times. As a result of the outbreak of the pandemic, Amankwah-Amoah et al. (2020) agreed that many SMEs in 2020 were exposed and therefore negatively affected. This was due to the fact that most SMEs lacked the capacity to quickly change their business models and adapt to the emerging new processes and work routines. Through research recommendations, the government and SME leaders would be in a better position to respond to such unprecedented crisis.

Globally, leadership scholars (Bickle, 2017; Saleem et al., 2020; Dokony et al., 2020; Lal'Arya, 2017) have conducted studies on directive leadership in different contexts. Besides, in Kenya other scholars (Mutonyi et al., 2021; Kasimu, 2016; Mwaisaka et al., 2019; Rana et al., 2019) studied directive leadership in large organizations with a focus on innovative behavior, organizational commitment, employee satisfaction and employee performance. This prompted the need for additional research on leadership and organizational performance in manufacturing SMEs. Therefore, the purpose of this study was to examine the influence of directive leadership style and organizational performance in manufacturing SMEs in Nairobi, Kenya.

Literature Review

Theoretical review

The study was grounded on Path-goal leadership theory, which was developed by Robert House and published in 1971. His intention was to reconcile prior conflicting findings concerning task and relationship-oriented leadership behavior. He tries to explain how the behavior of leaders influences the performance and satisfaction of the followers. The model does not have a leader trait and behavior variable because the leader is supposed to use the appropriate leadership style regardless of his/her preferred traits and behavior to motivate employees to enhance their performance (Northouse, 2017). House (1971) highlights a flexible way where leaders can use different styles to achieve results from their staff. This study specifically focused on directive leadership style.

Conceptual Framework

The conceptual framework for this study comprised of the independent variable as directive leadership behavior and the dependent variable as organizational performance amongst manufacturing SMEs. The constructs used to measure directive leadership style were; clarity of instructions, work scheduling and setting standards. Organizational performance was measured by increase in revenue, sales production per employee and number of new inventions as the key performance indicators from Kalpan and Norton (2001) balance score card perspectives. The conceptual framework is shown in Figure 1.

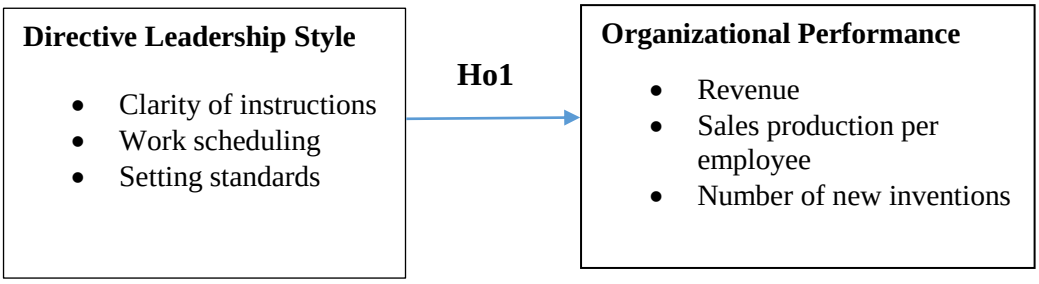

Figure 1. Conceptual Framework

Empirical Literature

Directive Leadership and Organizational Performance

On the basis of past studies conducted on the constructs that measure directive leadership and organizational performance, Martin (2018) argued that clarity is a vital component of strategic communication. A clear strategy statement provides the guidance to workers by defining specifically how the organization pursues its objectives (Latham, 2018). Van der Hoek et al. (2018) confirmed that clarity of instructions is vital to team performance. In their study of goal setting and team performance in the Dutch public sector, it was indicated that both goal clarity and self- management positively influenced team performance. Furthermore, Saleem et al., (2020) claimed that directive leaders provided task instructions and directions to their followers that included what their expectations were, how to follow and when to complete the tasks. Their findings indicated that directive leadership style had a significant effect on teacher job performance. Raju and Banerjee (2017) earlier concluded that employee's performance was dependent on clarity of the job description given by their supervisors. The results showed that unclear job descriptions led to employee's poor performance hence poor performance at the organizational level. However, Jiang's et al. (2017) research presented conflicting results, reasoning that authoritarian leaders expect their followers to achieve their best performance by setting clear guidelines, exercising strict measures, establishing job responsibilities and issuing punishment and rewards. The rigid control shown by the authoritarian leaders over the organizational hierarchy was particularly noted for their adverse effect on work environment, hence making it highly stressful and demoralizing.

Kaur et al. (2019) in their study on work flow scheduling in cloud computing defined work flow as the implementation and mechanization of repeated pattern on business where documents and tasks are passed from one member to the other for specific actions. Scheduling on the other hand is a course of action that is concerned with the mapping of tasks on appropriate resources with specified user limitations. Theurer, Tumasian and Welpe (2018) research on the contextual work design and employee innovative behavior looking at the dimensions of autonomy explained that

work scheduling autonomy was the extent to which employees feel that they can control the timing or sequencing of their work activities. The concept originated from the context of manufacturing and employees were not tied to any specific schedules or timing. It was therefore assumed that when employees were able to freely choose when and in what order they worked on diverse tasks, their intrinsic motivation was activated which in turn influenced innovative work behavior. Chen's (2017) study sought to determine whether hotels training programs were vital predictors of employee service innovation performance. The regression analysis showed a significant moderating result of work schedule flexibility on the association between training access and service innovation activities in addition to the relationship between training benefits and service innovation behaviors. On the contrary, from the result there was no significant moderating effect on work schedule flexibility on association between employee's perceived support for training and subsequently their service innovation activities.

Spulber (2019) claimed that standardization of business practices is vital to most commercial transactions. Government and the business environment expectations also provide guidance on the standards required for goods and services provided to consumers. Standards apply to information and communications technology products, manufacturing components and parts, building supplies, transport systems and in most consumer goods. In addition, standards are important to financial markets and to payment systems. Baron and Spulber (2018) in their paper on technology standards and standards setting organizations postulated that standard setting organizations created numerous technology standards in addition to those set by market interactions and government activities. Therefore, standard setting organizations are those organizations that elect, formalize, develop and ratify technological standards. Such organizations ensure that their products and services are at par with the expected performance standards thereby maintaining high performance. As such, directive leadership style is appropriate in a high- pressure working environment where the followers need to achieve challenging goals and targets. Performance standards, rules and regulations are thus drawn to the followers (Saleem et al., 2020).

Calza et al. (2019) supported this claim in their study using a dataset of small and medium scale manufacturing enterprises in Vietnam. The main findings from the study showed that possession of an internationally recognized standard certificate led to significant productivity premium. Furthermore, the internal benefits of standardization could also be generated through an effect on human resources. Zoo et al. (2017) confirmed that the key way for firms to grow and transition economies and to upgrade their managerial and organizational practices to world standards was through the implementation of international management standards such as ISO 9001 and ISO 14001. The standards provided a model for setting up management systems that would enable firms to attain their set targets in quality and in environmental sustainability.

Research Methodology

This study applied positivism research philosophy which enables the application of quantitative design techniques in the efforts of determining the extent of how the independent variable (directive leadership style) influenced the dependent variable (organizational performance).The study adopted descriptive correlational design, which determines if two variables are correlated. This design was used in establishing the relationship between directive leadership style and organizational performance.

The target population comprised managers/owners from 425 SMEs listed members of the Kenya Association of Manufacturers based in Nairobi County as per the Kenya Manufacturers and Exporters Directory 2020-2021 edition. Nairobi County was ideal location for the study as it constitutes 65 percent of Kenya Association of Manufacturers (KAM) membership.

Stratified random sampling technique was used to select a sample of 369 respondent organizations from the population of 425 organizations. This ensured that all the study elements were well represented as it increased the probability that the sample would be represented proportionally (Saunders et al., 2016). Small and Medium Enterprises from different categories were grouped into 14 homogenous strata before being sampled (Katialem et al., 2018). After stratification of the categories, simple random sampling was then used to select the SMEs from each stratum represented in the population. This was based on the percentage represented by each stratum in the population. This study used Yamane's (1967) formula to define the sample size for each stratum.

Data was collected from owners/managers of the manufacturing SMEs using a self- administered structured questionnaire**.** Close-ended questions with five-point Likert scale were used to measure the answers of the respondents and the scale ratings used to gauge directive leadership and organizational performance were as follows: 1 = Not at all, 2 = Rarely, 3 = Sometimes, 4 = Often, 5 = Always. The descriptive statistics used included; mean, standard deviation, skewness and kurtosis. Various techniques used to perform inferential analysis in the study included; factor analysis, validity and reliability tests, correlation analysis, chi-square and binary logistic regression. The tool used for data analysis was Statistical Package for Social Sciences (SPSS) version 22.

The Study Results

From the sample size of 369 owners/managers, 367 responses were received giving a response rate of 99%.

Descriptive Statistics

Descriptive statistics were used to examine the demographic information of the respondents and their institution of work. The variables captured were the position in the firm, the duration in the organization, the gender, the highest level of education, and age of the respondents. From the study results, the managers were 62% of the respondents while the owners were 38%. At least 24.3% of the respondents had been in the institution for 2-3 years, 4-5 years at 24.8%, 0-1 years were 11.7%, 6-8 years were 11.7% and 13-15 years had worked for 10.4%. Others were less than 10%; 9-12 years were 8.7% and over 15 years were 8.4%, more than two thirds were Male (70 %) followed by female (30 %). Most of the respondents were diploma holders at 35.2%, the undergraduate were 24.9%, and certificate were 22.7%. Others were less than 10%; 7.9% were in high school, 7.7% at Masters Level, 1.1% at PhD and 0.5% in other levels. Most of the respondents were 41-50 years of age at 30.7%, 36-40 years at 26.8%, 31-35years at 11.0%, and 26-30 years at 10.1%. Others were less than 10%; 51-60 years at 7.4%, 18-25years at 5.8%, 61-70 years at 5.2% and over 70 years at 3.0%.

The descriptive statistics covered were mean, standard deviation, skewness and kurtosis. As presented in Table 1. The mean value of all the questions on directive leadership style ranged from 3.6 to 3.92 which when converted to zero decimal place was M=4. Similarly, the Standard

Deviation ranged from .830 to .966 which were <1 implying that the respondents highly agreed on the questions on directive leadership style as the independent variable of study. The skewness and kurtosis of the data was also <1 hence data on the directive leadership style was normally distributed.

Table 1: Descriptive Statistics on Directive Leadership Style

	Mean	Median	Std. Deviation	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
I let employee's know what is expected of them.	3.63	4	0.83	-0.472	0.128	0.405	0.255
I inform employees about what needs to be done and how it needs to be done.	3.6	4	0.966	-0.341	0.128	-0.083	0.255
I ask employee's to follow standard rules and regulations	3.76	4	0.854	-0.484	0.128	0.231	0.255
I explain the level of performance expected of employee's.	3.87	4	0.929	-0.47	0.128	-0.262	0.255
I give clear explanations on job expectations.	3.92	4	0.899	-0.751	0.128	0.689	0.255

Inferential Statistics

Factor Analysis for Directive Leadership Style

The exploratory factor analysis (EFA) was performed on the directive leadership style as the independent variable using the Principle Component Analysis (PCA) as the extraction method. Questions that did not fit the matrix were dropped.

Total Variance Explained, KMO and Bartlett's Test of the Directive Leadership

The directive leadership style had a total of 5 questions. Factor Analysis test were; KMO and Bartlett's test, the Total variance explained and the Pattern matrix. As shown in Table 2, the Kaiser-Meyer-Olkin test of sampling adequacy was 0.841 with significant Bartlett's test of Sphericity at X^2 (10) = 776.323, p<.05. This result shows the directive leadership style was adequate for extraction since Kaiser-Meyer-Olkin Measure was greater than 0.6 and the Bartlett's test was significant (p<.05). On the total variance explained, only one component was extracted with the Eigenvalue of >1 and 58.433% of variance. This implies that the sample for

directive leadership was adequate since the KMO measure was greater than 0.05 and the Bartlett's test was significant.

Table 2: Total Variance Explained, KMO and Bartlett's Test of the Directive Leadership

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.922	58.433	58.433	2.922	58.433	58.433
2	.639	12.777	71.210			
3	.547	10.938	82.148			
4	.480	9.600	91.747			
5	.413	8.253	100.000			

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.841),
Bartlett's test of Sphericity at X^2 (10) = 776.323, p<.05

Extraction Method. Principal Component Analysis.

Correlation Analysis

Correlation test was conducted to test for significant relationship between the directive leadership style as an independent variable and organization performance as the dependent variable. As shown in Table 3, the relationship was statistically significant. Organization performance had a positive relation with; 'I let employee's know what is expected of them' r (343) = .282, p<.05, 'I inform employees about what needs to be done and how it needs to be done' r (343) = .276, p<.05, 'I ask employee's to follow standard rules and regulations' r (343) = .337, p<.05, 'I explain the level of performance expected of employee's' r (343) = .370, p<.05, and lastly, 'I give clear explanations on job expectations' r (343) = .222, p<.05. This implies that the organization performance as the dependent variable had positive and significant moderate correlation (r = .3 to .4) with two items on the directive leadership style and weak correlation (r < .3) with three items on the directive leadership style.

Table 3: Correlation between Directive Leadership and Organization Performance

Directive Leadership		Organization Performance
I let employee's know what is expected of them.	Correlation Coefficient	.282**
	Sig. (2-tailed)	.000
	N	343
I inform employees about what needs to be done and how it needs to be done.	Correlation Coefficient	.276**
	Sig. (2-tailed)	.000
	N	343
I ask employee's to follow standard rules and regulations	Correlation Coefficient	.337**
	Sig. (2-tailed)	.000
	N	343
I explain the level of performance expected of employee's.	Correlation Coefficient	.370**
	Sig. (2-tailed)	.000
	N	343
I give clear explanations on job expectations.	Correlation Coefficient	.222**
	Sig. (2-tailed)	.000
	N	343

Chi Square Test for Directive Leadership Style and Organization Performance

Chi-square test was performed to determine the association between directive leadership style as the independent variable and the organization performance as the dependent variable. As shown in Table 4 the organization performance had strong and positive significant association (p <0.05) with the directive leadership style, χ^2 (19) = 303.574, p <.001. This indicated that there was a statistically significant relationship between the two variables. It is consistent with the correlation test done where the organization performance had significant relationship with the directive leadership style.

Table 4: Association between Directive Leadership and Organization Performance

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	303.574[a]	19	.000
Likelihood Ratio	72.106	19	.000
Linear-by-Linear Association	79.232	1	.000
N of Valid Cases	365		

[a]. 27 cells (67.5%) have expected count less than 5. The minimum expected count is .02.

Binary Logistics Regression Analysis and Assumption tests

Binary logistic regression was conducted to determine whether directive leadership style predicted organizational performance of manufacturing small and medium enterprises in Nairobi County, Kenya.

Binary logistic regression Assumption Tests:

To understand the model to be used in answering the research hypotheses, different regression assumption tests were conducted on the directive leadership style as the independent variable and organization performance as the dependent variable. The assumptions of the regression test conducted were: linearity test, multi-collinearity tests, normality test, distribution variable and proportional odds test.

Test of Linearity

Box-Tidwell (1962) procedure was used to test for linearity between the predictors and the logit. This was achieved by the addition of log- transformed interactions terms between the continuous independent variables and the equivalent natural log in the model. As observed in Table 5. The directive leadership: log directive leadership interaction term has a *p* value of 0.535 which was not statistically significant since $p > 0.05$. This implied that directive leadership style as an independent variable was linearly related to the logit of the outcome variable (organizational performance) and the assumption was thereby satisfied.

Table 5: Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	DLS	8.476	8.332	1.035	1	.309	4797.293
	DLS by DLS_LN	-2.663	4.292	.385	1	.535	.070
	Constant	-12.468	10.587	1.387	1	.239	.000

[a.] Variable(s) entered on step 1: DLS, DLS * DLS_LN

Test of Multi-collinearity

The test for Multi-collinearity was conducted to test whether the values of directive leadership style and organizational performance were highly correlated. Using VIF, the value of 1 to 10 indicates the absence of multi-collinearity. As shown in Table 6 the value of VIF was 1.000 signifying no multi-collinearity between directive leadership and organizational performance.

Table 6: Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	DLS	1.000	1.000

[a.] Dependent Variable: Binary OP after FA

Normality test

One –Sample Kolmogorov-Smirnov test was used to test if the sample came from a population that was normally distributed. When data is normally distributed then it should not be significant. The *p* value should be greater than 0.05 ($p > .05$). Table 7 shows Sig. (2-tailed) .000 for Organizational Performance and .001 for Directive Leadership style indicating that the data was not normally distributed.

Table 7: One-Sample Kolmogorov-Smirnov Test

		Organization Performance	DLS
N		367	365
Normal Parameters[a,b]	Mean	3.6818	3.7578
	Std. Deviation	.52090	.68330
Most Extreme Differences	Absolute	.139	.102
	Positive	.085	.082
	Negative	-.139	-.102
Kolmogorov-Smirnov Z		2.664	1.939
Asymp. Sig. (2-tailed)		.000	.001

[a.] Test distribution is Normal. [b] Calculated from data

Distribution of Variables

The assumption for the dependent variable states that the dependent variable must be dichotomous while the independent variable should be categorical, ordinal or continuous. The questions on the dependent and independent constructs had categorical measurement. The measurements were in five likert scale format; 1= Not at all, 2 = Rarely, 3= Sometimes, 4 = Often, and 5 = Always. The questions retained for analysis after the factor analyses were categorized into two; Yes and No (binary) and the distribution of the organization performance were; 97.5% agreed while 2.5% disagreed.

Test of Proportional Odds

The test of parallel lines was conducted to test the proportion odds assumption. This submits that the correlation between independent variable and dependent variable do not change for dependent variable categories. The Chi- Square results presented in Table 8 are χ^2 (3) = 27.859, $p > .05$ and significant level .000 ($p < .05$) indicating that the assumption was violated hence the

need for further tests. This violation of the assumption shows that the effect of directive leadership style on organizational performance significantly varies across the cut-point equation in the model. It implies that the coefficients of the model cannot be reduced to a single set of outcome categories.

Table 8 :Test of Parallel Lines[a]

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	150.625			
General	122.767	27.859	3	.000

The null hypothesis states that the location parameters (slope coefficients) are the same across response categories.
[a]. Link function: Logit.

Binary logistic Regression and Hypothesis Testing

Binary logistic regression analysis was conducted to determine whether the independent variable (directive Leadership) predicted the dependent variable (organizational performance) of manufacturing SMEs in Nairobi County, Kenya.

The hypothesis tested was:

> ***Ho 1****: Directive leadership style does not influence organizational performance in manufacturing SMEs in Nairobi County.*

The binary logistics results for directive leadership was presented in form of dependent and independent variable measure, model summary, hosmer and lemeshow test, classification table and variables in the equation.

Dependent and Independent Variable Measure

The questions on the dependent and independent constructs had categorical measurement. The measurements were in five point likert scale format; Not at all, rarely, sometimes, often and always. The questions retained for analysis after the factor analysis were categorized into two; Yes and No (binary) and the distribution of the organization performance were; 97.5% agreed while 2.5% disagreed as shown in Table 9. This implied that 97.5% of the respondents answered Yes while 2.5% of the respondents answered No to the study questions.

Table 9: Binary OP after FA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	9	2.5	2.5	2.5
	Yes	358	97.5	97.5	100.0
	Total	367	100.0	100.0	

Model Summary for Directive Leadership Style

Cox & Snell is an analogous static in logistic regression to the coefficient of determination of R square in linear regression. The model summary provides some approximation of R statistics in logistic regression. The result of Cox and Snell R squared shown in Table 10 suggest that 13.7 % of the probability of organizational performance was explained by directive leadership style.

Table 10: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	30.451[a]	.137	.666

[a]. Estimation terminated at iteration number 9 because parameter estimates changed by less than .001.

***Hosmer and Lemeshow Test for Directive Leadership Style*.**

Hosmer and Lemeshow indicate a poor fit if the significance *p* value is less than .05. In this case the model adequately fitted the data as the *p* value was greater than .05 (.254) and there was no difference between observed and predicted model. As shown in Table 11, the Pearson Chi-Square significance tests results showed that the observed data was consistent with the proposed model, χ^2 (7) = 8.977, p = .254 , p >.05.

Table 11: Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	8.977	7	.254

Classification Table for Directive Leadership Style

The classification table provides an indication on how well the model is able to predict the correct category once the predictor variables are added to the study. In this case, the model correctly classified 98.1% of the cases overall. This infers that, overall, the accuracy was good as the model exhibited good sensitivity among those persons who are two times more likely to choose Yes over No at 99.2 based on the model.

Table 12: Classification Table[a]

	Observed		**Predicted**		
			OP_0_1		Percentage Correct
			.00	1.00	
Step 1	OP_0_1	.00	5	4	55.6
		1.00	3	353	99.2
	Overall Percentage				98.1

[a.] The cut value is .500

Variables in the Equation

Table 13 shows the relationship between the predictor variable directive leadership style and the outcome variable Organizational Performance. The results show that the coefficient of directive leadership was (3.435. *p*=.000) was statistically significant. The Exp (B) for directive leadership style was 31.042. This implies that organizational performance was likely to be influenced by directive leadership 31.042 times.

Table 13: Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	DLS	3.435	.737	21.753	1	.000	31.042
	Constant	-6.253	1.794	12.154	1	.000	.002

[a.] Variable (s) entered on step 1: DLS

The binary logistic model used to test the hypothesis of the study was as follows;

Logit (π) $= \beta 0 + \beta 1 X1$

Where:

Logit (π) = the Probability of Organizational Performance.

β= regression coefficient β1

X1 = Directive Leadership Style.

Discussion of Results

Directive Leadership Style and Organizational Performance

The study sought to determine the influence of directive leadership style on organizational performance in manufacturing SMEs in Nairobi, Kenya. From the findings, Pearson's correlation analysis revealed that there was a significant relationship between directive leadership style as an independent variable and organizational performance as the dependent variable. The study showed that there was a positive and weak correlation coefficient between organizational performance and managers/owners giving clear explanations of what is expected of the employee's on the job' r (343) = .222, p<.05 and when managers inform employees about what needs to be done and how it needs to be done' r (343) = .276, p<.05. These results support findings by Van der Hoek et al., (2018) who confirm that clarity of instructions is vital to team performance.

The study revealed positive and significant moderate correlation between organizational performance and managers/owners explaining the level performance expected of employees r (343) = .370, p<.05 and when they ask employee's to follow standard rules and regulations' r (343) = .337, p<.05. In conformance with these findings, Calza et al., (2019) using a dataset of small and medium scale manufacturing enterprises findings showed that possession of an internationally recognized standard certificate leads to a positive and significant labor productivity premium of Vietnamese SME's in the manufacturing sector. As such, directive leadership style is appropriate in a high- pressure working environment where the followers need

to achieve challenging goals and targets. Therefore, performance standards, rules and regulations are drawn to the followers (Saleem et al., 2020).

Chi-square test results showed that organization performance had strong and positive significant association ($p<0.05$) with the directive leadership style, χ^2 (19) = 303.574, $p<.001$. This was consistent with the Chi Square findings by Rana et al., (2019) who revealed that there was a statistically significant association between directive leadership and employee performance.
Binary Logistic Regression was conducted to determine whether directive leadership style predicted the organizational performance of managers/owners of manufacturing SMEs. The result of Cox and Snell R squared suggested that 13.7 % of the probability of organizational performance was explained by directive leadership style. Hosmer and Lemeshow test showed the model adequately fitted the data as the *p* value was greater than .05 (.254). The parameter estimates results indicated that directive leadership style positively and significantly predicted organizational performance, $\beta= 3.435$, $p = .000$, $p < 0.05$. Based on the findings, the study rejected the null hypothesis the null hypothesis that stated that; "Directive leadership style does not influence organizational performance in manufacturing SMEs in Nairobi." This is consistent with Wang and Guan (2018) investigation on the positive effect of authoritarian leadership style and employee performance. Path analysis model results revealed that authoritarian leadership had a positive significant relationship with employee performance. On the contrary Siddique et al. (2020) disagree with the study findings. Their investigation on the link of authoritarian leadership to employee organizational embeddedness, leader member exchange (LMX) and performance revealed that authoritarian leadership applies negative influence on subordinate's job performance and satisfaction through weak employee embeddedness and poor quality LMX. Based on this premise directive leadership style has both positive and negative outcomes in the business context in relation to organizational performance. For an individual to perform adequately in his or her role they must know the expectations of the role set, activities needed for the job to be fulfilled and the consequences of the role to be performed for themselves, colleagues and the organization (Akhtar & Zia-ur-Rehman , 2017). It is, therefore, the discretion of the leaders to assess the context they are in and apply the appropriate leadership style for the benefit of the organization.

Conclusion and Recommendations

The study concluded that directive leadership style significantly influenced organizational performance in manufacturing SMEs in Nairobi County, Kenya. Therefore, the study recommends that owners/managers of manufacturing SMEs to let employees know what is expected of them, what needs to be done and ensure that employees follow the standard rules and regulations. The study findings have proven these actions to lead to better organizational performance.

Given that the target population for the study was limited to manufacturing SMEs in Nairobi County, registered under Kenya Association of Manufacturers (KAM), the study therefore recommends further studies to be conducted to examine the influence of directive leadership style on organizational performance of manufacturing SMEs in Kenya, taking into account a larger SME population. Further research could be conducted in other contexts with the inclusion of demographic variables such as age and gender in relation to organizational performance. In addition, future scholars could use a longitudinal approach and other data analysis methods that could provide new insights in the SME sector.

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