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

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Abstract
The study sought to determine the influence of participative leadership style on organizational performance of manufacturing Small and Medium Enterprises in Nairobi County, Kenya. Anchored on Path Goal Leadership Theory, the study used positivism research philosophy and descriptive correlational research design. The target population consisted of managers/owners from 425 SMEs listed members of the Kenya Association of Manufacturers Nairobi Region. A sample of 369 managers/owners was drawn from the total population using stratified random sampling technique and data was collected using self-administered questionnaires. The descriptive statistics covered were mean, standard deviation, skewness and kurtosis while inferential statistics used for data analysis included: pearson's correlation, chi-square and binary logistic regression. Binary logistic regression (Cox and Snell R squared) revealed that 6.9 % of the probability of organizational performance was explained by participative leadership style. Parameter estimates results indicated that participative leadership style positively and significantly predicted organizational performance, $\beta = 2.901$, $p = .000$, $p < 0.05$. Consequently, the null hypothesis that "participative leadership style does not influence organizational performance in manufacturing SMEs in Nairobi" was rejected. The study concluded that participative leadership style significantly influenced organizational performance in manufacturing SMEs in Nairobi County. These study findings are significant to the owners/managers of SMEs, Policy makers/Industry regulators and Academic Researchers as they provide a new dimension on the effect of participative leadership on organizational performance. Since the study was limited to SMEs within Nairobi, further studies could be carried out on participative leadership and the influence it has on the organizational performance of manufacturing SMEs in Kenya at large. The inclusion of demographic variable, the application of a longitudinal research design and other data analysis methods could offer new insights in the SME sector.

Introduction

SME development plays a key role in job creation, income generation and the foundation of industrialisation in Kenya (Manufacturing Priority Agenda, 2021). Despite that, they cannot approach the sustainable development goals as the government and large cooperation (OECD, 2019). The SMEs face significant risks & their survival/ resilience is important for national and global economies (Asgary, Ozdemir & Özyürek, 2020). With the constant change in the global business environment, SME leaders must establish a clear vision supported by entrepreneurial actions to survive. SME leaders must understand their leadership style, competencies and aspirations (Sawaeana & Alib, 2020). The sustainability of SMEs in the manufacturing sector will depend on developing a culture of innovation through staff development and employing professional leaders to lead their employees in the implementation of strategic business goals (Mkheimer, 2018). This requires a strong association between leadership style and performance.

Path goal leadership theory proposed by (House & Mitchell, 1974) was founded on the principle that the leader's behaviour affects an employee's perception between work and performance. This theory was founded on the expectancy motivation theory, which envisaged that motivation was the basis of performance and job satisfaction. House and Mitchell's path-goal model comprises four leadership constructs; directive, participative, supportive and achievement-oriented leadership styles. These leadership styles must be appropriate to the situation to maximise job satisfaction and performance. Syed, Blome and Papadopoulos's (2019) study on SMEs in the United Kingdom found that participative and directive decision-making enhances new product development performance. In China, Saleem, Aslam, Yin and Rao (2020) revealed that path-goal leadership theory in private schools was principally categorised as directive leadership, supportive leadership and achievement-oriented leadership, which led teachers to perform better.

Dokony, Signh and Arumugam (2020) in Chad found that supportive, achievement-oriented & participative leadership had a significant effect on employee satisfaction; directive Leadership behaviours did not show a significant impact on job satisfaction. Research conducted by Edgar, Mbwambo and Mngarah (2022) in Tanzania indicated that Ward Education Officer's use of directive supervision was effective to teacher's performance unlike supportive & participative supervision strategies. Rana, K'aol and Kirubi (2019) in Kenya concluded that supportive leadership style did not significantly influence employee performance while participative leadership had significant influence on employee performance. Furthermore, Adnan and Valliappan (2018) added that leaders of organizations exhibit their own learning behavior, motivation, goals and leadership styles; the leaders take into consideration all these aspects to improve organizational performance for the betterment of employees.

Northouse (2017) posits that participative leadership consists of inviting followers to share their input in the decision-making process. The leader consults with followers, obtains their ideas and opinions and integrates their suggestions into the decisions about how the group or organization will progress. The involvement of other people in the organization enhances their commitment to the organization and increases teamwork. A participative leader provides an environment where members are active in decision making, group discussions and task planning. The followers are usually independent with a need for control and clarity to complete tasks (House & Mitchell, 1974). Achua and Lussier (2013) concur that participative leaders include employee input into decision making. This style of leadership behaviour is appropriate when followers have an internal locus of control and desire to be involved. It is best suited when the follower's ability is high, authority is either strong or weak, the environmental task is complex, and the job satisfaction from the co-employees is either high or low. Participative tasks are typically unstructured and ambiguous, without a clear path to completion

(House & Mitchell, 1974). Therefore, the study's main purpose was to establish the influence of participative leadership and organisational performance in Nairobi County, Kenya, manufacturing SMEs.

The failure and success of small businesses are determined by substantive and legitimate leadership behaviour and learning strategies. This is because leadership behaviour affects the ability of the leader to direct, encourage and control employees to accomplish organisational goals (Razak, Sarpan & Ramlan 2018). Ogola, Sikalieh and Linge (2017) established that the problem of poor performance in SMEs was strongly linked to the leader's style in a business. According to (Mkheimer, 2018), leadership behaviour and qualities are essential factors that influence the manufacturing industry's SMEs' survival and growth. Therefore, researchers have an opportunity to explore more leadership studies to address the SME sector's challenges.

Micro and Small Enterprises (MSEs) in Kenya occupy a large share of private sector enterprises across numerous economic sectors: over 90%, 24% of GDP and 93 % of the workforce. Therefore, the development of this sector is vital to the realisation of Kenya Vision 2030 and other national development goals. Despite existing and past policy interventions, SMEs continuously face persistent challenges that hinder their performance. These challenges include; obsolete technology, regulatory environment, governance structures, and access to markets, among other emerging issues (Republic of Kenya, 2020). SDGs (2019) add that the lack of sustainability efforts in the manufacturing SME sector was largely attributed to the SME characteristics. The heterogeneity of the SME population and the diversity in the business environment would require a fundamental reconsideration of the SME policy. The government could approach this by enhancing monitoring and evaluation to ensure success in the SME sector (OECD, 2019). Therefore, there is a need for more data and research to provide evidence that would inform policy. At a global level, leadership scholars (Bickle, 2017; Lal'Arya, 2017 & Dokony et al., 2020; Saleem et al., 2020) conducted studies on participative leadership in different contexts. Locally, Kenyan scholars (Rana et al., 2019 & Mutonyi, K'Aol & Ouma, 2021) studied participative leadership in large organizations creating a gap for further studies in leadership and performance in manufacturing SMEs. The study therefore sought to examine the influence of participative leadership style and organizational performance in manufacturing SMEs in Nairobi County, Kenya.

Theoretical review

The study was grounded on path-goal leadership theory (House, 1971). Path goal theory envisions a process where leaders select specific behaviours best suited to the employee's needs and the work environment to guide the employees toward attaining their daily work goals (Northouse, 2017). Founded on Vroom's (1964) expectancy theory, the path-goal model assumes that one's behaviour comes from conscious choices among alternatives. According to Vroom, an employee's performance is based on individual factors such as knowledge, personality, skills, abilities and experiences. The leader's responsibility, therefore, is to guide followers to complete the task using suitable behaviours to increase their motivation (Northouse).

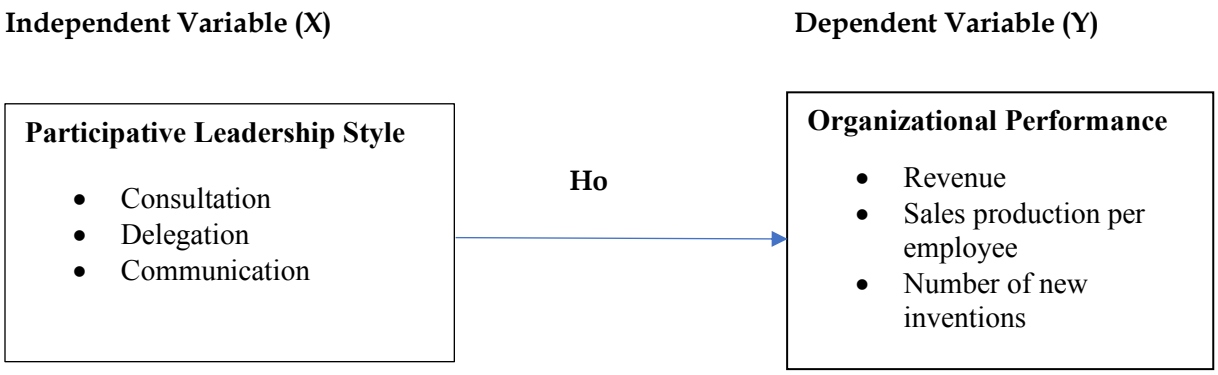
Path-goal leadership theory makes a key assumption on the level of employee work motivation. The theory assumes that role ambiguity is an unpleasant and stressful experience; therefore, mitigating the ambiguity results in high employee performance and satisfaction (House & Mitchell, 1974). More so, Nzeneri (2020) explains that path-goal leadership theory is the first theory to expand its framework by combining both expectancy and contingency leadership theories. However, the theory is viewed as complex as it factors in many parameters when choosing leadership styles, placing more weight on

the leader's responsibilities than the subordinates. Northouse (2016) adds that this makes it difficult to interpret and apply the framework in practical situations.

Conceptual Framework

The conceptual framework consisted of the independent variable as participative leadership behaviour and the dependent variable as organisational performance in manufacturing SMEs. The constructs used to measure participative leadership style were; consultation, delegation and communication. Organisational performance was measured by an increase in revenue, sales production per employee and number of new inventions. The key performance indicators were derived from Kaplan and Norton (2001) balance scorecard perspectives. Figure 1 shows the conceptual framework of the study.

Figure 1: Conceptual Framework



Research Methodology

The study applied positivist research philosophy, allowing the application of quantitative design techniques to determine how the independent variable (participative leadership style) influenced the dependent variable (organisational performance). A descriptive correlational design was adopted to determine if two variables are correlated. This design established the relationship between participative leadership style and organisational performance. The population targeted for the study were 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. SMEs in Nairobi County constitute 65 per cent of the Kenya Association of Manufacturers, making it the ideal location for the study.

Using a Stratified random sampling technique, the study derived a sample of 369 respondents from the total population of 425 organisations. This ensured that all the study elements were well represented, increasing the probability that the sample was proportionally represented (Saunders, Lewis & Thornhill, 2016). SMEs from the different categories were then grouped in 14 homogenous strata before being sampled (Katialem, Muhanji & Otuya, 2018). Simple random sampling was then used to select the SMEs from each stratum in the population based on the percentage represented by each stratum. The study adopted Yamane's (1967) formula to define the sample size for each stratum.

A self-administered structured questionnaire was used to collect data from the managers/owners of manufacturing SMEs. Close-ended questions with a five-point Likert scale were used to measure the respondents' answers using the following scale ratings to gauge participative leadership and organisational performance: 1 = Not at all, 2 = Rarely, 3 = Sometimes, 4 = Often, and 5 = Always.

Descriptive statistics included; mean, standard deviation, skewness and kurtosis, while inferential analysis included; factor analysis, validity and reliability tests, correlation analysis, chi-square and binary logistic regression. SPSS version 22 was used as the data analysis tool.

Results

Respondents who participated in the study were 367, indicating a response rate of 99% from the sample size of 369 owners/managers.

Descriptive Statistics Results

Descriptive statistics used in the study to examine the respondents' demographic information included the duration in the organisation, position in the firm, gender, age of the respondents and level of education. The demographic results are shown in Table 1.

Table 1: Demographic Information

Variable	Description	Percentage
Duration in the organization	0-1 years	11.7%
	2-3 years	24.8%
	4-5 years	24.8%
	6-8 years	11.7%
	9-12 years	8.7%
	13-15 years	10.4%
	Over 15 years	8.4%
Position in the firm	Managers	62%
	Owners	38%
Gender	Male	70%
	Female	30%
Age of the respondents	18-25 years	5.8%
	26-30 years	10.1%
	31-35 years	11.0%
	36-40 years	26.8%
	41-50 years	30.7%
	51-60 years	7.4%
	61-70 years	5.2%
	Over 70 years	3.0%.
Level of education.	High school diploma	7.9%
	Certificate	22.7%
	Diploma	35.2%
	Undergraduate	24.9%
	Master's degree	7.7%
	PhD	1.1%

The descriptive statistics covered were mean, standard deviation, skewness and kurtosis. Table 2 shows that the mean value of all the questions on participative leadership style ranged from 2.84 to

3.39, converted to zero decimal places was M=3. Equally, the SD ranged from .980 to 1.168, indicating that most respondents highly agreed with the questions on participative leadership style as the independent variable of the study. The skewness and kurtosis of the data were also <1 showing that the data on the participative leadership style was normally distributed.

Table 2: Statistics

		I consult with employees when facing a problem.	I listen to employee 's ideas.	I do not act without consulting my employee's.	I ask for suggestions from employees on how to carry out assignments.	I ask for employees for suggestions on what assignments should be done.
N	Valid	367	366	367	367	367
	Missing	0	1	0	0	0
Mean		3.39	2.94	2.84	3.02	3.10
Median		3.00	3.00	3.00	3.00	3.00
Std. Deviation		.980	1.168	1.020	1.099	1.016
Skewness		-.390	.362	-.098	-.095	-.005
Std. Error of Skewness		.127	.128	.127	.127	.127
Kurtosis		-.063	-.903	-.355	-.738	-.311
Std. Error of Kurtosis		.254	.254	.254	.254	.254

Inferential Statistics Results

*Factor Analysis for **Participative Leadership Style***

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

Total Variance Explained, KMO and Bartlett's Test

The participative leadership style had a total of 5 questions. Factor Analysis tests were; KMO and Bartlett's test, the Total variance explained and the Pattern matrix. As shown in Table 3, the Kaiser-Meyer-Olkin test of sampling adequacy was 0.801 with significant Bartlett's test of Sphericity at X^2 (10) = 471.917, p<.000. The results showed that participative leadership style was adequate for extraction since Kaiser-Meyer-Olkin Measure was greater than 0.6. Bartlett's test was significant (p<.000).

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.801
Bartlett's Test of Sphericity	Approx. Chi-Square	471.917
	df	10
	Sig.	.000

In regard to the total variance explained, only one component was extracted with the Eigenvalue of >1 and 52.959 % of the variance, as shown in Table 4.

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.648	52.959	52.959	2.648	52.959	52.959
2	.832	16.640	69.599			
3	.636	12.722	82.321			
4	.477	9.540	91.861			
5	.407	8.139	100.000			

Extraction Method. Principal Component Analysis

Correlation Analysis

A correlation test was conducted to test for a significant relationship between the participative leadership style (independent variable) and Organization performance (dependent variable). Table 5 shows that the relationship was statistically significant. Organisation performance was positively related to; 'I consult with employees when facing a problem' r (367) = 1.000, p<.05, 'I listen to employee's ideas.' r (366) = .272, p<.05, 'I do not act without consulting my employee's r (367) = .443, p<.05, 'I ask for suggestions from employees on how to carry out assignments' r (367) = .331, p<.05, and lastly, 'I ask for employees for suggestions on what assignments should be done..' r (367) = .422, p<.05. This infers that the organization performance as the dependent variable had a perfect positive and significant correlation in one item (r=1) on participative leadership style, significant low positive correlation (r = .3 to .5) with three items on the participative leadership style and a significant but very low positive correlation (r <.1 to .3) with one item on the participative leadership style.

Table 5: Correlation between Participative Leadership and Organization Performance

Participative Leadership		Organization Performance
I consult with employees when facing a problem.	Correlation Coefficient	1.000
	Sig. (2-tailed)	.000
	N	367
	Sig. (2-tailed)	.000
	N	366
I do not act without consulting my employees	Correlation Coefficient	.443**
	Sig. (2-tailed)	.000
	N	367
I ask for suggestions from employees on how to carry out assignments.	Correlation Coefficient	.331**
	Sig. (2-tailed)	.000
	N	367
I ask for employees for suggestions on what assignments should be done.	Correlation Coefficient	.422**
	Sig. (2-tailed)	.000
	N	367

Chi-Square Test for Participative Leadership Style and Organization Performance

Chi- Square test was performed to determine the strength of association between participative leadership style as the independent variable and the organization performance as the dependent variable. Table 6 shows that organization performance had a strong and positive significant association ($p < 0.05$) with participative leadership style, χ^2 (20) = 129.560, p <.001. This implies that the relationship between the two variables was statistically significant. It is also consistent with the correlation test results where participative leadership style had a significant relationship with organizational performance.

Table 6: Association between Participative Leadership and Organizational Performance

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	129.560[a]	20	.000
Likelihood Ratio	45.439	20	.001
Linear-by-Linear Association	22.645	1	.000
N of Valid Cases	367		

a. 28 cells (66.7%) 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 explain whether participative leadership style predicted organizational performance of manufacturing SMEs in Nairobi County, Kenya.

Binary logistic regression Assumption Tests

In order to understand the model to be used in answering the research hypothesis, different regression assumption tests were conducted on the participative leadership style (independent variable) and organization performance (dependent variable). The assumptions of the regression test conducted were: linearity test, multi-collinearity tests, normality test and distribution of the variables and proportional odds.

Test of Linearity

To test for linearity between the predictors and the logit, Box-Tidwell (1962) procedure was applied. This was achieved by the addition of log- transformed interactions terms between the continuous independent variables and the equivalent natural log in the model. Table 7 shows that participative leadership: log participative leadership interaction term had a p value of 0.105 which was not statistically significant since $p > 0.05$. The implication was that participative 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 7: Coefficients Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	PLS	.464	.585	.631	1	.427	1.591
	PLS by PLS_LN	1.125	.694	2.628	1	.105	3.082

a. Variable(s) entered on step 1: PLS, PLS * PLS_LN.

Test of Multicollinearity

A multicollinearity test was conducted to test whether the value of participative leadership style and organisational performance were highly correlated. Using VIF, a value of 1 to 10 indicates the absence

of multicollinearity. Table 8 shows that the value of VIF was 1.000, indicating no multicollinearity between participative leadership and organisational performance.

Table 8: Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	PLS	1.000	1.000

a. Dependent Variable: Binary of OP (1 and 0)

Normality test

One –Sample Kolmogorov-Smirnov test was used to test if the sample came from a normally distributed population. When data is normally distributed then, it should not be significant. The *p* value therefore must be greater than 0.05 ($p > .05$). Table 9 shows Sig. (2-tailed) .000 for Organizational Performance and .010 for Participative Leadership style indicating that the data was not normally distributed.

Table 9: One-Sample Kolmogorov-Smirnov Test

		Organization Performance	PLS
N		367	367
Normal Parameters[a,b]	Mean	3.6818	3.0580
	Std. Deviation	.52090	.76045
Most Extreme Differences	Absolute	.139	.085
	Positive	.085	.085
	Negative	-.139	-.070
Kolmogorov-Smirnov Z		2.664	1.635
Asymp. Sig. (2-tailed)		.000	.010

a. Test distribution is Normal.

b. Calculated from data.

Distribution of Variable

The dependent variable assumption state that the dependent variable must be dichotomous while the independent variable should be ordinal, categorical or continuous. The questions on the dependent and independent constructs had categorical measurements measured in a five-point Likert scale format; 1= Not at all, 2 = Rarely, 3= Sometimes, 4 = Often, and 5 = Always. The questions retained for analysis after the factor analysis were categorised into two; Yes and No (binary) and the distribution of the organisation's performance; 2.5% disagreed, while 97.5% agreed.

Test of Proportional Odds

The test of parallel lines was conducted to test the proportional odds assumption. Generally, the model states that parameters should not change for different categories. This submits that the correlation between independent and dependent variables does not change for dependent variable categories. The Chi-Square results shown in Table 10 are χ^2 (3) = 15.564 at a significant level.001 (p < .05), indicating that the assumption was violated hence the need for further tests. The violation of the proportional odds assumption indicates that the influence of participative leadership on organisational performance varies significantly across the cut-point equation in the model.

Table 10: Test of Parallel Lines[a]

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	118.908			
General	103.344	15.564	3	.001

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 participative leadership style predicted the organisational performance of manufacturing SMEs in Nairobi County, Kenya. The hypothesis tested was:

Ho*: Participative leadership style does not influence organisational performance in manufacturing SMEs in Nairobi.*

The binary logistics results for participative leadership were presented in the form of dependent and independent variable measures, 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 measurements measured 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). Table 11 shows the distribution of the organization performance where 97.5% agreed while 2.5% disagreed. This inferred that 97.5% of the respondents answered Yes while 2.5% of the respondents answered No to the research questions.

Table 11: Binary OP after FA

	Frequency	Percent	Valid Percent	Cumulative Percent

	No	9	2.5	2.5	2.5
Valid	Yes	358	97.5	97.5	100.0
	Total	367	100.0	100.0	

Model Summary for Participative 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. Table 12 shows the result of Cox and Snell R squared, which indicates that 6.9 % of the probability of organisational performance was explained by participative leadership style.

Table 12: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	58.188[a]	.069	.337

[a.] Estimation terminated at iteration number 8 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test for Participative Leadership Style

Hosmer and Lemeshow indicate a poor fit if the significance *p-value* is less than .05. In this case, as shown in Table 13, the model adequately fits the data as the *p-value* was greater than .05 (.078), which means that there was no difference between the observed and predicted model. χ^2 (7) = 141.912, p = .078, p >.05

Table 13: Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	141.912	7	.078

Classification Table for Participative Leadership Style

The classification table indicates how well the model can predict the correct category once the predictor variables are added to the study. Table 14 shows that, the model correctly classified 97.8 % of the cases overall. This indicates that the accuracy was good overall as the model exhibited good sensitivity among those who chose Yes over No at 100 % based on the model.

Table 14: Classification Table[a]

Observed	Predicted

			Binary of OP (1 and 0)		Percentage Correct
			.00	1.00	
Step 1	Binary of OP (1 and 0)	.00	1	8	11.1
		1.00	0	358	100.0
	Overall Percentage				97.8

a. The cut value is .500

Variables in the Equation

Table 15 shows the relationship between the predictor variable participative leadership style, and the outcome variable, organisational performance. From the results, the coefficient of participative leadership was statistically significant (2.901, p =.000). The Exp (B) for participative leadership style was 18.197, implying that organisational performance was likely to be influenced by participative leadership 18.197 times.

Table 15: Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	PLS	2.901	.726	15.953	1	.000	18.197
	Constant	-3.297	1.463	5.080	1	.024	.037

a. Variable(s) entered on step 1: PLS.

The binary logistic model used to test the hypothesis of the study was as follows;
Logit (π) = $\beta 0 + \beta X$

Where:
Logit (π) = the Probability of Organizational Performance.
β= Regression Coefficient
X = Participative Leadership Style.

Discussion of Results

Participative Leadership Style and Organizational Performance

The study sought to determine the influence of participative leadership style on organizational performance in manufacturing SMEs in Nairobi, Kenya. The correlation analysis revealed a statistically significant relationship between organisational performance and participative leadership style. The study results showed a positive and statistically significant correlation coefficient between organizational performance and when managers/owners consult employees when facing a problem r (367) = 1.000, p<.05 and when they consult employees before acting r (367) = .443, p<.05. These findings agree with Bickle (2017) who submits that participative leaders provide an environment

where members are active in group discussions, task planning and decision making. The followers are autonomous, needing control and clarity to complete the tasks. Northouse (2018) adds that participative leadership allows for shared decision-making; followers are consulted, and their ideas and suggestions are incorporated into policymaking.

Consistent with the study results, Torlak et al. (2022) suggested that school leaders could democratise their motives, character and influence in decision-making to improve leadership performance. They sought to investigate the relationships between participative decision-making, leadership and performance at Private K12 schools in Iraq. Carnevale, Huang, and Harms's (2018) study also shared the same views on consultation and its effect on performance. Their investigation on how a leader's consultation mitigates the harmful effects of leader narcissism in China and how consultation tactics allow employees to interact with the unapproachable and demeaning leader revealed that the leader's consultative approach reduced the damaging effect of narcissism on employee-based self-esteem and its indirect impact on employee performance.

Similarly, Sagnak's (2016) research on participative leadership and change-oriented organisational citizenship with a mediating effect of intrinsic motivation in Turkey revealed that participative leadership significantly affected change-oriented Organizational Citizen Behavior (OCB) and intrinsic motivation. According to Choi (2007), OCB are the constructive efforts by individuals to identify and implement changes concerning work methods, policies, and procedures to improve the situation and performance.

Correlation results revealed a positive and statistically significant correlation coefficient between organisational performance and when managers ask employees for suggestions on how to carry out tasks assignments r (367) = .331, p<.05 in addition to when they ask employees for suggestions on what assignments should be done r (367) = .422, p<.05. These findings are consistent with a research conducted by Iqbal *et al*., (2015) on the effects of leadership style on employee performance. The study explored the problem using interviews and focus groups through investigations and interpretative views. They argued that participative leadership involves all team members in identifying important goals and developing strategies that can lead to those goals. In this case, the leader acts as a facilitator rather than merely issuing orders to employees, and they ask and guide employees on what should be done. On the other hand, employees give the leaders feedback on their experiences and recommend the way forward. From their findings, they discovered that the participative leadership style had a positive effect on the performance of employees and the employee felt empowered and had confidence while making decisions at work.

There was a positive and significant correlation between organisational performance. When managers listen to employee's ideas r (366) = .272, p<.05. These findings were supported by Fatima et al. (2017), who concurred that participative leadership style inspired team members to reflect on their ideas including those ideas that they may not have known before, creating an environment where employees can openly give their ideas, discuss and thoroughly analyze them. It also motivated team members to find new challenges and opportunities and acquire new knowledge through sharing and integrating ideas. In addition, Bouwmans et al., (2017) confirmed that participative leadership stimulates the thought processes which promote quality decisions and job performance. The processes include; synthesis of ideas, clarification of problems, information seeking, knowledge sharing and quality of ideas.

Calabretta et al. (2017) established that knowledge creation process incorporated the implantation of new ideas, intellectual frames and conduct necessitating an organisation to adapt to the social-cultural setting and the specific practices set to be achieved by the organisation and implying that knowledge could be created through numerous forms of distinct social interactions that include coordination, collaboration and communication for various reasons (Kao & Wu, 2016). Consistent with the above findings, Marlow et al. (2018) meta-analysis investigated the relationship between team communication and performance moderated by communication characteristics with other task and team characteristics. The conclusions of the meta-analysis revealed that the quality of communication had a significantly stronger association with team performance than the frequency of communication.

Chi-Square results revealed a strong and positive association between organisational performance and participative leadership style χ^2 (20) = 129.560, p <.001. These findings were in line with the findings of Rana et al. (2019), where the Pearson Chi-square revealed a statistically significant association between participative leadership and employee performance.

Binary Logistic Regression was conducted to determine whether participative leadership style predicted the organisational performance of managers/owners of manufacturing SMEs. The result of Cox and Snell R squared suggested that 6.9 % of the probability of organisational performance was explained by participative leadership style. Hosmer and Lemeshow's test showed that the model adequately fitted the data as the p-value was greater than .05 (.078). The parameter estimates results indicated that participative leadership style positively and significantly predicted organisational performance, β= 2.901, p= .000, p < 0.05. Based on the results, the study rejected the null hypothesis "Participative leadership style does not influence organisational performance in manufacturing SMEs in Nairobi." The findings are similar to results in Bell, Dodd and Mjoli (2018) who examined the effect of participative and directive leadership style on team effectiveness among administrative employees in tertiary institutions in South Africa. The results from multiple regression showed that participative leadership style had a significant effect on team effectiveness on the administrative employees of the University. Parameter estimates indicated that participative leadership style positively and significantly predicted team effectiveness.

Saide, Indrajit, Trialih, Ramadhani and Najamuddin (2019) also concur that participative leadership style assists employees to use their voices and be part of the management in decision making. Managers who are open to suggestions from their employees on how to carry on tasks build knowledge sharing sessions that capture employee's experiences. Therefore, communication through knowledge sharing by organizational leaders can be positively associated with organizational performance. In consensus, Ali, Paris and Gunasekaran (2019) study findings proved that there were positive significant relationships between knowledge sharing practices and organizational performance through cost reduction, intangible benefits and organizational growth in the oil and gas industry.

Contrary to the above findings, Hwang et al. (2015) empirically examined how different types of leadership behaviour affect the perceived job performance of leaders in different cultures, specifically the comparison between four Confucian Asian Countries (Japan, China, South Korea and Singapore) and the US. The multiple regression results revealed that participative leadership behaviour was not significantly related to the perceived job performance of the leaders in South Korea, Singapore, China and the United States except Japan. Generally, the study findings suggested that employee

performance was positively linked to the leader's ability to consult, delegate, and communicate effectively.

Conclusions

The study concluded that the participative leadership style significantly influenced organisational performance in manufacturing SMEs in Nairobi County, Kenya. The study, therefore, recommends that owners/ managers of manufacturing SMEs need to adopt participatory leadership behaviours that include employees in the decision-making process—notably, communicating effectively with their employees to get feedback and suggestions/ideas on how to solve problems, consulting and delegating assignments to ensure that employees are fully engaged leading to better organisational performance. Since the target population for the study was limited to manufacturing SMEs in Nairobi County, registered under the Kenya Association of Manufacturers (KAM), this study recommends further studies to be conducted to investigate the effect of participative leadership style on organisational performance of manufacturing SMEs in the whole country taking into consideration the larger SME population. Similarly, more research needs to be done in other settings with the inclusion of demographic variables such as gender and age about organisational performance that could provide diverse outcomes. Moreover, future researchers could use longitudinal and other data analysis methods to provide new insights into the SME sector.

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