



**INFLUENCE OF TRANSFORMATIONAL LEADERSHIP STYLES ON GROWTH OF ONLINE CLOTHING SMALL AND MEDIUM ENTERPRISES IN NAIROBI CITY COUNTY, KENYA**

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**ABSTRACT**

Globally, SMEs play a critical role in the economic growth, job creation and development of entrepreneurship culture in both developed and developing countries. SMEs contribute to job creation at a faster pace than larger companies, this has forced governments across the globe to increasingly encourage entrepreneurship through SMEs as part of their overall national development policy. However, approximately 80-90% of SMEs fail within 5-10 years. For SMEs to survive in the competitive environment, compete internationally and experience rapid growth, they need a transformational leader to overcome their depressive conditions and reach a more competent level. Thus, the current study aimed to investigate influence of transformational leadership styles on growth of small and medium enterprises with focus on online clothing businesses in Nairobi City County. The study was guided by the following specific objectives, that is: to determine the influence of idealized influence, and individualized consideration on growth of online clothing businesses in Nairobi City County. Descriptive research design was adopted in this study. The target population of this study was 211 online clothing businesses operating within Nairobi City County. Simple random sampling technique was adopted to sample 84 respondents. Questionnaires were used to collect primary data. The study used both qualitative and quantitative data where quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 28) and was analyzed using descriptive statistics. Inferential statistic was also used to establish the relationship between the independent and dependent variables. The study concludes that leadership principles such as idealized influence, and individualized consideration are crucial for fostering sustainable growth in SMEs. Leaders who embody these qualities promote ethical workplaces and empower employees, fostering a culture of innovation, trust, and collaboration, ultimately driving organizational performance and long-term success. The study emphasizes that for SMEs to achieve sustainable growth, leaders should focus on idealized influence and individualized consideration. Implementing these principles promotes employee well-being, ethical practices, and open communication, fostering a collaborative culture. By nurturing employee talents, organizations can enhance morale, stimulate innovation, and improve performance, setting the stage for long-term success in a competitive market. The research urges leaders to re-evaluate and improve their strategies for better organizational results.

**Key Words:** Transformational Leadership Styles, Growth of Small and Medium Enterprises, Idealized Influence, Individualized Consideration

## Background to the Study

Across the world, Small and Medium-Sized Enterprises (SMEs) are the largest business sector in any global economy. They are seen broadly as a significant engine of entrepreneurship and job development in both developing and developed countries (Storey, 2016). They contribute to job creation at a faster pace than larger companies, this has forced governments across the globe to increasingly encourage entrepreneurship through SMEs as part of their overall national development policy (Dalmar, Ali & Ali, 2017). On average, World Bank (WB) pointed out that SMEs account for over 90% of businesses, creating at least 50% of job opportunities and contributing approximately 40% to the national income (GDP) in emerging economies worldwide (World Bank, 2023).

World Bank (2023) SMEs represent 99% of all businesses in the EU. In The United Kingdom and Finland, SMEs represent over 90% and 70% of clean technology businesses respectively (Carbon Trust; ETLA, 2017). The Small Business Administration (SBA) (2021) Office of Advocacy reported that there were over 32.5 million small businesses in the U.S. at the end of 2021. In addition to this, within the United States economy, small businesses comprise 99.9% of all firms, 99.7% of all firms with paid employees, and 97.4% of exporters (SBA, 2021). In emerging markets, SMEs are the primary providers of formal employment, contributing a substantial 70% to overall job creation (Nemanja & Slavica, 2014). For instance, in Japan, around 80% of the labor force is employed in the SME sector, while in Germany, this sector employs 50% of the workers.

The World Bank (2023) reports that in 2023 alone, the SME sector was responsible for generating approximately 600 million jobs, highlighting the critical role of SME development in the global governmental landscape. In the African economy, SMEs play a crucial role in serving as the primary source of employment in developing countries. They account for over 90% of business operations in Africa, contributing 80% to job employment and 50% to the GDP of African nations. For example, in Uganda, SMEs contribute 20% to the GDP, while in Nigeria they contribute 24.5%. The promotion of SMEs, particularly those in the informal sector, is seen as a viable strategy for achieving sustainable development in Africa, as it aligns with the available resources.

In Kenya, SMEs hold a central position in the economy, acting as the main source of entrepreneurial skills, innovation and employment. A study conducted by the Kenya Private Sector Association (KPSA) (2023) revealed that SMEs accounted for 98% of all businesses in Kenya during the year 2023, compared to 75% in 2009, showing an increase of at least 23% in entrepreneurship. However, job creation remained unchanged at 30% during the indicated period, with GDP increasing from 18.4% to 20% from 2009 to 2023, respectively. These SMEs operate across various sectors such as manufacturing, trade, and services, with a majority (75%) being located in rural areas and the remaining 25% being located in urban areas. In another report by the Kenya Bankers Association [KBA] (2021), the SME sector employs over 15 million people, an increase of 326% from 4.6 million in 2009, which accounted for 30% of the job opportunities during that year. They accounted for at least 87% of all new jobs.

There is no doubt that small and medium-sized enterprises play a major role in the growth of the economy. However, in Africa and even in Kenya SMEs have experienced a decline in their organizational growth (ITC, 2019; Micro & Small Enterprises Authority, 2021). The rate of growth and survival of small and medium-sized enterprises is troubling for both developing and developed countries (UNESCO, 2020). It is becoming increasingly difficult for businesses to remain afloat, sustain their competitive advantage, avert possible business losses and enhance their organizational growth. Al-Haddad et al., (2019) revealed that approximately 80-90% of SMEs fail within 5-10 years. Some of the factors that affect the growth rate of the SMEs include the development of technology, lack of expertise, shortage of resources, and poor leadership style (Lawal, et. al., 2018). Abujarad (2017) pointed that leadership play a key role in the performance and growth of any business, regardless of its size and sector.

Given the nature of the sectors that SMEs mostly operate in, they require a transformative leader who will be able to spearhead the business towards meeting market needs and adapting to changes, as well as motivate employees to achieve organizational objectives. SMEs require effective leadership and management in order to realize growth. Ahmed (2020) pointed that for small businesses to compete internationally and experience rapid growth, they need a transformational leader to overcome their depressive conditions and reach a more competent level. Transformational leadership is believed to have positive impact on performance and growth of SMEs (Northouse, 2015). Transformational leaders seek to make changes in the way things are being handled within their organizations or at least the environment they work in. Maithya (2020) added that transformational leadership may lead to a high-performance organization due to supportive, delegation, participative and collaborative leader-follower relationship that evolves in an organization. Harper (2012) observed leadership style as an indicator of organizational success as it relates to follower influence.

### **Statement of the Problem**

In Nairobi City County, SMEs play a crucial role in generating employment opportunities for the residents of Nairobi (Nairobi City County, 2023). However, most SMEs do not move from the first stage (existence) to other stages such as survival, success, take-off, and resource maturity (ILO, 2023). Kenya Private Sector Association (KPSA) (2023) added that despite the critical role played by SMEs from the social and economic perspective, the results of SMEs' growth have been unsatisfactory. This argument was supported by KNBS (2022) baseline survey that revealed a slow growth rate, failure, and stagnation among SMEs. The survey revealed that only 38% of the SMEs are expanding, while 58% have stagnated, and that more micro and small enterprises are most likely to close in their first three years of operation. This was confirmed by a study conducted by the Institute of Development Studies (2018) which used a sample of SMEs operating within Nairobi metropolitan area indicating that only 33% of the SMEs continue operating 3 years since their inception. WB (2022) revealed that 57% of small businesses are in stagnation, with only 33% showing some level of growth. Most of the SMEs highly affected are those conducting online business, with their leadership, services and trust being key determinants of their growth.

According to WB (2022), most of the SMEs fail to realize growth due to the leadership that these businesses have adopted, with the majority of them lacking vision and clear objectives. The report added that businesses that sell online products such as fashion, electronics, and other luxury products are the majority of businesses that registered a low growth rate. According to a study by Northouse (2010), bad leadership and leadership decisions have brought companies that were once formidable to their knees. Maithya (2020) pointed out that a transformational leadership style, which focuses on inspiring and motivating employees, can lead to a positive work environment and increased employee engagement, hence high growth of the business.

Scholars have provided different opinions in relation to transformation leadership style and organization performance and growth in different sectors. Asiimwe (2021) did a study on the relationship between democratic leadership style and SMEs growth among the top 100 KPMG SMEs in Kenya. The findings indicated a positive correlation as employees found satisfaction in their work which improved their creativity and innovativeness. Gakobo (2013) did a study on effects of transformational leadership and prior knowledge on growth of women owned micro and small enterprises in Kasarani division, Nairobi City County, Kenya. Muthoni (2019) also conducted a study on transformational leadership and growth of women-owned micro and small enterprises in Kasarani, Nairobi City County. The studies conducted by Gakobo (2013) and Muthoni (2019) both focused on the effects of transformational leadership on the growth of women-owned micro and small enterprises in Kasarani, Nairobi City County. However, the current study pays focus to SMEs where their characteristics may differ from those other enterprises. Hence, this study aims to bridge this gap by conducting a study on the influence of transformational leadership styles on the growth of SMEs with a focus on online clothing business in Nairobi City County.

## Objectives of the study

The general objective of this study was to establish the influence of transformational leadership styles on growth of small and

This study sought to fulfill the following specific objectives;

- i. To assess influence of idealized influence on growth of online clothing small and medium enterprises in Nairobi City County.
- ii. To evaluate influence of individualized consideration on growth of online clothing small and medium enterprises in Nairobi City County.

## LITERATURE REVIEW

### Theoretical Review

#### Transformational Leadership Theory

The transformational leadership theory was first introduced by Downton in 1973, followed by Burns in 1978 who further expanded the theory. Bass extended the theory in 1985 by postulating that leaders influence subordinates by emphasizing the importance of tasks and prioritizing organizational and team goals over individual interests (Bass, 1985). Bass (1985) introduced four dimensions of the transformational theory: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The theory of transformational leadership states that transformational leaders encourage followers to go beyond self-interest for the sake of the team or organization (Odumeru & Ifaenyi, 2013). They inspire followers to achieve the organization's vision and mission, focusing not only on individual performance but also the performance of the entire organization. Transformational leaders aim to bring about positive change in subordinates and develop them as future leaders.

Transformational leadership theory emphasizes the importance of involving followers in activities that contribute towards a greater good for the organization and its stakeholders. It aligns followers towards a common vision that leads to superior performance and social dividends (Kemal & Surji, 2015). Transformational leadership involves followers in the organization's vision and mission, inspiring them to go beyond self-interest for the benefit of the team or organization. It focuses not only on individual performance but also on the performance of the entire organization (Hassan, 2019). Transformational leaders influence followers through exemplary behaviors, inspiration, and a selfless attitude. They stimulate followers' commitment to organizational goals through effective leadership behaviors (Priest & Gass, 2018).

The assumptions made by transformational leadership theory are that transformational leaders encourage followers to go beyond self-interest for the sake of the team or organization. They inspire followers to accomplish the organization's vision and mission. Transformational leaders are not only concerned with individual performance but also the performance of the entire organization (Hassan, 2019). One criticism of the transformational leadership theory is that if a leader does not possess or uphold ethical values, their leadership style can fail (Odumeru & Ifaenyi, 2013). Additionally, the theory's implementation can be complex as it requires exceptional leaders with vast experiences, knowledge of change, and high persuasive skills. If a leader cannot effectively persuade team members towards the vision, the efforts towards transformational leadership can be wasted (Murgor, 2014). Furthermore, the theory tends to focus more on the effect of a transformational leader on individual behavior rather than on group or organizational processes, which are crucial for organizational performance (Ciulla, 2014).

The relevancy of the transformational leadership theory lies in its ability to inspire followers to go beyond self-interest for the sake of the team or organization. Transformational leaders influence their followers using exemplary behaviors, inspiration, and a selfless attitude, which leads to increased motivation among employees to achieve organizational goals (Priest & Gass,

2017). This theory is particularly relevant for ventures that aim to move forward in terms of overall performance, as it encourages employees to make changes themselves, inspiring others to follow suit and eventually reach their full potential of performance. In this study, transformational leadership theory is relevant since it focuses on inspiring followers to go beyond self-interest and work towards the vision and mission of the organization thus enhancing firm growth.

### **Growth Theory**

This theory was advocated by Greiner in 1994. Singh (2021) emphasized Greiner's theory which perceives that growth of firms goes through phases accompanied by crisis and states that movement to the next phase is anchored on dissolution of crisis in the current phase. Burt (2016) supports Greiner's growth theory by identifying growth elements as increase in sales, profitability, return on capital invested, market coverage number of employees and innovations. Greiner's theory observes that there are five phases of growth.

In phase one, the Growth of a firm is through creativity and innovations. Small firms or entrepreneurs are creatively coming up with new and innovative ideas to grow enterprises. However, organization of new business ideas or innovations may pose leadership crisis as many small enterprises are informally managed. In phase two, growth through directional leadership. Greiner theory anticipates that entrepreneurs or small enterprises resolution of leadership crisis is by introduction of formal management to realize growth. However, introduction of formal leadership creates autonomy crisis to firms. In phases three, growth is through (delegation) decentralization of enterprises functions into departments or units for better performance. The decentralization of functions may create control crisis in monitoring performance of decentralized units. In Phase four, there is growth through harmonization of decentralized functions. This phase anticipates a red tape crisis when the many systems brought during decentralization start to exceed their importance.

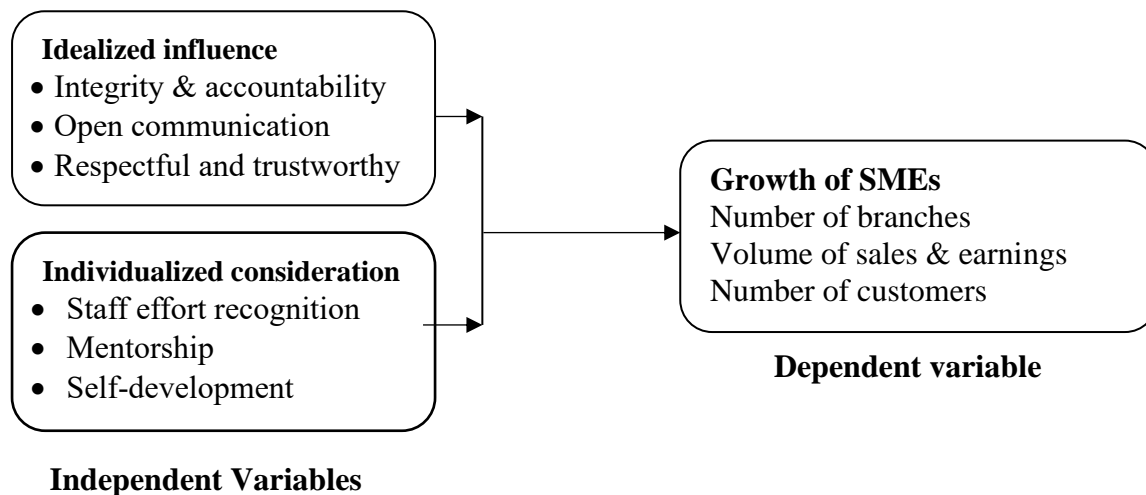
In Phases five, Greiner growth theory anticipates that growth is through cooperation/ collaborations/ alliance. The theory hypothesized that mature or highly growing firms may run out of business ideas or resources. It ends with internal crisis of growth. Greiner growth anticipates that entrepreneurs or firms may collaborate with other firms or a team of entrepreneurs to enhance growth. However, Greiner growth perceives that bureaucracy in decisions may hinder decisions to form networking/ collaboration decisions.

Mustafa, Hassan and Mete (2009) note that phases of enterprises growth perceived in Greiner theory are similar to businesses cycles of boom, depression, recession and recovery. They note at each cycle the business management must devise strategies to steer enterprises functions effectively and efficiently to realize growth. Nelima et al. (2016) observe that enterprise in rapidly growing phase required more resources and information to handle growth challenges. Brand et al. (2018) adopted growth to examine growth of small and medium enterprises. Similar to current study growth theory is adopted to determined growth of small and medium enterprises. Thus, growth theory is appropriate and efficient model to explain growth of SMEs through adoption of transformational leadership style.

### **Conceptual framework**

A conceptual framework is defined as the establishment of a broad set of ideas and principles that have been organized from various sources and then used to present diagrammatically (Bhattacharya & Sinha Roy, 2018). It is a tool that researchers use to gain a better understanding and awareness of the situation under investigation. As a result, conceptual framework is very important when conducting research because it allows researchers to clearly establish the existing connection that normally exists between different research variables and it is conceptualized within the variable components and their indicators. The provided conceptual framework depicts the interplay between transformational leadership study and growth of SMEs. The specific independent variables, that is, idealized influence, and

individualized consideration were derived from transformational leadership. A conceptual framework illustrating the relationship between independent and dependent study variables is provided in figure 2.1.



**Figure 1: Conceptual Framework**

### **Idealized influence**

Idealized influence has been shown to significantly impact the growth of SMEs. Recent studies highlight that leaders who exhibit idealized influence inspire trust and respect, which in turn fosters a positive organizational culture and enhances employee motivation. For instance, a study by Garcia-Martinez et al. (2023) found that SMEs led by transformational leaders with high idealized influence reported better financial performance and innovation outcomes. Similarly, Yahaya and Nadarajah (2023) emphasized that idealized influence in leadership contributes to strategic orientation and resource allocation, crucial for SME growth. Additionally, research by Breier et al. (2021) indicated that idealized influence positively correlates with SMEs' adaptability to market changes, further driving their growth. These findings collectively underscore the pivotal role of idealized influence in fostering an environment conducive to the sustainable growth of SMEs.

### **Individualized Consideration**

Individualized consideration has been empirically linked to the growth of SMEs. Leaders who provide personalized support and mentorship to their employees foster a more engaged and productive workforce. A study by Lee and Kim (2020) found that SMEs with leaders who practice individualized consideration increase in employee satisfaction and a boost in overall business performance. Similarly, research by Kayago, Ondari, Omari and Akuku (2023) demonstrated that such leadership practices enhance employee loyalty and reduce turnover rates, which are critical for the sustained growth of SMEs. Additionally, Maimba (2022) revealed that SMEs with leaders who focus on individualized consideration reported higher levels of innovation and adaptability in the face of market changes. These findings collectively highlight the significant impact of individualized consideration on the growth and success of SMEs.

### **Empirical Literature Review**

#### **Idealized Influence and Growth of Small and Medium Enterprises**

Bass and Riggio (2016) highlighted the importance of idealized influence in leadership, emphasizing that leaders with charismatic qualities can inspire their followers to respect and follow them. These leaders serve as mentors and role models in the workplace, leading to reduced resistance from their followers. Renjith, Renu and George (2015) noted that when followers trust their leaders, it benefits the organization. The study aims to investigate the impact of trust in leaders, a key aspect of transformational leadership, on business performance

in Kenya. Trust in leaders can influence employee performance and overall organizational success.

In Uganda, Sundi (2018) carried out a study on influence of idealized impact on the performance of small and medium-sized enterprises (SMEs). The research employed an exploratory approach to gather data and analyze the findings. The model utilized in the study involved a total of 170 respondents who provided valuable insights. The results of the study revealed a significant positive effect of idealized impact on business performance. Moreover, the research findings indicated that there exists a significant and positive relationship between idealized impact, which is a component of transformational leadership, and the overall performance of businesses. These findings highlight the strong relationship between idealized impact and the performance of SMEs, emphasizing the importance of transformational leadership in driving business performance.

Ogola, Sikalieh and Linge (2017) did a study on the influence of idealized influence leadership behavior on performance in SMEs in Kenya. The study used a quantitative research method and employed stratified random sampling to select 226 senior managers from a total population of 553. The managers were categorized into different strata based on their industry types. Purposive sampling was used to select the top management team from 100 companies. A structured questionnaire with Likert scale questions was used to collect quantitative data, which was then analyzed using descriptive and inferential statistics. The study found that Idealized Influence and employee performance in Small and Medium Enterprises (SMEs) in Kenya had a strong positive and significant correlation ( $r^2=194$ ) = .829,  $p < .000$ ) and a positive and significant relationship ( $\beta = .829$ ,  $t=194$ ) = 20.503,  $p < .000$ ). The conclusion of the study was that if a leader inculcates trust in employees, practices high ethical values, acts as a role model to the employees, and encourages employees to take risks, these behaviors will positively affect employees' work and lead to high performance levels.

Maimba (2022) conducted a study on the impact of idealized influence on organizational growth in auto care SMEs in Roysambu Sub- County, Nairobi, Kenya. The research utilized a descriptive design with a quantitative approach, targeting 276 employees from 30 auto care SMEs. A purposeful sampling method was used to select 84 respondents. Data was collected through closed-ended questionnaires and analyzed using Excel and SPSS (V28) to generate descriptive and inferential statistics. The findings indicated that idealized influence has a significant negative effect on organizational growth in auto care SMEs in Roysambu Sub County. Specifically, a one-unit increase in idealized influence led to a -0.434 unit change in organizational growth. The statistical analysis showed that the influence of idealized influence on organizational growth was statistically significant ( $p$ -Value=0.002). This highlights the crucial role of idealized influence, as part of transformational leadership, in influencing organizational growth, even though it has a negative impact when combined with other factors.

### **Individualized Consideration and Growth of Small and Medium Enterprises**

Milelu (2019) did a study on the effects of transformational leadership on organizational performance in Public Universities with focus to Kenyatta University. Descriptive research design was adopted in this study. The data collection methods included the use of semi-structured questionnaires to gather primary data, and the analysis involved both descriptive and inferential statistics. The sampling technique used was purposive sampling, and the sample size for the study was 107, consisting of deans of schools and heads of departments. The study established a positive correlation between individualized consideration and organizational performance. It found that leaders' responses to employees' work-related needs were positively associated with the performance of the organization, confirming that individualized consideration enhances employees' job motivation, commitment, and ability to perform tasks, ultimately improving the organization's overall performance. Additionally, individualized consideration accounted for 10.1% of the variance in the performance of the institution, aligning with the humanistic theory of motivation by appealing to safety, esteem, and love

needs of individuals, thus inspiring employees to perform at a personal level.

In Kenya, Kayago, *et. al.*, (2023) carried out a study on the influence of individualized consideration dimension on organizational performance of the South Eastern Kenya Economic Bloc (SEKEB) counties. Descriptive research design, with a target population of 408 and a sample size of 289 respondents. The study employed a stratified random sampling technique to select participants. Data was collected through self-administered questionnaires with a Likert scale rating, focusing on various sections related to the research objectives. The collected data was then coded and analyzed using descriptive statistics (mean and standard deviation), as well as simple, multiple, and hierarchical regressions to establish relationships between variables. The study found that there is a positive and significant influence of individualized consideration on organizational performance. Thus, putting emphasis on the individual consideration dimension of the leader could lead to an improvement in county performance.

Individualized consideration, which involves coaching and developing followers by treating them as individuals with unique needs and aspirations, has a positive impact on organizational performance. Research has shown that individualized consideration can significantly influence an organization's performance by addressing employees' needs and promoting their self-development (Ondari, 2018). Leaders who respond to their employees' work-related needs inspire them to perform better, feel valued, and enhance their job motivation and commitment, ultimately benefiting the organization's overall performance. Ngaithe and Ndwiga (2016) indicates that individualized consideration is a key attribute of transformational leadership that affects organizational performance. It fosters a positive correlation between individualized consideration and performance in various settings. The response of leaders to employees' work-related needs, as part of individualized consideration, is associated with improved organizational performance and employee motivation.

Maimba (2022) established that there is a strong relationship between individualized consideration and organizational growth for auto care SMEs in Roysambu Sub County, Kenya. The model showed that as individualized consideration increased, there was a positive impact on organizational growth. Specifically, the study found that when individualized consideration was enhanced by auto care SMEs in Roysambu Sub-County, these organizations experienced more growth. The statistical analysis indicated that individualized consideration explained up to 92.2% of the variation in organizational growth, showing a significant influence on the growth of autocare SMEs.

## RESEARCH METHODOLOGY

In this study, a cross-sectional survey design was employed. the target population comprises of 211 online clothing SMES that are registered and operational in the 17 constituencies of Nairobi City County by June 2023 (NCC, 2023). In this research, simple random sampling technique was adopted to select the sample size. According to Mugenda and Mugenda (2003) a sample of 10-40 percentage is adequate sample for entire population representation. This study sampled 40% of the total population, translating to 84 respondents. The unit of analysis were the operators of these SMEs, where one manager was targeted in each business. To obtain data for this study, primary data was gathered through the administration of questionnaires. The study generated both qualitative and quantitative data. Quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 28.0) and analyzed using descriptive statistics. Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories. Descriptive statistics involved the use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data is presented in tables and graphs and explanations presented in prose. Inferential statistics was used in this study and encompasses multiple linear regression and correlation analysis.



## DATA ANALYSIS AND FINDINGS

The study focused on a sample of 84 respondents from small and medium-sized enterprises (SMEs) in Nairobi City County. However, only 77 questionnaires were completed and returned, resulting in a response rate of 92%. This response rate is considered satisfactory for the analysis and conclusion of the study, aligning with Kothari's (2004) perspective. According to Kothari (2004), a response rate of 50% is sufficient for analysis and reporting, while a rate of 60% is considered good, and 70% or higher is exceptional and suitable for the study. Therefore, the achieved response rate of 92% indicates a high level of participation and establishes a strong foundation for the research findings.

### Descriptive Statistics

The study variables were examined in this section through an analysis of descriptive statistics, focusing on the mean and standard deviation. The mean was obtained by adding the score of each parameter (question) and then dividing by the number of respondents to that particular parameter. In this study, a Likert scale of 1–5 was adopted, where a mean of 1.00–1.80 was considered to imply that respondents strongly disagree with the given construct, 1.81–2.60 was considered to mean that respondents disagree with the given construct, 2.6–3.40 was considered to be moderate, 3.41–4.20 was considered to mean that respondents agree with the given statement, and 4.21–5.00 was considered to imply that respondents strongly agree with the given construct. Conversely, a standard deviation value greater than 0.5 signifies homogeneity. A standard deviation below 0.5 demonstrates heterogeneity, suggesting a range of outcomes within the sample. Nevertheless, if the data is homogeneous, it indicates that the respondents had a comparable comprehension of the subject and delivered identical replies. However, when the data is heterogeneous, it implies that respondents had diverse opinions and responses to the given question.

### Effect of Idealized Influence on Growth of Online Clothing SMEs

The study aimed to establish the respondents' level of agreement to the statement regarding effect of idealized influence on growth of online clothing SMEs in Nairobi City County. The results obtained were as shown table 1.

**Table 1: Effect of Idealized Influence on Growth of Online Clothing SMEs**

Statement	Mean	STDev
They embrace integrity and accountability.	4.507	0.576
They identify the importance of having close relationship with their employees as they work together.	4.442	0.500
They share and model very important values and beliefs in the organizations	4.442	0.550
They go beyond self-interest for the good of their employees as they listen to them.	4.546	0.551
They impart pride in their organizations and them employees are proud to associate with them	4.221	0.700
They behave in ways that attract respect and offer ample trust to their employees.	4.299	0.796
<b>Average</b>	<b>4.409</b>	<b>0.612</b>

The research study involved the administration of a questionnaire to participants, which consisted of six statements aimed at investigating the impact of idealized influence on the growth of online clothing small and medium enterprises (SMEs) in Nairobi City County. The findings revealed that transformational leaders prioritize the well-being of their employees over their own self-interest as evident by a mean score of 4.546, indicating a high level of agreement with the notion that transformational leaders actively listen to their employees. The findings of the study revealed that transformational leaders exhibit qualities of integrity and accountability within their organizations. This was demonstrated by a mean score of 4.507, suggesting that

the participants strongly agreed with the idea that transformational leaders uphold ethical standards and take responsibility for their actions. These leaders serve as role models by exemplifying these important values and beliefs, thereby fostering a positive organizational culture.

The study emphasized the significance of building strong relationships between transformational leaders and their employees. The participants' responses indicated a mean score of 4.422, indicating a shared understanding of the importance of collaboration and teamwork. This was further supported by a mean score of 4.299, which indicated that transformational leaders are able to inspire trust and confidence in their employees through their behavior and actions. Furthermore, the study revealed that transformational leaders instill a sense of pride within their organizations, resulting in employees being proud to be associated with them, as evidenced by a mean score of 4.221. The overall average mean score obtained was 4.409, with a standard deviation of 0.612. This indicates that the data collected for the study is relatively homogeneous, implying a consistent pattern in the responses provided by the participants.

### **Effect of Individualized consideration on Growth of Online Clothing SMEs**

The study aimed to establish the effect of individualized consideration on growth of online clothing SMEs within Nairobi City County. The results obtained were as displayed in Table 2.

**Table 2: Effect of Individualized consideration on Growth of Online Clothing SMEs**

<b>Statement</b>	<b>Mean</b>	<b>STDev</b>
They consider individual employee's needs and talents as they help them to develop	4.117	0.843
They value, consider the moral and ethical results of decisions made by employees	4.403	0.748
They encourage individuals in their organization to identify their talents and help them to develop the same as they work	4.286	0.809
They identify, nurture and utilize employees' abilities.	4.494	0.503
They treat each employee in their organization as an individual not just as members of the group	4.481	0.503
They spend time mentoring and coaching employees in the organization	4.533	0.502
<b>Average</b>	<b>4.385</b>	<b>0.651</b>

The study's results indicated that the respondents expressed strong agreement towards the practice of individualized consideration, where leaders invest time in mentoring and coaching employees within the organization. This was evident from the mean score of 4.533. Furthermore, the respondents also agreed that transformational leaders possess the ability to identify, nurture, and utilize the skills and talents of their employees and that these leaders were found to treat each employee as an individual rather than just a member of a group, as reflected by mean scores of 4.94 and 4.481 respectively. The study also revealed that transformational leaders place value on considering the moral and ethical outcomes of decisions made by their employees, as indicated by a mean score of 4.403. Transformational leaders play a crucial role in motivating and empowering individuals within their organizations. They not only encourage employees to identify their unique talents but also provide support and guidance to help them develop and grow. This is evident from the mean scores of 4.286 and 4.117, which indicate that respondents strongly agreed that transformational leaders consider the individual needs and talents of their employees. Furthermore, the average mean score of 4.385 suggests that individualized consideration has a significant impact on the growth of online clothing small and medium enterprises (SMEs) in Nairobi City County. The standard deviation of 0.651 indicates that the data collected for the study is consistent and homogeneous, reflecting a consistent pattern in the responses provided by the participants.

### Growth of Online Clothing SMEs

The study aimed to establish how growth of online clothing SMEs has been realized in Nairobi City County. The results obtained were as displayed in Table 3.

**Table 3: Growth of Online Clothing SMEs**

Statement	Mean	STDev
Number of branches	4.299	0.727
Volume of sales	4.546	0.575
Number of customers	4.390	0.566
Customer retention	4.481	0.503
New customers	4.520	0.576
Profit growth	4.390	0.566
<b>Average</b>	<b>4.437</b>	<b>0.585</b>

Respondents were further presented with six constructs of measuring SMEs growth. According to the findings, it was established that growth of SMEs has been realized due to high volume of sales (M-4.546), there is increased number of new customers (M-4.520), customer retention has been high (M-4.481), there is high profit growth and number of customers (M-4.390) as shown in each case. Likewise, there is increasing number of branches among SMEs (M-4.299). The results obtained from the participants demonstrate a consensus on growth of online clothing SMEs. This consensus is substantiated by the mean score of 4.437 and a standard deviation of 0.585. The mean score falls within a narrow range of 4.299 to 4.546, indicating a strong correlation between the variables employed to the growth of online clothing SMEs. Furthermore, the standard deviation ranges from 0.503 to 0.727, surpassing the threshold of 0.5, which indicates the uniformity of the data collected in the study.

### Karl Pearson's Coefficient of Correlation

Karl Pearson's coefficient of correlation was employed in the investigation to analyze the linear association between the variables. This particular coefficient serves as a robust tool for quantifying the statistical linkage between independent and dependent variables. The correlation and its implications were thoroughly examined by Saunders, Lewis, and Thornhill (2009). Their comprehensive analysis shed light on the findings. According to their research, a correlation coefficient ( $r$ ) of 1 signifies a strong relationship between the variables, indicating a perfect linear correlation. Similarly, a value ranging from 0.9 to 1 suggests a nearly perfect linear correlation. When the correlation coefficient falls between 0.9 and 0.7, it indicates a strong positive correlation. On the other hand, a positive moderate correlation is represented by a value ranging from 0.7 to 0.5. Furthermore, a positive low correlation is denoted by a value between 0 and 0.5. In contrast, a correlation coefficient of 0 signifies a weak correlation between the variables. Conversely, a correlation coefficient of -1 indicates a negative correlation relationship between the variables. This means that as one variable increases, the other variable decreases. The study's results, including the correlation coefficients, can be found in Table 4.

**Table 4: Pearson's Coefficient of Correlation**

		Growth of SMEs	of Idealized influence	Individualized consideration
<b>Growth of SMEs</b>	Pearson Correlation	1		
	Sig. (2-tailed)			
<b>Idealized influence</b>	Pearson Correlation	.642	1	
	Sig. (2-tailed)	.000		
<b>Individualized consideration</b>	Pearson Correlation	.573	.170	1
	Sig. (2-tailed)	.027	.035	

The data collected illustrates a clear pattern of strong positive correlation among the constructs of idealized influence and individualized consideration in the context of transformational leadership styles. The calculated mean scores of 0.642 and 0.458 further solidify this relationship. The results suggest that these leadership qualities are interconnected and tend to coexist within successful leadership frameworks. The identified correlation between the constructs of transformational leadership styles sheds light on their collective effect on the growth of online clothing SMEs. Specifically, idealized influence individualized consideration, indicates a hierarchy of importance in driving the growth of online clothing enterprises. These findings emphasize the significance of incorporating these leadership traits into the growth strategies of SMEs operating in the digital marketplace. The implications of these results extend to the understanding of effective leadership practices in the context of online clothing SMEs. By recognizing the substantial influence of idealized influence, individualized consideration on growth of SMEs, business leaders can tailor their leadership approaches to foster a thriving environment for their online ventures. The strong positive correlation between these transformational leadership styles highlights their pivotal role in shaping the success trajectories of SMEs in the competitive online clothing industry.

### Multiple Regression Analysis

A multiple regression analysis was conducted to determine the relationship between the four components of transformational leadership style (idealized influence, and individualized consideration) and the growth of online clothing SMEs. Table 4.13 below presents the results:

**Table 5 Coefficients**

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.940	0.297		3.162	0.002
Idealized influence	0.740	0.282	0.642	4.315	0.000
Individualized consideration	0.728	0.283	0.633	3.089	0.000

a. Dependent Variable: SMEs growth

Three independent variables were found to have significant regression weights. The decision to include unstandardized coefficients in the regression model was based on their ease of perception and comprehension, as well as their preferred use in calculations and analyses (Siegel et al., 2016). The coefficient for idealized influence was 0.740, with a p-value less than 0.05. while individualized consideration had a coefficient of 0.728 and a p-value less than 0.05. Notably, all p-values were less than 0.05, indicating that idealized influence, individualized consideration significantly influence the growth of online clothing SMEs in Nairobi City County.

$$Y = 0.940 + 0.740X_1 + 0.728 X_2$$

Where:

**Y** is the dependent variable- growth of online clothing SMEs,

**B<sub>0</sub>** is the regression coefficient/constant/Y-intercept,

**β<sub>1</sub>, β<sub>2</sub>**, are the slopes of the regression equation,

**X<sub>1</sub>** is the Idealized influence,

**X<sub>2</sub>** is the Individualized consideration

Therefore, the regression equation obtained to establish the relationship between transformational leadership styles components and the growth of online clothing SMEs is as follows;

## CONCLUSIONS

### **Idealized Influence**

From the findings, the study concludes that the adoption of idealized influence is pivotal for the sustainable growth of SMEs. Leaders who embody these principles not only prioritize employee well-being but also cultivate an ethical workplace characterized by integrity and accountability. This research underscores the importance of active engagement and open communication, which foster an atmosphere of trust and collaboration, paramount for success in today's competitive landscape. Furthermore, idealized influence enhance employee morale and pride, resulting in a motivated workforce that is deeply invested in the organization's mission. By illuminating the remarkable advantages of empathetic leadership, this study challenges conventional management practices, urging organizations to embrace transformational strategies that not only uplift their teams but also pave the way for long-term prosperity. Leaders reflect on their leadership styles and consider how a shift towards these principles could revolutionize their own workplaces.

### **Individualized Consideration**

The study concludes that individualized consideration is essential for cultivating an empowering and productive workplace. The evidence strongly suggests that organizations thrive when leaders prioritize personalized engagement through mentoring and coaching, fostering an environment where each employee feels recognized and valued. This tailored approach not only enhances individual growth and motivation but also significantly uplifts overall organizational performance. The emphasis on nurturing unique talents underscores the prevalence of a supportive culture, where leaders actively invest in their team's personal and professional development. Furthermore, the moral and ethical dimensions of leadership emphasized by employees signify a transformative shift toward integrity and accountability within the workplace. As individuals identify and refine their strengths, they contribute meaningfully to team goals, amplifying both satisfaction and productivity.

## RECOMMENDATIONS

Based on the objectives of the study, the following recommendations were reached.

### **Idealized Influence**

The study recommends that organizations should wholeheartedly embrace idealized influence as a core leadership principle to foster sustainable growth within SMEs. Leaders should prioritize the well-being of employees by actively promoting an ethical workplace grounded in integrity and accountability. By implementing regular feedback mechanisms, leaders should facilitate open communication that builds trust and collaboration among team members, which is essential in today's competitive environment. Furthermore, organizations should invest in leadership development programs that focus on empathetic leadership, as this will enhance employee morale and pride, resulting in a workforce motivated to align with the organization's mission. Additionally, it is crucial that leaders should periodically reflect on their own management styles and consider integrating transformational strategies that uplift their teams. By committing to these recommendations, organizations should not only drive immediate improvements in employee engagement and productivity but also lay a solid foundation for long-term success and resilience against future challenges.

### **Individualized Consideration**

The study recommend that organizations should adopt a structured framework for individualized leadership approaches, emphasizing the importance of personalized mentoring and coaching. Leaders should be trained to recognize the unique capabilities of each employee and should actively engage in identifying ways to nurture these talents. Moreover, organizations should implement regular performance and feedback sessions, allowing for

continuous dialogue between leaders and team members. This practice should encourage an open culture where individual contributions are celebrated, reinforcing the notion that every employee is integral to the team's success. Additionally, organizations should prioritize ethical leadership training, ensuring that leaders not only uphold integrity but also instill a sense of moral responsibility among their teams. By incorporating these practices, organizations should foster a supportive work environment that amplifies employee satisfaction and productivity. Ultimately, a commitment to individualized consideration should become a cornerstone of organizational culture, captivating leaders' focus and driving their success in an increasingly competitive business landscape.

### AREAS OF FURTHER STUDY

Building on the study findings, this study suggests several key areas for further research. It is crucial to explore how different transformational leadership attributes specifically affect employee engagement and motivation in the context of the online retail sector. Additionally, research should investigate the impact of digital marketing strategies employed by transformational leaders and their correlation with business growth metrics. Understanding the role of external market factors such as consumer behavior trends and competitive dynamics on the effectiveness of transformational leadership within this niche can yield significant insights. Furthermore, future studies should assess the long-term sustainability of leadership styles in adapting to the rapidly evolving landscape of online fashion retail. By delving into these dimensions, researchers can contribute valuable information that resonates with the unique challenges faced by SMEs in Nairobi, ultimately providing a framework for effective leadership strategies that promote sustainable growth.

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