

## **Transformational Leadership style: an important ingredient for the Socio-economic Sustainability of service SMEs in Cameroon.**

### **Style de leadership transformationnel : un ingrédient important pour la pérennité socio-économique des PME de services au Cameroun**

**FOKAM Jeff Astein Mbah. Ph.D**

Lecturer

University of Buea

Cameroon

Laboratoire de Recherche en GRH et Gouvernance

**jeffastein@yahoo.com**

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## Abstract

The principal objective of this research is to evaluate the impact of the Transformational Leadership styles on the Socio-economic Sustainability of SMEs in the service sector in Cameroon. To realize the above-cited objective, this research is based on the philosophical underpinnings of positivism epistemology and objectivism ontology, the study hence adopted a hypothetico-deductive approach from which data was collected using a semi-structured questionnaire from 531 respondents from 169 SMEs in the service sector from 05 regions of Cameroon, Structural equation models were used to demonstrate the causality between the two concepts with the help of Amos version 23 software. The main findings indicate that the transformational leadership style has a positive and insignificant effect. (with a  $P\text{-value} = 0.306 > 0.05$ ) on Socio-economic sustainability of SMEs and suggests that SME should put more accents on a mutually beneficial exchange, to ensure a satisfactory relationship with the social partners and hence Sustainability while reinforcing the Transformational leadership style to build and share a long term vision with the workers.

**Keywords:** Leadership; Transformational; Sustainability; Service; SMEs.

## Résumé

L'objectif principal de cette recherche est d'évaluer l'impact des styles de leadership transformationnel sur la durabilité socio-économique des PME du secteur des services au Cameroun. Pour réaliser l'objectif cité ci-dessus, cette recherche est basée sur les fondements philosophiques de l'épistémologie du positivisme et de l'ontologie de l'objectivisme, l'étude a donc adopté une approche hypothético-déductive à partir de laquelle les données ont été collectées à l'aide d'un questionnaire semi-structuré auprès de 531 répondants de 169 PME de le secteur des services de 05 régions du Cameroun, des modèles d'équations structurelles ont été utilisés pour démontrer la causalité entre les deux concepts à l'aide du logiciel Amos version 23. Les principaux résultats montrent que le style de leadership transformationnel exerce un impact positif mais insignifiant (avec une  $P\text{-value} = 0,306 > 0,05$ ) sur la durabilité socio-économique des PME et suggère que les PME devraient mettre davantage l'accent sur un échange mutuellement bénéfique, pour assurer une relation satisfaisante avec les partenaires sociaux et donc la durabilité tout en renforçant le style de leadership transformationnel pour construire et partager une vision à long terme avec les travailleurs.

**Mot clé:** Transformational Leadership style; Social Sustainability; Economic Sustainability; Service; SMEs.

## Introduction

During the past four decades, the impact of leadership styles on organizational performance has been a topic of interest among academicians and practitioners working in the area of leadership (Cannella & Rowe, 1995; Giambatista, 2004; Rowe et al., 2005). Perhaps the most prominent reason for this interest is the widespread belief that leadership can affect the performance of organizations (Rowe et al., 2005 p, 197; Ulgen & Mirze 2006). Critical organizational outcomes, such as satisfaction, organizational performance, group performance, and commitment, have been associated with these leadership styles (Kirkpatrick & Locke, 1996). Although effective leadership is widely recognized as one of the business's most pressing problems, there is surprisingly little “agreement on what makes an effective leader”. The literature on leadership is full of perceptions regarding effective leadership. According to Nader & Aajly, (2020), the concept of style of management integrates a multidisciplinary vision since it mobilizes all energies of the companies in a logic of cohesion of team and collective project.

Sporadically, management scholars and practitioners have also been extolling the entrepreneurial mode of leadership that create new industries, and transform old ones. (Schumpeter, 1934 and Mintzberg, 1973). The growing awareness of social responsibility of organisations and efficacy of enlightened self-interest has led to formalization of altruistic modes of management (Khandawalla, 1992). In the seventies and the eighties, the economic success of Japan led to a lively interest in the paternalistic Japanese style of management (Pascale and Authos, 1981). The concern with having to cope with breakthroughs of technological and market change has led to the identification of the flexibility and teamwork oriented organic style of management (Burns and Stalkers, 1961, and Khandwalla, 1992).

### 1. Transformational Leadership style

A transformational leader's behavior originates in the personal values and beliefs of the leader and motivates subordinates to do more than expected (Bass, 1985). Burns (1978), identified transformational leadership as a process where “one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality”. The follower of a transformational leader experiences trust, adoration, loyalty, and respect for the leader, which inspires them to go above and beyond what was initially anticipated of them (Bass, 1985; Katz & Kahn, 1978). The

transformational leader inspires followers by raising their awareness of the significance of task outcomes, inspiring them to put the needs of the group or team ahead of their own, and awakening their higher-order needs. He challenges followers to exercise critical thought and look for novel approaches to their work, which stimulates the mind. **Socio-economic sustainability**

Sustainability despite attracting increasing amounts of public and scholarly interest, there is still ambiguity around the term. This vagueness might in part be attributable to the broad umbrella term of ‘sustainability’ encompassing at least two distinct parts described by Benn, Dunphy and Griffiths (2006) as ‘human sustainability (the development and fulfilment of human needs) and ecological sustainability (the protection and renewal of the biosphere). At its most elevated, these constituent elements of ‘sustainability’ can be understood as ‘the transformation of human consciousness that human beings and the ecosystem are interconnected (Dunphy quoted in Russell, 2010, p10). In the business arena, the expression sustainability is more often thought about not in two, but in three distinct parts, according to the ‘triple bottom line’ (TBL) (popularized by Elkington 1997), sustainability is an accounting and reporting system incorporating economic, social and environmental outcomes. Sridhar (2011) argues that the most notable achievement of the TBL approach is at a conceptual level as it has facilitated the comprehension of social and environmental achievements in a form that is understood and easily acceptable to the business mind.

While the TBL approach has gained currency in the business world it has been criticised for lack of clarity, particularly around the social or ‘people’ dimension (Miller, Buys & Summerville, 2007, p 225). Kramar and Jones (2010) argue that the utility of the TBL approach to sustainability is limited in “identifying the nature of HRM sustainability issues... as it focuses on external impacts, without looking inwards to the internal dynamics that contributes to those impacts”. This preoccupation with external impacts on the physical environment and ‘the effort to conserve natural resources and avoid waste in operations’ is echoed in much of the business literature (Pfeffer, 2010, p3). This reflects an implicit ideological preference prioritizing sustainability as a means to reduce costs and increase revenue (Goleman, 2010). That is, the primary focus is often on organisational sustainability rather than the sustainability of the individuals who comprise the organisation. The ‘people’ aspect of TBL’s ‘people, planet, profit’ is often used at a meso-level (concerning general

HRM policies) or macro-level (the broader community) rather than the microlevel of the job content of employees.

According to Metcalf and Benn (2012) in order to achieve sustainability, leaders of organisations must recognise that organisations operate in a wider complex adaptive system(s). This wider system(s) is the complex interconnected and dynamic environmental, economic and social systems within which businesses are embedded as agents. Metcalf and Benn (2012) argue that leaders have an interpretive role in the complex adaptive system, essentially leaders, and leadership, is likely to be the element of the organisation that 'makes or breaks' its adaptivity to the complex adaptive system(s) that surround and interact with it.

In general, House and Aditya's review of leadership studies (1997) criticized leadership studies for focusing excessively on superior-subordinate relationships to the exclusion of several other functions that leaders perform as well as to the exclusion of organizational and environmental variables that are crucial to mediate the relationship between leadership and performance. The outcomes of previous leadership studies vary depending on the amount of investigation, which is another issue. House and Aditya (1997) made a distinction between macro-level study, which concentrates on the entire organization and its environment, and micro-level research, which concentrates on the leader in relation to the subordinates and immediate superiors. According to some academics (Tarabishy, Solomon, Fernald, and Sashkin, 2005), leaders' management methods have an impact on both their employees' performance and organizational outcomes. In their investigation into the gaps in our knowledge of the connection between leadership and sustained organizational performance, Fenwick and Gayle (2008) found that, despite the hypothesised relationship between leadership and sustained performance put forth by some researchers, the results at hand are conflicting and difficult to interpret.

### **Ecosystem of SMEs in Cameroon**

SMEs make up 92% of all businesses in Cameroon and generate 50% of the country's GDP (INS, 2005). Small and medium-sized businesses continue to be the foundation of the economy in terms of employment and reducing poverty. According to INS/RGE (2009), they are responsible for 31% of all firms' turn over before interest and tax and 62% of all permanent employment in Cameroon. It's also critical to understand how SMEs help to create and distribute wealth in Cameroon. 208 billion were paid in salary annually by formal and informal SMEs between 2003 and 2005 (INS, 2006). As far as investment are concerned, SMEs still stand out clear as an important entity of the Cameroon, accounting for 40% of the

Cameroonian economy (INS/RGE,2009). The contribution of SMEs to the economic fabric of Cameroon is summarized on the following table.

**Table 1: Contribution of SMEs to the economy of Cameroon**

Contribution	Contribution
Economic fabric	99.8% of enterprises
Value added	14%
Turnover	13 347 billion FCFA
Employment	459 552

**Source:** INS-RGE, (2016).

## 2. Problematic and Research questions

Despite the government's effort to promote, develop and ensure the perennity/sustainability of small and medium enterprises such as the creation of the Ministry of Small and Medium size enterprises in 2004 to govern the SME sector, the creation of the CFCE in 2010 to facilitate the creation of enterprises (which can now be created in averagely 48 hours) as well as give newly created SMEs a partial tax exoneration of 2 years, the putting in place of E-regulation in 2013 which was meant to facilitate the governance of SMEs, the creation of "Agence des PME (APME)" in 2013 to facilitate the creation of SMEs and ameliorate their competitiveness, the creation of the Bank of Small and Medium size enterprises in 2015 to facilitate the access and reduce the cost of finance to SMEs in Cameroon , the sector's growth and sustainability has been hampered by a multitude of problems.

According to the recent enterprise survey realized by the National Institute of Statistics in 2016, the main problems or challenge plaguing the ecosystem of SMEs in Cameroon are amongst others a complicated fiscal system, administrative bottlenecks in the process of enterprise creation, particularly at the different decentralized territorial collectivities, financial problems with poor access and high cost of credits, lack of market outlets, quasi-absence of succession planning (as most enterprises die after the demise of the founder), inappropriate Leadership styles, corruption, unfair competition with foreign firms, insufficient energy and water infrastructure... just to name a few. The same survey done by

the NIS in 2016 revealed that averagely 7 out of 10 enterprises created in Cameroon die<sup>1</sup> before their 5th anniversary. In a precise manner that more than 72% of enterprises created in 2010 in Cameroon were no longer existing in the tax register in 2015, hence considered death (INS/RGE2016). It should be noted that this death rate varies in function of the sector of activity in which the enterprise is found, given that enterprises in the service sector constituting 84,5% of the economic fabric of Cameroon have a survival rate of less than 23.5%, those of the manufacturing sector making up 15.6% of enterprises have an average survival rate of 66.4% and those of the primary sector counting for 0.2% have a survival rate of 46.8%. This clearly shows us that service<sup>2</sup> enterprises are less resistant and hence having a higher mortality rate. The table below synthesises the principal failure factors of SMEs in Cameroon.

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<sup>1</sup> The death of an enterprise is defined here as an enterprise declared to have stopped its activities by the fiscal administration.

<sup>2</sup> According to the second enterprise survey by the NIS (2016), enterprises in the service sector in Cameroon are grouped in the following sub-sectors: Commerce (61.1); Transport (0.7%); Lodging and restauration (13.7%); Banking and insurance (1.0%); Telecommunication (0.5%); others (23.3%)

**Table 2: Synthesis of failure factors of SMEs in Cameroon**

<b>Failure factors</b>	<b>Authors &amp; Institutions</b>
<b>Sociological challenges</b> (Ethno-tribal management)	Kamdem 2002; Kamdem & Ongodo 2004
<b>Political instability</b> (Political crisis in the NOSO and the Extreme North)	GICAM, 2020
<b>Financial challenges</b> (Inadequate access and high cost of financing)	Kauffman, 2005 ; Bekolo & Biyina, 2009 ; Oloua, 2007 ; Tioumagneng, 2011; St-Pierre et al., 2015 ; NIS, 2016; Isoh et al., 2020;
<b>Business Climate</b> (Complex procedure for enterprise creation)	Evou, 2020; World bank, Doing-Business, 2020; GICAM, 2020
<b>Fraud and Corruption</b> (Mismanagement and bribery)	Madoushi, Sadati, Medhivan, & Mihandhost, 2011; Akinboade, 2014; St-Pierre et al., 2015;
<b>Taxation</b> (High taxes and complex fiscal procedures)	Kappel, 2008; Isoh et al.,2020; GICAM, 2020
<b>Lack of technology</b> (outdated technology and weak energy infrastructure)	Agarwal & Erramili, 2003
<b>Poor Management And Employee training</b>	Tsapi 2007; St-Pierre et al., 2015 ; NIS-RGE, 2016; Majukwa, 2019; Isoh et al.,2020; Evou, 2020 ; Fokam et al., 2022.
<b>Poor Leadership Skills/styles</b> (Inappropriate Leadership styles and behaviors)	Kamdem, 2002; Majukwa, 2019; Isoh et al.,2020; Fokam, 2016

**Source:** Assembled by author, from review of related literature.

From this review of related literature, it is evident that although some scholars believe that leadership enhances sustained organizational performance while others contrast this, different concepts of leadership have been employed in different studies, making direct comparisons virtually impossible. Gaps and unanswered questions remain. Consequently, this study is intended to re-examine the proposed leadership-sustainability relationship and, thus, contribute meaningfully to the body of growing literature and knowledge in this area of study.

From the above actualities, we can pose a question which in responding, will permit us bring out the relationship that exist between the Sustainability of SME's in Cameroon and the leadership style adopted by the different managers of the SME's. From here, we can bring out central research question: What impact does the Transformational Leadership style have on the Sustainability of SMSEs in Cameroon? To address this central research question, we divide it into two sub-questions:

What is the impact of Transformational Leadership style on the Social Sustainability of Small and Medium service enterprises in Cameroon?

What is the relationship existing between Transformational Leadership style and the Economic Sustainability of Small and Medium service enterprises in Cameroon?

The main objective of this thesis is to evaluate the impact of Leadership styles on the Sustainability of selected SMSEs in Cameroon, that is to demonstrate that the sustainability of small and medium service enterprises in Cameroon depends on the style of leadership adopted by the manager, within the scope of this research; two leadership style were under scrutiny (the Transformational and Transactional Leadership styles). These two Leadership styles originate from the Full Range Leadership Model of Bass and Avolio 1997, in which they regrouped the main Leadership behaviors or characteristics in three main groups or styles of Leadership that is, the Transformational, Transactional and laissez-faire Leadership styles.

This will lead us to two specific objectives which consist to:

- To examine the impact of the Transformational leadership style on the Socio-sustainability of small and medium-size service enterprises in Cameroon.
- To evaluate the relationship between the Transformational leadership style and the economic Sustainability of Small and Medium service enterprises in Cameroon.

To respond to the research questions and realize the research objectives, this article made use of the positivist epistemology philosophy due to the abundance of literature in the domain of leadership implying the reality exist and hence will be confirmed (confirmatory research) in the Cameroonian SMEs service sector and with the aim of objectivism of the researcher aiming to generalize the results of the research to ameliorate the survival/sustainability of SMEs in Cameroon using a deductive design. Primary data was collected using a closed likert-scaled type questionnaire from 531 respondents extracted with a non-probabilistic technic from 169 small and medium size enterprises from five regions (South west, North West, Centre, Littoral and western regions)<sup>3</sup> in the service sector of Cameroon. The collected data were then analysed quantitatively using the Structural Equation Model with the aim of generalisation of findings. The article is structured into four parts with an introduction and a conclusion. We started by doing a critical analysis of related literature (1) in the domain of job satisfaction theoretically and empirically, from which hypothesis (2) were formulated to deduce empirically using the estimation methodology described in (3) and we ended with the finding of the research (4) as well as the theoretical and managerial implications of the research.

### **3. Literature review**

Transformational leadership was invented as a result of the researcher Bernard M. Bass (1985), which is one of the effective leadership styles. According to Bass (1997), the goal of transformational leadership is to ‘transform’ people and organizations in a literal sense – to change them in mind and heart; enlarge vision, insight, and understanding; clarify purposes; make behavior congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building. Therefore, transformational leaders guide employees to change the way of looking at opportunities and challenges within their working environment. Leaders seek not only to achieve performance "at expectations" but also to optimize individual, group and organizational development and innovation skills of employees. They encourage their associates to attempt higher levels of potential as well as

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<sup>3</sup> . The choice of SMEs in the above five regions is because these five regions accommodate 77.5% of the SMEs in Cameroon, hence the results obtained from a sample of these five regions, can be generalized to the whole of Cameroon.

higher levels of moral and ethical standards. Therefore, transformational leaders are more practical. Below is a synthesis of Literature on the (Negative, neutral and positive) link between the Transformational Leadership style on Corporate sustainability.

Nongo in 2015 investigated the effects of the Transformational Leadership style on the durability of Nigerian SMEs with the deductive methodology, the results showed that the Transformational Leadership style has an insignificant impact on the long-term performance/durability of Nigerian SMEs hence concluding a neutral causality between the two concepts.

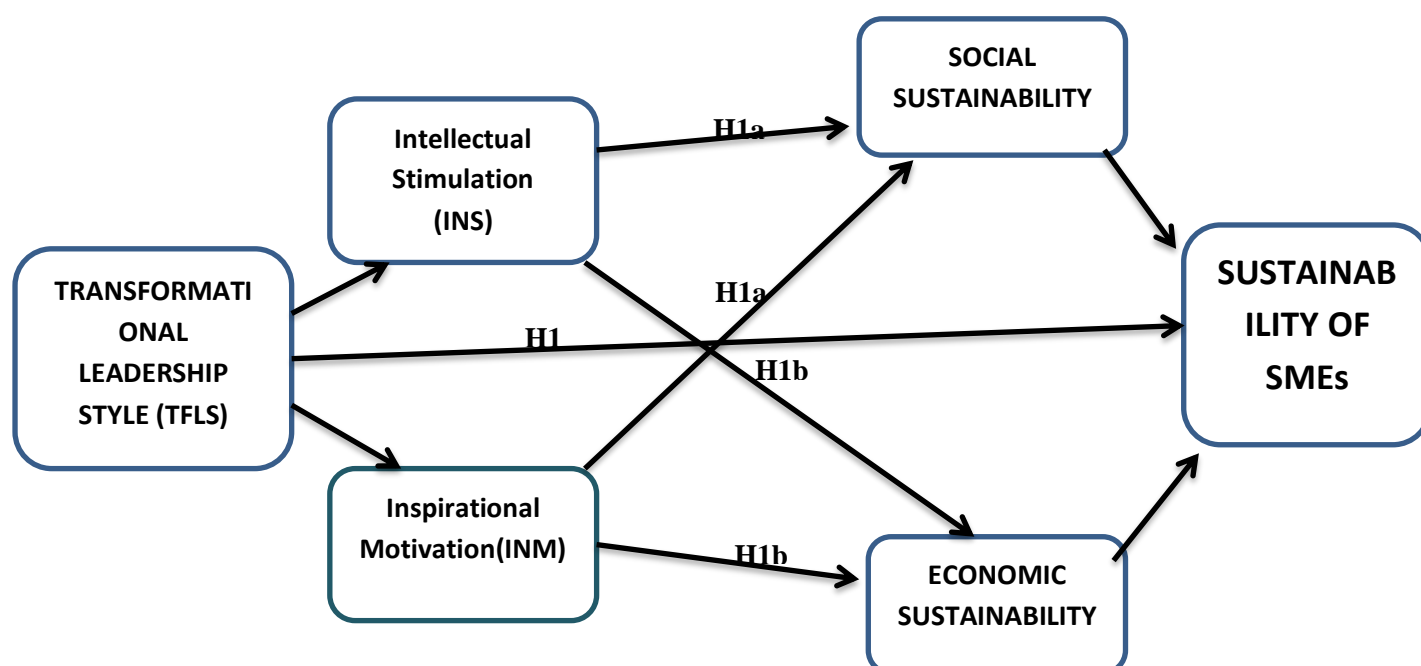
Previous studies have consistently reported positive relationships between the transformational leadership style and employee performance, work commitment and job satisfaction (Bass & Avolio, 1993; Emery & Barker, 2007; Walumbwa, Wang, Lawler & Kan Shi, 2004) and employee engagement (Soeib, Othman & D'Silva, 2013). However, only a few studies have examined the relationship between transformational leadership and organizational effectiveness (Koene, Vogelaar & Soeters, 2002; Zhu, Chew & Spangler, 2005). Emery and Barker (2007) conducted research using a sample of 124 managers and 389 subordinates from the food and banking industries to examine the nature of the relationship between leadership styles and employee performance. They found that employees were more satisfied with the transformational leadership style than transactional leadership. This study found that the transformational leadership style made a greater contribution to organizational commitment, and job and leader satisfaction. Similarly, Walumbwa, Wang, Lawler and Kan Shi (2004) reported that, compared to other leadership styles, transformational leadership was found to enhance employees' levels of organizational commitment and job satisfaction in the organization. Employees who were led by transformational leaders reported stronger levels of confidence in their capability to perform their tasks.

Transformational leadership was found to have a strong effect on employee outcomes in different countries as well. For instance, Walumbwa, Orwa, Wang, and Lawler (2005) researched to compare the relationship between transformational leadership and organizational commitment and satisfaction in Kenya (158 participants) and USA (189 participants). Consistent with previous studies, transformational leadership was found to be positively related to organizational commitment in both countries. Similarly, a significant positive relationship was observed between transformational leadership and satisfaction with leader and work (Walumbwa et al, 2005). Although, it was initially predicted that the effect

of transformational leadership would vary between Western cultures and African culture, the results showed that transformational leadership was equally effective in both cultures (Walumbwa et al, 2004).

Mangundjaya in 2018 did research to examine the link between transformational leadership and organizational sustainability with psychological empowerment as a mediator. The study was conducted at one of the manufacturing enterprises with 350 respondents in Indonesia. Data was collected and analyzed quantitatively using Structural Equation Model. The results revealed that transformational leadership had a direct impact on organizational sustainability and psychological empowerment acted as a partial mediator for the relationship between transformational leadership and organizational sustainability. The implications of the study for management and organizational psychologist practitioners lie in developing organizational sustainability, by paying attention to the transformational leadership of their leaders.

**Figure 1: Conceptual model**



Source: author's conception

#### 4. Hypothesis of the research

The assumption in this study progresses from the proposition that there is a relationship between leadership and sustainability of small and medium-size service enterprises in Cameroon and that the respective leadership styles can directly affect significantly both the

economic and social sustainability of small and medium enterprises. Hence, the first hypothesis relates to the direct relationship between Transformational leadership styles and the sustainability of SMSEs. This hypothesis was formulated with the following empirical backings. In a study of naval officers, Breevaart et al. (2014) found that the employees' performance improved when their leaders demonstrated transformational leadership and included contingent reward in the exchange process. The results also revealed that transformational leadership fostered a more favorable work environment by providing support to employees and allowing them to be autonomous (Breevaart et al., 2014). In their study on leadership, Özer and Tinaztepe (2014) concluded that transformational leadership style is positively related to job satisfaction and firm performance.

The above theoretical and empirical facts on the relationship between the Transformational Leadership style and the performance as well as the survival of enterprises permit us to state the following hypothesis the general assumption that Transformational Leadership style has a significantly positive impact on the sustainability of SMSEs in Cameroon. This hypothesis was further broken down into two sub-hypothesis as given below:

H1: Transformational Leadership style has a positive and significant impact on the Social Sustainability of SMEs in the service sector in Cameroon.

H2: Transformational Leadership style has a positive and significant impact on the Economic Sustainability of SMEs in the service sector in Cameroon.

## **5. Estimation method**

This research is based on the positivist epistemology philosophy due to the abundance of literature in the domain of leadership implying the reality exist and hence will be confirmed (confirmatory research) in the Cameroonian SMEs service sector and with the aim of objectivism of the researcher aiming to generalize the results of the research to ameliorate the survival/sustainability of SMEs in Cameroon. This research philosophy will hence condition our research design as well as the population and data collection technics. The research axiology is unbiased, demonstrating the independence of the researcher, using a deductive design. Primary data was collected with a closed likert-scaled type questionnaire from 531 respondents extracted with a non-probabilistic technic from 169<sup>4</sup> small and medium size

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<sup>4</sup> With the mother population being 6485 SMEs according to the report of the National Institute of Statistics in 2016 and about 84,2% of them are in the service sector.

enterprises from five regions (South west, North West, Centre, Littoral and western regions)<sup>5</sup> in the service sector of Cameroon. The collected data were then analysed quantitatively using the Structural Equation Model with the aim of generalisation of findings..

In verifying our hypothesis, which demonstrates the link of causality between the Sustainability of SMEs and the Transformational Leadership style, the following functional models were tested:

Model 1: Impact of Transformational Leadership style on Social Sustainability

$$\text{Social Sus of SME}_i = \alpha + 1\text{CHMi} + \beta_2\text{INMi} + \beta_3\text{INSi} + \epsilon_i \dots \dots \dots (1)$$

Model 2: Impact of Transformational Leadership style on Economic Sustainability

$$\text{Economic Sus of SME}_i = \alpha + \beta_1\text{CHMi} + \beta_2\text{INMi} + \beta_3\text{INSi} + \epsilon_i \dots \dots \dots (2)$$

Where:

$\alpha$  = the constant values and include the size, the age of the enterprise or any other element that can influence the results of this study.

$\beta_{ij}$  = beta i coefficient of model j. That is the i-th observation of the j-th independent variable.

## 6. Findings of the research

### 6.1 Modeling the impact of Transformational Leadership style on the Sustainability of SMEs using the CB-SEM and Hypotheses Testing

After estimating the measurement models at the exploratory and confirmatory levels in formed by the EFA and the CFA, and addressing the assumptions for parametric analysis, Structural Equation Models (SEM) were run at two stages, namely; the hypothesized model and proposed model. The hypothesized model involved the estimation of the model as presented in the conceptual framework, while the proposed model involved a modification of the hypothesized model to exclude all statistically non-significant paths. SEM was run in order to determine the causal relationships between the variables of the study in line with the objectives and hypotheses of the study Hair et al. (2010). These hypotheses include:

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<sup>5</sup> . The choice of SMEs in the above five regions is because these five regions accommodate 77.5% of the SMEs in Cameroon, hence the results obtained from a sample of these five regions, can be generalized to the whole of Cameroon.

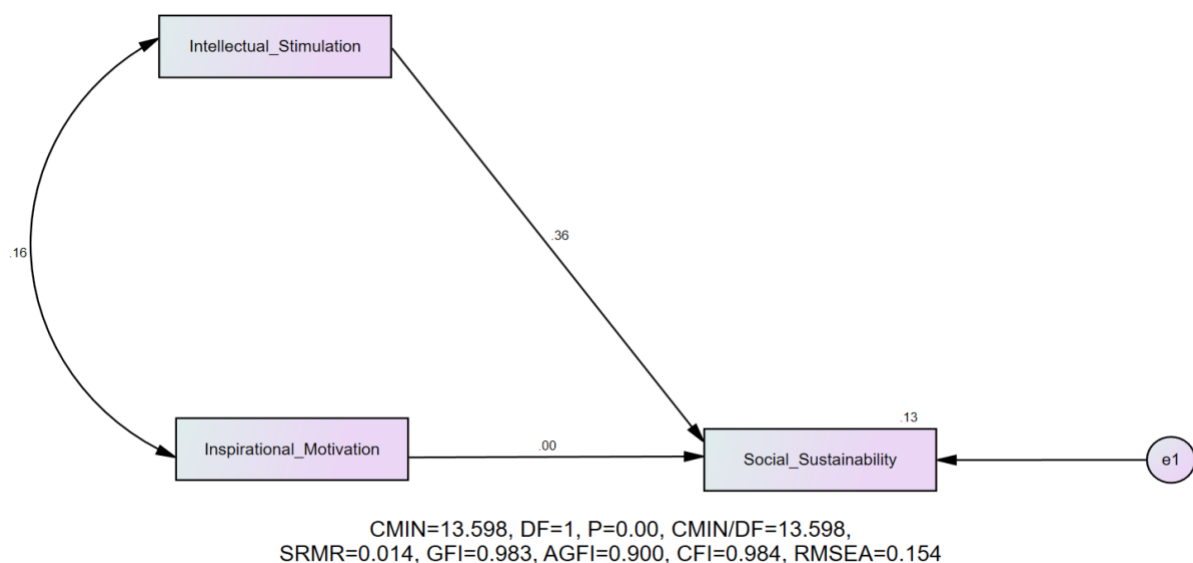
H<sub>1</sub>: Transformational Leadership Style [TFLS] has positive effects on Social Sustainability [SS] of selected Small and Medium Size service Enterprises in Cameroon.

H<sub>2</sub>: Transformational Leadership Style [TFLS] has positive effects on Economic Sustainability [ES] of selected Small and Medium Size service Enterprises in Cameroon.

## 6.2. Transformational Leadership style: an important determinant of the Social sustainability of SMEs in Cameroon.

The Transformational Leadership style represents a paradigm shift with regard to the study of leadership (Medley & Larochelle, 1995). As an emerging leadership paradigm, transformational leadership focuses on transformation of the organization and its members from the current state to a better state that is aligned with organizational vision, mission and goals. As aforementioned, Transformational Leadership style was captured in this work using two latent constructs: Inspirational motivation and Intellectual stimulation, hence the impact of these two constructs capturing the Transformational Leadership style on the social sustainability of SMEs is presented on the figure as seen below:

**Figure 2: Impact of the Transformational Leadership style on the Social sustainability of service SMEs in Cameroon**



**Source:** Computed by author using field data

**Table 3: Summary of results and Hypothesis 1**

Hypotheses		P-Value at 95% (CI)	Decision / Conclusion
<b>H<sub>1</sub>:</b> Transformational Leadership style has a positive impact on the Social sustainability of Small and medium size service enterprises in Cameroon	Intellectual Stimulation has positive effects on Social Sustainability [SS] of selected Small and Medium Size service Enterprises in Cameroon.	[H <sub>0</sub> : $\mu = .000 < 0.05$ , $\beta = 0.358$ , CI =95%] Weak positive statistically significant.	Reject the null hypothesis and conclude that there is significant statistical evidence to suggest that Intellectual Stimulation has positive effect on Social Sustainability [SS] of selected Small and Medium Size service Enterprises in Cameroon.
	Inspirational Motivation has positive effects on Social Sustainability [SS] of selected Small and Medium Size service Enterprises in Cameroon	[H <sub>0</sub> : $\mu = 0.976 > 0.05$ , $\beta = -0.001$ , CI =95%]. Weak negative statistically insignificant.	Decline to reject the null hypothesis and conclude that there is insignificant statistical evidence to suggest that Inspirational Motivation has negative effect on Social Sustainability [SS] of selected Small and Medium Size service Enterprises in Cameroon

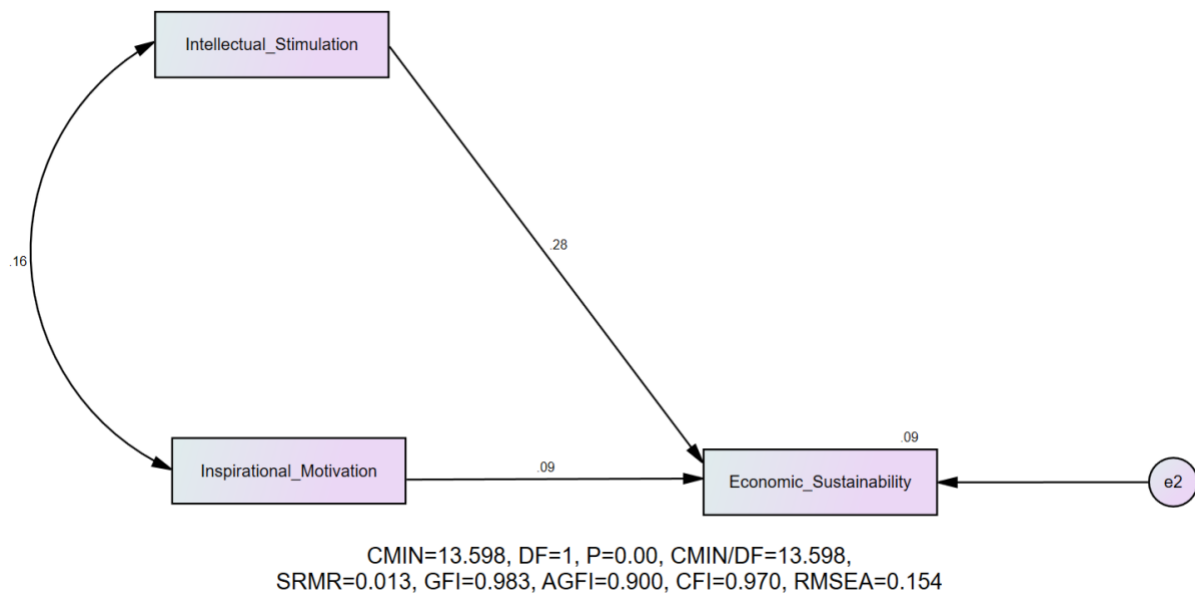
**Source:** Computed by author using field data

### 6.3. Empirical evidence on the relationship between the Transformational Leadership style and the Economic Sustainability of SMEs in Cameroon.

The objective here is to demonstrate the impact of Transformational Leadership style through Inspirational Motivation and Intellectual stimulation on the economic sustainability of SMEs in the service sector in Cameroon. This will equally permit to verify the following hypothesis.

H<sub>2</sub>: Transformational Leadership Style [TFLS] has positive effects on Economic Sustainability [ES] of selected Small and Medium Size service Enterprises in Cameroon.

**Figure 3: CB-SEM on the impact of Transformational Leadership style on Economic Sustainability.**



**Source:** Computed by author using field data

## 7. Discussion and Conclusion

The main objective of this article is to evaluate the impact of the Transformational Leadership styles on the Sustainability of SMSEs in Cameroon. That is to demonstrate that the sustainability of small and medium service enterprises in Cameroon depends on the style of leadership adopted by the manager. Hence, the impact of the Transformational Leadership style on the Socio-economic Sustainability of SMEs in Cameroon was empirically demonstrated using the Covariance-based Structural Equation model (CB-SEM).

Data was collected using a structured questionnaire from 531 respondents from 168 SMEs in the service sector in Cameroon. The analytical procedure of the study was concluded based on the following steps: analysis of participants' characteristics and background information, missing data, dimension reduction, and the test of validity [AVE] and reliability [Alpha Cronbach test] and the Structural Equation Model were used to evaluate the impact of the above Leadership style on the Socio-Economic Sustainability of SMEs in Cameroon.

With respect to the link between the Transformational Leadership style and social sustainability, the results shows that while Intellectual stimulation has a positive and statistically significant impact [ $H_0 : \mu = .000 < 0.05, \beta = 0.358, CI = 95\%$ ] on social sustainability, Inspirational motivation on its part has a negative and statistically insignificant

impact [ $H_0: \mu = 0.976 > 0.05$ ,  $\beta = -0.001$ ,  $CI = 95\%$ ] on social sustainability. The results equally demonstrates that all the variables (latent constructs) of the Transformational Leadership style have a positive and significant impact on the Economic sustainability of selected SMEs in Cameroon, precisely Intellectual stimulation has a positive and statistically significant impact [ $H_0: \mu = .000 < 0.05$ ,  $\beta = 0.276$ ,  $CI = 95\%$ ] on the economic sustainability, Inspirational motivation equally has a positive and statistically significant impact [ $H_0: \mu = 0.029 < 0.05$ ,  $\beta = 0.091$ ,  $CI = 95\%$ ] on the economic sustainability of selected SMEs in Cameroon. These results corroborate the previous studies of Agron, 2019 who reported positive and significant relation of the Transformational leadership style in a comparative studies between Keyan and U.S firms.

Managerially, to ameliorate the sustainability of SMEs in Cameroon judging from the results of this article, we have the following propositions: the Transformational Leadership style shows a positive impact on the sustainability of SMEs, hence its application in the service sector of SMEs in Cameroon will permit a successful exchange with the stakeholders (confirming the application of the stakeholder theory in this research), it will equally permit the enterprise to realize long term goals through the established and shared vision that characterize the Transformational Leadership style (confirming the application of the Sustainability Leadership theory).

This study is limited in that it was done in a sectorial manner (comprising only the service sector), hence further studies could be done to see the impact that the Transformational Leadership style will have in the primary and manufacturing sector. Given that it was done deductively, further research can be done in an inductive manner, to see the interaction between this leadership style and the Sustainability in Cameroon in general.

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