Entrepreneurial Leadership Styles and Business Performance in Somalia

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Abstract

**Purpose:** The aim of the study was to assess the entrepreneurial leadership styles and business performance in Somalia.

**Methodology:** This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**Findings:** The study found that there is a strong correlation between the two. Different leadership styles, such as transformational, transactional, and charismatic leadership, can impact various aspects of a business's performance, including innovation, employee motivation, and overall success. Transformational leadership, characterized by vision, inspiration, and empowerment of employees, has been found to foster a culture of innovation and creativity within organizations. This style encourages employees to think outside the box, take risks, and contribute ideas, leading to the development of new products or services and ultimately enhancing business performance. Transactional leadership, on the other hand, focuses on task-oriented activities, setting clear goals, providing rewards or punishments based on performance, and ensuring compliance with established procedures. While this style may be effective in maintaining efficiency and productivity, it may not necessarily drive long-term business growth or innovation. Charismatic leadership, characterized by a leader's strong personality, persuasive communication skills, and ability to inspire followers, can also have a significant impact on business performance.

**Implications to Theory, Practice and Policy:** Transformational leadership theory, charismatic leadership theory and servant leadership theory may be used to anchor future studies on assessing the entrepreneurial leadership styles and business performance in Somalia. In practice, organizations can benefit from developing leadership development programs that emphasize a combination of transformational, charismatic, and servant leadership qualities. From a policy perspective, advocating for initiatives that support leadership development and promote a culture of innovation is crucial.

**Keywords:** Entrepreneur, Leadership Styles, Business Performance
INTRODUCTION

Entrepreneurial leadership styles play a crucial role in shaping the performance and success of businesses across various industries. In developed economies like the USA, key business performance metrics often include profitability, market share, and innovation rate. For instance, in the USA, Apple Inc. has consistently demonstrated remarkable profitability, with its net income reaching $57.41 billion in 2021, up from $57.41 billion in 2020, showcasing sustained financial strength (Statista, 2022). Another example is Amazon, which has steadily expanded its market share in various sectors, with its revenue growing from $386 billion in 2020 to $518 billion in 2021, reflecting its dominance and ability to capture market segments effectively (Statista, 2022). Moreover, innovation is a crucial metric; companies like Tesla in the USA have revolutionized the automotive industry with electric vehicles, pushing innovation rates higher and driving competition (Roberts & Tran, 2018).

In developing economies such as Brazil, business performance metrics also revolve around profitability, market share, and innovation rate. For instance, Petrobras, Brazil's state-owned oil company, has shown fluctuations in profitability due to market conditions, with its net income dropping from BRL 7.1 billion in 2019 to BRL 1.2 billion in 2020, highlighting challenges in a volatile industry (Statista, 2022). In terms of market share, companies like Ambev, a beverage giant in Brazil, have maintained a dominant position, with a market capitalization of BRL 321 billion in 2021, indicating strong market presence and consumer loyalty (Statista, 2022). Furthermore, Brazil has seen innovation in sectors like fintech, with companies like Nubank disrupting traditional banking models, showcasing a growing innovation rate (Doss & Timm, 2020).

Moving to Southeast Asia, Indonesia presents unique business performance metrics. For instance, Pertamina, Indonesia's state-owned oil and gas company, faces profitability challenges due to market volatility, with its net income fluctuating from IDR 24.3 trillion in 2018 to IDR 4.9 trillion in 2020, showcasing the impact of external factors on financial performance (Statista, 2022). In terms of market share, companies like Gojek have revolutionized the digital economy, with its merger with Tokopedia creating a powerhouse in e-commerce and ride-hailing services, reflecting dynamic market strategies (Kusuma & Rini, 2021). Furthermore, innovation is visible in Indonesia's startup ecosystem, with companies like Traveloka expanding globally, showcasing the country's potential in fostering tech-driven enterprises (Budisusetyo & Yuniarsih, 2019).

In South Africa, business performance metrics are crucial for assessing economic growth. For instance, Sasol, a multinational energy and chemical company, showcases the impact of market volatility on profitability, with its net profit decreasing from ZAR 41.8 billion in 2019 to ZAR 10.5 billion in 2020 due to challenging market conditions (Statista, 2022). Market share dynamics are evident in the retail sector, where companies like Shoprite Holdings have maintained strong market presence despite economic fluctuations, with a revenue of ZAR 156 billion in 2021, highlighting resilience in capturing consumer demand (Statista, 2022). Moreover, innovation is seen in sectors like renewable energy, with companies like BioTherm Energy focusing on sustainable solutions, indicating a shift towards environmentally conscious business practices (Makgoba & Gumbo, 2020).

In Nigeria, the oil and gas sector plays a significant role in business performance metrics. For instance, Nigerian National Petroleum Corporation (NNPC) showcases the impact of market volatility on profitability, with its net income fluctuating from ₦318.3 billion in 2018 to ₦93.9 billion in 2020, reflecting the impact of external factors on financial performance (Statista, 2022). In terms of market share, companies like Nigerian National Gas Company have maintained a dominant position, with a market capitalization of ₦1.2 trillion in 2021, indicating strong market presence and consumer loyalty (Statista, 2022). Furthermore, innovation is visible in sectors like renewable energy, with companies like Solar Energy Focus focusing on sustainable solutions, indicating a shift towards environmentally conscious business practices (Makgoba & Gumbo, 2020).
dynamics on profitability, with its revenue fluctuating due to oil price variations, demonstrating the sector's vulnerability to external factors (Statista, 2022). Market share dynamics are notable in the banking industry, where Access Bank has expanded its customer base, with over 46 million customers in 2021, reflecting effective market strategies and customer service (Statista, 2022). Moreover, innovation is seen in the technology sector, with companies like Interswitch driving digital payment solutions, indicating Nigeria's progress in fintech and digital transformation (Ogbechie, 2021).

Moving to West Africa, Senegal showcases emerging business performance metrics across various sectors. For instance, Sonatel, a leading telecommunications company, demonstrates consistent profitability, with its net income growing from XOF 240 billion in 2018 to XOF 276 billion in 2020, indicating financial stability and market resilience (Statista, 2022). Market share dynamics are evident in the energy sector, where companies like Senelec have improved market positioning through investments in renewable energy projects, showcasing a commitment to sustainable practices (Diagne & Fall, 2020). Furthermore, innovation is seen in the healthcare sector, with companies like Clinique Pasteur leveraging technology for patient care and management, reflecting Senegal's advancements in healthcare services (Ndiaye & Diouf, 2018).

In Kenya, business performance metrics highlight the growing influence of technology and entrepreneurship. For instance, Safaricom, a leading telecommunications company, demonstrates robust profitability, with its net income increasing from KES 63.38 billion in 2019 to KES 74.67 billion in 2020, showcasing resilience and market dominance (Statista, 2022). Market share dynamics are notable in the banking sector, where Equity Group Holdings has expanded its customer base, with over 14.9 million customers in 2021, indicating strong market penetration and customer trust (Statista, 2022). Additionally, innovation is seen in Kenya's startup ecosystem, with companies like M-Pesa revolutionizing mobile money services, driving financial inclusion and economic growth (Kumar & Biryan, 2019).

Tanzania's business performance metrics also show notable trends. For instance, CRDB Bank Plc has demonstrated consistent profitability, with its net income increasing from TZS 150 billion in 2019 to TZS 202 billion in 2020, showcasing financial strength and market resilience (Statista, 2022). Market share dynamics are evident in the telecommunications sector, where Vodacom Tanzania has expanded its subscriber base, reaching over 15 million customers in 2021, indicating effective market penetration and service delivery (Statista, 2022). Additionally, innovation is seen in the agricultural sector, with companies like Export Trading Group (ETG) leveraging technology for supply chain optimization, driving efficiency and competitiveness (Abdi, 2021).

Ghana showcases emerging business performance metrics in various sectors. For instance, Ghana Commercial Bank demonstrates steady profitability, with its net income increasing from GHS 424 million in 2018 to GHS 548 million in 2020, reflecting sound financial management and market positioning (Statista, 2022). Market share dynamics are evident in the cocoa industry, where companies like Touton Ghana have expanded global market reach, leveraging sustainable practices to maintain a competitive edge (Statista, 2022). Moreover, innovation is seen in renewable energy, with companies like BXC Company leading solar energy projects, indicating a shift towards clean energy solutions (Buor & Ukpere, 2021).

In Sub-Saharan economies like Nigeria, business performance metrics often reflect challenges and opportunities unique to the region. For instance, Dangote Group, a major conglomerate, has shown
consistent profitability, with its revenue increasing from NGN 761 billion in 2018 to NGN 1.03 trillion in 2020, indicating resilience and growth (Statista, 2022). Market share dynamics are evident in telecommunications, where MTN Nigeria dominates with over 71 million subscribers, showcasing market leadership and scale (Statista, 2022). In terms of innovation, companies like Flutterwave, a fintech startup, have gained prominence, indicating a growing innovation ecosystem in the region (Ogbechie, 2021).

Entrepreneurial leadership styles play a crucial role in shaping organizational outcomes and business performance metrics. Transformational leadership, characterized by vision, inspiration, and intellectual stimulation, can significantly impact innovation rates within an organization. Leaders who adopt this style often encourage employees to think creatively, challenge the status quo, and pursue new ideas, leading to increased innovation and a competitive edge in the market (Afsar, Badir & Shahjehan, 2020). Similarly, charismatic leadership, which focuses on the leader's personal qualities and ability to inspire and motivate followers, can influence market share through the creation of strong brand loyalty and customer trust. Charismatic leaders often have a compelling vision and communication style that resonates with stakeholders, attracting customers and enhancing market penetration (Alvesson & Sveningsson, 2019).

On the other hand, servant leadership emphasizes empathy, humility, and a focus on serving others, including employees, customers, and communities. This leadership style can positively impact profitability by fostering a positive organizational culture, employee satisfaction, and customer loyalty. Servant leaders prioritize the well-being of their employees, leading to increased productivity, lower turnover rates, and ultimately, higher profitability (Liden, 2018). Additionally, entrepreneurial leaders who embrace participative leadership styles, where decision-making is shared among team members, can drive innovation rates by leveraging diverse perspectives and expertise. By encouraging collaboration and inclusivity, participative leaders create an environment conducive to creativity, problem-solving, and continuous improvement, leading to enhanced innovation metrics within the organization (Kumar & Chandra, 2021).

**Problem Statement**

In today's dynamic business environment, understanding the relationship between entrepreneurial leadership styles and business performance is crucial for organizational success. However, despite extensive research on leadership styles, there remains a gap in understanding how specific entrepreneurial leadership styles, such as transformational leadership, charismatic leadership, servant leadership, and participative leadership, impact key business performance metrics such as profitability, market share, and innovation rate (Afsar, Badir & Shahjehan, 2020; Kumar & Chandra, 2021). While some studies have explored the individual effects of these leadership styles, there is limited research that comprehensively examines their combined impact on business outcomes, leaving organizations without clear guidance on which leadership style(s) to adopt to optimize performance (Alvesson & Sveningsson, 2019; Liden, 2018). Furthermore, with the rapid changes in technology, market dynamics, and workforce expectations, there is a need for updated research that considers the contemporary challenges and opportunities faced by organizations in various industries (Alvesson & Sveningsson, 2019; Kumar & Chandra, 2021).
Theoretical Framework

Transformational Leadership Theory

Originated by James MacGregor Burns and further developed by Bernard M. Bass, transformational leadership theory focuses on leaders who inspire and motivate followers to achieve extraordinary outcomes. This theory emphasizes the leader's ability to create a compelling vision, foster innovation, and promote a sense of purpose and commitment among employees (Bass & Riggio, 2021). In the context of entrepreneurial leadership styles and business performance, transformational leadership is relevant as it explores how leaders can drive innovation, enhance employee engagement, and ultimately contribute to improved business outcomes such as increased profitability and market share.

Charismatic Leadership Theory

Proposed by Max Weber and further studied by researchers like House (1977) and Conger and Kanungo (1988), charismatic leadership theory focuses on leaders who possess exceptional charisma, vision, and communication skills. These leaders inspire and influence others through their personal qualities and vision, often leading to strong follower commitment and organizational success (House, 1977). In the context of entrepreneurial leadership styles and business performance, charismatic leadership theory is relevant as it examines how charismatic leaders can impact organizational performance metrics such as market share through their ability to attract customers, build strong brand loyalty, and inspire innovation.

Servant Leadership Theory

Originated by Robert Greenleaf and further developed by researchers like Larry Spears, servant leadership theory emphasizes leaders' focus on serving others, including employees, customers, and communities. This theory prioritizes empathy, humility, and a commitment to the well-being of stakeholders, leading to positive organizational outcomes such as employee satisfaction, teamwork, and improved performance (Spears, 2020). In the context of entrepreneurial leadership styles and business performance, servant leadership theory is relevant as it explores how leaders who prioritize serving others can contribute to enhanced employee engagement, customer loyalty, and overall business success.

Empirical Review

Smith (2018) conducted a study to explore the impact of transformational leadership on business performance specifically in small and medium-sized enterprises (SMEs). The purpose of the study was to assess how transformational leadership behaviors exhibited by SME leaders influenced key business metrics such as profitability, market share, and innovation rate. The methodology involved a survey administered to 200 SMEs across various industries, gathering data on leadership styles and performance indicators. Findings from the study revealed a significant positive correlation between transformational leadership and improved business performance in SMEs. Leaders who demonstrated transformational qualities such as vision, inspiration, and intellectual stimulation were associated with higher profitability, increased market share, and a culture of innovation within their organizations. Based on these findings, the study recommended that SME leaders should adopt and cultivate transformational leadership practices to enhance their business outcomes effectively.

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Samatar, (2024) conducted a longitudinal study aiming to analyze the effects of charismatic leadership on market share growth within large corporations. The study's purpose was to examine how charismatic leaders influence market dynamics, brand loyalty, and overall business performance over time. The methodology involved collecting data from 50 large corporations over a five-year period, combining leadership assessments with market share trend analysis. The findings indicated a strong positive relationship between charismatic leadership and market share growth. Leaders who exhibited charismatic qualities such as vision, communication skills, and inspirational behavior were associated with significant increases in market share and enhanced brand loyalty among customers. The study recommended that large corporations focus on developing and nurturing charismatic leadership qualities among their top executives to sustainably expand their market presence and achieve competitive advantages.

Brown (2020) conducted a case study-based research to explore the relationship between servant leadership and employee productivity within manufacturing firms. The study aimed to understand how servant leadership behaviors exhibited by managers and supervisors influenced employee engagement, teamwork, and overall productivity levels. The methodology involved conducting in-depth case studies in three different manufacturing firms, collecting data through interviews, observations, and performance metrics analysis. The findings revealed a strong positive correlation between servant leadership and employee productivity. Leaders who practiced servant leadership by prioritizing the well-being of their employees, fostering open communication, and supporting teamwork were associated with higher levels of productivity and job satisfaction among employees. Based on these findings, the study recommended that manufacturing firms should invest in training programs to promote servant leadership behaviors among their managerial staff, ultimately leading to improved organizational outcomes.

Patel (2021) conducted a study focusing on the impact of participative leadership on innovation rates within technology startups. The study's purpose was to investigate how participative leadership styles exhibited by startup founders influenced the generation of new ideas, product development processes, and overall innovation outcomes. The methodology included surveys and interviews conducted among 30 technology startups, gathering insights on leadership behaviors and innovation practices. The findings indicated a positive relationship between participative leadership and innovation. Founders who encouraged participative decision-making, collaboration, and idea-sharing among team members were associated with higher rates of innovation and successful new product launches. The study recommended that technology startup founders should embrace participative leadership approaches to create an environment conducive to creativity, experimentation, and continuous innovation.

Nguyen (2022) conducted a comparative study to assess the effectiveness of different leadership styles on employee satisfaction and business performance within retail organizations. The study aimed to compare the impacts of transformational leadership and servant leadership on employee morale, customer interactions, and overall business outcomes. The methodology involved collecting data from 100 retail stores through surveys, performance metrics analysis, and customer feedback. The findings revealed that both transformational and servant leadership styles were positively correlated with higher levels of employee satisfaction, improved customer service, and enhanced sales performance. Leaders who exhibited transformational qualities such as vision, empowerment, and inspiration, as well as those who demonstrated servant leadership behaviors such as empathy, humility, and supportiveness, were associated with positive organizational
outcomes. The study recommended that retail managers should consider adopting a combination of transformational and servant leadership practices to create a positive work environment, foster employee engagement, and drive business success.

Kim (2023) conducted a research study examining the role of entrepreneurial leadership in fostering organizational resilience during economic downturns. The study's purpose was to explore how entrepreneurial leaders navigate challenges, adapt to changing environments, and lead their organizations to overcome adversity. The methodology involved longitudinal data analysis using financial records from 50 companies during periods of economic recession. The findings indicated that entrepreneurial leadership traits such as risk-taking, innovation, and strategic decision-making played a crucial role in enhancing organizational resilience and survival rates. Organizations led by entrepreneurial-minded leaders were better equipped to weather economic challenges, identify opportunities for growth, and implement effective strategies for sustainability. Based on these findings, the study recommended that organizations should develop and nurture entrepreneurial leadership capabilities among their leaders to build resilience and thrive in volatile business environments.

Garcia (2023) conducted a study focusing on leadership styles and their impact on customer loyalty within service-based businesses. The study aimed to understand how leadership behaviors, specifically charismatic and servant leadership, influenced customer perceptions, satisfaction levels, and loyalty behaviors. The methodology included administering surveys to customers of 20 service firms, gathering feedback on their experiences and perceptions of leadership qualities exhibited by service providers. The findings revealed that both charismatic and servant leadership styles were positively associated with higher levels of customer loyalty and repeat business. Service providers who demonstrated charismatic qualities such as enthusiasm, communication skills, and trustworthiness, as well as those who exhibited servant leadership behaviors such as empathy, responsiveness, and attentiveness to customer needs, were more likely to build strong customer relationships and retain loyal customers. The study recommended that service firms should train their leaders to exhibit a combination of charismatic and servant leadership qualities to enhance customer satisfaction, loyalty, and long-term business success.

METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

RESULTS

Conceptual Gap: While studies such as Smith (2018) and Nguyen (2022) have explored the impact of specific leadership styles (e.g., transformational and servant leadership) on business performance metrics, there is a conceptual gap in understanding the combined effects of multiple leadership styles. Research has primarily focused on individual leadership styles, and there is a need for studies that investigate how the integration or interaction of different leadership styles influences various aspects of business performance such as profitability, market share, and innovation rate. Understanding the synergistic effects of diverse leadership approaches could
provide valuable insights into developing comprehensive leadership strategies tailored to different organizational contexts.

**Contextual Gap:** The studies by Jones (2019) and Kim (2023) highlight the influence of leadership styles in specific contexts, such as large corporations and during economic downturns. However, there is a contextual gap in understanding how leadership styles vary across industries, organizational sizes, and cultural settings. Research that delves into the contextual nuances of entrepreneurial leadership styles and their impact on business performance in diverse organizational contexts would contribute significantly to developing context-specific leadership frameworks and strategies. Additionally, exploring how leadership styles evolve or adapt in response to changing external factors could provide practical insights for leaders facing dynamic business environments.

**Geographical Gap:** The studies by Patel (2021) reviewed primarily focus on leadership styles and business performance within specific regions or industries. There is a geographical gap in understanding how leadership styles and their effectiveness may vary across different global regions, particularly in emerging markets or regions with unique business challenges. Comparative studies across multiple geographical locations could shed light on cultural influences, regulatory environments, and market dynamics that shape the effectiveness of entrepreneurial leadership styles. Bridging this geographical gap would contribute to a more comprehensive understanding of how leaders can navigate diverse business landscapes and achieve sustainable business performance.

**CONCLUSION AND RECOMMENDATIONS**

**Conclusion**

In conclusion, the studies on entrepreneurial leadership styles and business performance underscore the critical role that leadership plays in shaping organizational outcomes. Transformational leadership has been associated with increased profitability, market share, and innovation rates in small and medium-sized enterprises (SMEs), highlighting its relevance in fostering a culture of growth and adaptability. Charismatic leadership, particularly in large corporations, has shown a positive impact on market share growth and brand loyalty, emphasizing the importance of vision, communication skills, and inspiration in driving business success. Servant leadership has been linked to higher employee productivity and job satisfaction in manufacturing firms, emphasizing the value of prioritizing employee well-being and fostering teamwork. Participative leadership has shown a positive correlation with innovation rates in technology startups, highlighting the benefits of collaborative decision-making and idea-sharing. Additionally, a combination of transformational and servant leadership styles has been recommended for retail organizations to enhance employee satisfaction, customer service, and sales performance. Entrepreneurial leadership has emerged as a key factor in building organizational resilience and navigating economic challenges, underscoring the importance of risk-taking, innovation, and strategic decision-making in turbulent environments. Finally, the integration of charismatic and servant leadership qualities has been recommended for service-based businesses to enhance customer loyalty, satisfaction, and long-term business success. Overall, these studies highlight the multifaceted nature of entrepreneurial leadership styles and their significant impact on driving business performance across diverse industries and organizational contexts.
Recommendations

The following are the recommendations based on theory, practice and policy:

**Theory**

To advance theoretical understanding, it's recommended to delve deeper into the synergistic effects of combining different entrepreneurial leadership styles. Research can focus on how transformational, charismatic, and servant leadership qualities interact to influence various aspects of business performance. By exploring these interactions, scholars can contribute to theory by providing a more nuanced framework that captures the complexity of leadership dynamics within organizations. Additionally, comparative studies across different industries and regions can shed light on contextual and cultural factors that moderate the effectiveness of entrepreneurial leadership styles. This exploration can lead to the development of robust theoretical models that account for situational variables and enhance our understanding of adaptive leadership practices.

**Practice**

In practice, organizations can benefit from developing leadership development programs that emphasize a combination of transformational, charismatic, and servant leadership qualities. By training leaders to adapt their styles based on situational demands, organizations can foster a more flexible and effective leadership approach that aligns with business goals. Moreover, promoting participative decision-making and collaboration among employees can stimulate innovation and creativity. Organizations should create a culture that values diverse perspectives and encourages idea-sharing, leading to continuous improvement and a competitive edge in the market.

**Policy**

From a policy perspective, advocating for initiatives that support leadership development and promote a culture of innovation is crucial. Governments and regulatory bodies can incentivize organizations to invest in leadership training programs and create environments conducive to entrepreneurial leadership practices. By encouraging partnerships between academia, industry, and government, policymakers can facilitate research and knowledge exchange on effective leadership practices. Collaborative efforts can lead to evidence-based policies that not only foster leadership excellence but also drive economic growth and competitiveness on a national and global scale.
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