



ROLE OF TRANSFORMATIONAL LEADERSHIP STYLE IN CONTINUOUS IMPROVEMENT AMONG MICRO ENTERPRISES IN PLATEAU STATE

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ABSTRACT

Micro enterprises play a key role in the economic development of states, especially, Plateau State where the tempore of business activities is moderate compared to other states. However, the products and services produce by these enterprises continue to face the challenge of global acceptance due to mediocre quality. In that regard, this paper, argued that transformational leadership plays a crucial role in improving quality of products and services through continuous improvement. Therefore, we assessed the role of transformational leadership style in continuous improvement in micro enterprises in Plateau State. The study specifically examined the role of idealised influence, inspirational motivation, intellectual stimulation, and individual consideration in continuous improvement in micro enterprises. To achieve these objectives, the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1995) and Continuous improvement questionnaire by Peccei and Rosenthal (1997) were adopted and administered to 400 owner managers of micro enterprises in Plateau State. The retrieved questionnaires were coded into Statistical Package for Social Sciences (SPSS) version 26.0 and the hypotheses tested using hierarchical regression analyses. The result shows that idealised influence, intellectual stimulation and individual consideration play significant role in continuous improvement; while, inspirational motivation do not play significant role in continuous improvement. The research recommended amongst others that transformational leaders should increase the practice of idealised influence, intellectual stimulation and individual consideration so as to enhance the practice of continuous improvement amongst micro enterprises in Plateau State.

Keywords: Continuous Improvement, Micro Enterprises, Transformational Leadership
JEL Classification Code: M10, M14

1.0 Introduction

Globally, the issue of product and service quality continues to be a central concern for managers and consumers alike. Prominent multinational corporations such as General Motors and Toyota have, in recent years, recalled millions of units due to serious quality management failures – events that resulted in significant financial losses due to the high cost of poor quality (Gunasekaran et al., 2019). According to MetricStream (2014), the cost of poor quality can account for between 5% and 30% of gross sales in both manufacturing and service-based firms. Compounding this challenge is the growing sophistication of consumers, who now have greater access to information, peer reviews, and product evaluations – empowered by technological advances that remove traditional barriers of space and time (Aryoko et al., 2023).

In an era of heightened globalisation and intense market competition, microenterprises must prioritize continuous improvement as a survival strategy. This is particularly urgent in emerging economies such as Nigeria, where many local products and services struggle with

issues of global acceptance due to quality and productivity gaps (Aryoko et al., 2023; Nebo & Ogbuene, 2021).

Microenterprises constitute the backbone of the Nigerian economy. According to the 2017 survey by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics (NBS), Nigeria had an estimated 41,469,947 Micro, Small, and Medium Enterprises (MSMEs), of which microenterprises represented a staggering 99.8% (41,469,947). Plateau State alone accounted for 2% (approximately 815,430) of this figure. Collectively, MSMEs provided employment for about 59.6 million people, representing 76.5% of the national workforce - contributing 49.78% to Nigeria's GDP and 7.64% of export earnings. These statistics underscore the crucial role of microenterprises in employment generation, poverty alleviation, and inclusive economic growth (SMEDAN & NBS, 2017).

Despite their strategic importance, microenterprises in Nigeria have largely underperformed, especially in terms of product and service quality. The inability to maintain efficient production processes has hindered their competitiveness and global market acceptance (Nebo & Ogbuene, 2021). As larger firms increasingly depend on MSMEs in their supply chains, pressure has mounted on microenterprises to meet stringent quality standards (Georgiev & Ohtaki, 2020). These dynamics have shifted attention from the traditional view that quality management is the preserve of large firms, to a broader recognition that even microenterprises must adopt quality improvement practices, particularly continuous improvement strategies, to remain viable (Chavaha & Kuntonbutr, 2018; Georgiev & Ohtaki, 2020).

Continuous improvement is a systematic quality management approach that emphasizes ongoing, incremental improvements across all facets of an organisation (Nebo & Ogbuene, 2021; Omotayo et al., 2020). It encompasses the totality of processes and actions aimed at enhancing quality and productivity, ultimately leading to the production of superior goods and services over time (Gutierrez-Gutierrez & Antony, 2020). As a resource-efficient process, it allows firms (particularly microenterprises) to remain competitive through small but consistent innovations (Valio et al., 2016). Continuous improvement is thus critical for positioning Nigerian microenterprises to compete both domestically and internationally, especially within the framework of the African Continental Free Trade Agreement (AfCFTA) and in light of the economic disruptions triggered by the COVID-19 pandemic (PWC, 2020).

However, microenterprises often struggle to effectively adopt and implement continuous improvement initiatives due to financial, human, and technical resource constraints (Klute-Wenig & Refflinghaus, 2020). Unlike large firms with structured Total Quality Management (TQM) systems, microenterprises often lack formal quality frameworks. Consequently, many of their continuous improvement efforts fail, leading to wasted resources and reduced competitiveness (Sanchez-Ruiz et al., 2019; Georgiev & Ohtaki, 2020). These challenges highlight the need to better understand the organisational factors, particularly leadership: that influence the successful implementation of continuous improvement in microenterprise settings.

Leadership plays a pivotal role in fostering continuous improvement. Effective leaders integrate technical competence with emotional intelligence, combining empathy, passion, and strategic insight to drive organisational change (PWC, 2020). Among the various leadership styles, transformational leadership has emerged as a particularly potent driver of innovation and continuous improvement across diverse organisational contexts (Khattak et al., 2020). It is widely acknowledged that transformational leaders inspire innovation, empower employees, and facilitate positive organisational change (Cortés & Herrmann, 2020).

According to Avolio and Bass (2004), transformational leadership comprises four core dimensions: idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration. Leaders who adopt this style demonstrate empathy and compassion, articulate a compelling vision, challenge assumptions, and provide individualised support to their team members. Research shows that transformational leadership is effective across both Western and non-Western cultures, and correlates with enhanced employee engagement, organisational learning, and improved performance outcomes (Abdulrahman & Kasztelnik, 2022).

Given these dynamics, this study argues that microenterprise managers in Plateau State who exhibit transformational leadership behaviours are more likely to stimulate continuous improvement within their organisations. While prior research has explored the link between transformational leadership and continuous improvement (e.g., Bouranta, 2020; Gumusluolu & Ilsev, 2009; Jiang & Chen, 2018; Khattak et al., 2020; Kumar & Sharma, 2017; Zaheer et al., 2023), much of this literature focuses on large firms or SMEs operating within formal sectors.

Notably, transformational leadership is often treated as a unidimensional construct in empirical studies, with limited exploration of how its individual components influence specific organisational outcomes. The unique contributions of each dimension to continuous improvement in microenterprises, especially those operating informally and without formal TQM systems remain under-researched (Rasheed et al., 2021; Klute-Wenig & Refflinghaus, 2020). Therefore, this study seeks to fill this gap by investigating how each dimension of transformational leadership: idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration - contributes to continuous improvement in microenterprises in Plateau State, Nigeria.

1.2 Statement of the Problem

Microenterprises in Plateau State, Nigeria, represent a vital component of the local economy but face significant challenges in achieving competitive advantage, particularly in the area of product and service quality. Despite their potential to drive economic growth and employment, these enterprises often struggle to adopt effective continuous improvement (CI) strategies due to resource constraints, lack of managerial expertise, and the absence of formalized quality management systems (Sanchez-Ruiz et al., 2019; Nebo & Ogbuene, 2021). As such, many microenterprises fail to enhance productivity, meet market demands, or improve their product offerings, ultimately limiting their growth potential in both local and international markets.

Transformational leadership has been identified as a critical driver of organisational change and innovation (Avolio & Bass, 2004; Khattak et al., 2020). However, while extensive research has examined the impact of transformational leadership in larger firms, there is a dearth of empirical studies exploring its role within microenterprises, particularly in informal economies such as Nigeria's (Abdulrahman & Kasztelnik, 2022; Georgiev & Ohtaki, 2020). More specifically, the literature lacks insight into how the individual components of transformational leadership contribute to fostering continuous improvement in microenterprises, especially those that operate without structured Total Quality Management (TQM) systems.

This study seeks to fill this empirical gap by examining the role of transformational leadership in driving continuous improvement within Plateau State's microenterprises. By focusing on the impact of each leadership dimension (idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration) this research aims to provide

actionable insights into how transformational leadership can enhance the competitiveness and sustainability of microenterprises in resource-constrained settings.

2.0 Theoretical Foundation

Transformational Leadership Theory, introduced by Burns in 1978 and later refined by Bass in 1985, has long been a cornerstone of leadership research. This theory emphasizes leadership that goes beyond managing tasks, focusing on inspiring, motivating, and transforming both individuals and organisations. Transformational leaders encourage followers to transcend self-interest for the sake of shared goals, fostering both personal and organisational growth (Knezović & Drkić, 2020; Hussein, 2023). This leadership style is particularly relevant in environments like microenterprises, where limited resources and informal structures make adaptability and continuous improvement essential for survival and growth.

At the heart of transformational leadership are three core functions outlined by Bass and Avolio (2000, as cited in Novitasari, 2020): raising awareness of the significance of tasks, motivating employees to prioritize collective interests over personal gain, and elevating followers' aspirations toward higher-order goals, such as self-actualization. These principles help foster a sense of purpose and collective responsibility, which is critical for driving improvement in microenterprises, where leaders often play multiple roles.

Transformational leadership is grounded in key principles such as communication, participation, trust, feedback, and mutual respect. Leaders who communicate a clear and compelling vision, engage employees in decision-making, and create a culture of trust and respect are more likely to inspire a shared commitment to continuous improvement (Yadeta et al., 2022; Khorshid et al., 2023). In microenterprises, where formal structures are often lacking, these principles are crucial in motivating employees and aligning their efforts with the organisation's goals, fostering an environment conducive to innovation and growth.

Bass and Avolio (1994) expanded the theory to include four distinct but interrelated dimensions of transformational leadership, each playing a vital role in promoting continuous improvement:

1. **Inspirational Motivation:** Leaders articulate a compelling vision and instill enthusiasm, driving employees to pursue organisational goals with optimism and shared purpose (Hussein, 2023; Khorshid et al., 2023). In microenterprises, where resources are scarce, this ability to inspire is crucial for motivating employees to stay focused on quality improvement.
2. **Idealised Influence:** Leaders serve as ethical role models, earning trust and admiration, and motivating employees to emulate their values. In the close-knit environment of a microenterprise, where personal relationships often drive performance, this dimension helps build strong loyalty and commitment to the organisation's mission (Ravet-Brown et al., 2024).
3. **Individualised Consideration:** This dimension emphasizes providing personalized attention to employees' growth and development, fostering a culture of learning and empowerment. In microenterprises, where team members may wear multiple hats, leaders who mentor and invest in individual development can cultivate a workforce that is both skilled and committed to continuous improvement (Khorshid et al., 2023; Para-González et al., 2018).
4. **Intellectual Stimulation:** Transformational leaders encourage employees to question assumptions, explore new ideas, and develop innovative solutions to problems. This is particularly valuable in microenterprises, where agility and creativity are essential for adapting to changing markets. Leaders who foster a culture of intellectual

stimulation inspire employees to continuously improve processes and practices (García-Morales et al., 2012).

In microenterprises, especially those in Plateau State, the role of transformational leadership is even more critical. These enterprises often operate with limited resources and lack formalized structures, making the need for effective leadership even more pronounced. Leaders must not only manage daily operations but also drive strategic changes that enable the organisation to thrive in competitive and dynamic markets. Through the four dimensions of transformational leadership, managers in Plateau State's microenterprises can cultivate a culture of continuous improvement, enhancing both employee satisfaction and business resilience.

Therefore, transformational leadership provides a powerful framework for fostering continuous improvement in microenterprises. By inspiring employees, building trust, providing individualised support, and stimulating innovation, transformational leaders can drive both operational excellence and personal growth. In Plateau State, where microenterprises play a vital role in the economy, such leadership is essential for ensuring the long-term success and competitiveness of these businesses in an increasingly globalized world.

2.1 Conceptual Framework and Hypotheses Development

2.1.1 Idealised Influence and Continuous Improvement

Continuous improvement—often referred to by the Japanese term *kaizen*—has become a central tenet of modern organisational management across the globe (Omotayo et al., 2020). It refers to a sustained, organisation-wide process of incremental innovation aimed at enhancing the quality and efficiency of products, services, and processes (Bessant & Caffyn, 1997, as cited in Nebo & Ogbuene, 2021). As a strategic and operational philosophy, continuous improvement extends across various domains, including performance and production management in both large corporations and small and medium-sized enterprises (SMEs) (Omotayo et al., 2020; Nebo & Ogbuene, 2021).

The core objective of continuous improvement is to embed a culture of constant evaluation and enhancement, thereby promoting the development of high-quality offerings and fostering greater productivity at all levels. This approach encourages enterprises to consistently identify, test, and implement small, incremental changes that cumulatively lead to significant improvements in operations and customer satisfaction.

Within this context, the idealised influence dimension of transformational leadership is critical. Khulaifi and Purba (2020) define idealised influence as the behavioural trait of leaders who are admired, respected, and trusted by their followers. According to Portela-Maqueira et al. (2020), idealised influence has two key perspectives: As a personal attribute, the leader exhibits charisma, high ethical standards, and integrity, thereby inspiring teams to pursue excellence and continuous improvement (Nakanishi, 2024). As a behavioural attribute, the leader takes charge of solving problems and shares achievements with the team, thus reinforcing collective accountability and engagement (Portela-Maqueira et al., 2020).

In microenterprise settings—where organisational structures are often flat and bureaucratic processes are minimal—leaders with strong idealised influence can readily introduce new operational practices and inspire employees to adopt a culture of innovation and quality enhancement (Knezović & Drkić, 2020). Such leaders create an environment of psychological safety and trust, enabling employees to take initiative and contribute meaningfully to continuous improvement efforts.

Empirical studies further reinforce this link. Soomro and Shah (2020) found that idealised influence significantly impacts entrepreneurial behaviours such as innovativeness, proactiveness, and renewal. These behaviours are foundational to continuous improvement in dynamic business environments. Similarly, research by Tajasom et al. (2015) revealed that idealised influence positively affects innovation performance in SMEs. Given these insights, the following hypothesis is proposed:

H₀₁: Idealised influence plays a significant role in continuous improvement among microenterprises in Plateau State.

2.1.2 Inspirational Motivation and Continuous Improvement

Continuous improvement is a strategic organisational process that focuses on the ongoing enhancement of workflows, systems, and outcomes (Kumar & Sharma, 2017). It is widely viewed as a cultural and structural orientation toward the elimination of waste and inefficiencies across all levels of an organisation (Lizarelli et al., 2019). The core aim is to streamline operations by eliminating non-value-adding activities and fostering a system-wide commitment to efficiency and quality improvement.

The continuous improvement process is underpinned by the Deming Cycle (Plan-Do-Check-Act), which involves four critical phases: studying the current situation, collecting data to support improvement proposals, testing selected proposals, and finally, evaluating, implementing, and standardising effective solutions (Marin-García et al., 2007). This systematic approach ensures that changes are data-driven, incremental, and sustainable over time.

Transformational leadership, particularly through its second dimension—inspirational motivation—is essential in fostering the culture necessary for continuous improvement. Inspirational motivation refers to a leader's ability to articulate a compelling vision, set clear expectations, and foster enthusiasm and optimism among team members (Portela Maquieira et al., 2020; Khulaifi & Purba, 2020). Through this leadership dimension, managers can inspire employees to go beyond routine tasks, embrace organisational goals as their own, and commit to higher levels of performance.

Tan et al. (2021) found that inspirational motivation enhances employee confidence in innovation, especially when leaders clearly communicate the value and relevance of innovative behaviour. This is particularly significant for microenterprises, where innovation and agility often determine competitiveness and survival. As Kumdi et al. (2020) note, innovativeness directly contributes to the growth and sustainability of small and medium enterprises.

Furthermore, Soomro and Shah (2020) provide empirical evidence that inspirational motivation significantly impacts entrepreneurial outcomes such as new business venturing, innovativeness, self-renewal, and proactiveness. They emphasize that leaders employing inspirational motivation use symbols, compelling narratives, and shared meanings to convey the significance of organisational goals. This emotional and cognitive engagement inspires employees to adapt, innovate, and respond proactively to changing business environments.

In the context of microenterprises (especially those in dynamic or resource-constrained environments like Plateau State) leaders who practice inspirational motivation can cultivate a shared commitment to excellence, encourage initiative, and establish a climate conducive to continuous improvement. Based on the above discussion, the following hypothesis is proposed:

H₂: Inspirational motivation plays a significant role in continuous improvement among microenterprises in Plateau State.

2.1.3 Intellectual Stimulation and Continuous Improvement

Continuous improvement represents a systematic and ongoing effort to identify and implement better ways of executing tasks, thereby enhancing organisational processes and outcomes (Eaidgah et al., 2016). It is recognized as a dynamic capability: a stable, learned pattern of collective organisational behaviour that facilitates the continuous adaptation and optimization of operating routines to improve effectiveness. As noted by Eaidgah et al. (2016), continuous improvement can manifest in two primary forms: incremental (evolutionary) changes and more radical, transformative innovations. In both forms, organisational learning, creativity, and adaptability are critical.

A central mechanism for sustaining continuous improvement is intellectual stimulation, one of the core dimensions of transformational leadership. Intellectual stimulation involves encouraging subordinates to think independently, question existing assumptions, and develop innovative solutions to organisational challenges (Portela Maquieira et al., 2020). Leaders who practice intellectual stimulation challenge the status quo and cultivate an environment where creativity and new approaches are not only welcomed but expected (Khulaifi & Purba, 2020).

Transformational leaders use intellectual stimulation to empower employees by promoting critical thinking, encouraging experimentation, and supporting novel ideas. This creates a culture where employees feel confident to propose improvements, take initiative, and engage deeply with organisational goals (Caniëls et al., 2018). Intellectual stimulation is not merely about generating ideas; it is also about nurturing employees' capacities to think strategically and solve problems autonomously, thus enhancing their commitment to continuous improvement.

Tan et al. (2024) argue that transformational leaders, by combining intellectual stimulation with charismatic leadership behaviours (such as vision-driven communication) can elevate employee self-efficacy and autonomy. Employees in such environments are more likely to see themselves as active agents of change, capable of initiating and sustaining improvements in processes, products, or services.

Empirical evidence further supports this perspective. Soomro and Shah (2020) found that intellectual stimulation significantly influences key entrepreneurial outcomes such as new business venturing, innovativeness, and proactiveness. These attributes are closely linked to a culture of continuous improvement, particularly in dynamic business environments where adaptability and innovation are essential for success. Given the above theoretical and empirical insights, the following hypothesis is proposed:

H₃: Intellectual stimulation plays a significant role in continuous improvement among microenterprises in Plateau State.

2.1.4 Individualised Consideration and Continuous Improvement

Continuous improvement is a systematic, organisation-wide effort that involves all members of the organisation (including both management and employees) working collaboratively to eliminate waste and inefficiencies across processes and systems (Sanchez-Ruiz et al., 2019). It entails a culture of ongoing progress, where every stakeholder is engaged in identifying areas of enhancement and implementing incremental changes. According to Sanchez-Ruiz et al. (2019), continuous improvement is rooted in a bundle of organisational routines and

managerial systems that not only support but also recognize efforts toward performance enhancement.

Chang (2005), as cited in Sanchez-Ruiz et al. (2019), outlines the cycle of continuous improvement as comprising four key phases: identifying customer requirements, striving to meet and exceed those requirements, measuring outcomes, and identifying further areas for refinement. This cycle becomes ingrained in employees' daily routines, fostering a culture of self-reflection and growth. The autonomy afforded to employees under this model serves as a motivational driver for proactive engagement in improvement activities (Valio et al., 2016).

The adoption of continuous improvement practices is increasingly vital for organisations aiming to remain competitive and contribute to broader economic development and stability (Zaheer et al., 2023). Organisations that emphasize employee training, quality awareness, and skills development demonstrate stronger internal performance outcomes (Tan et al., 2024; Zaheer et al., 2023). Employees who integrate continuous improvement with standardised work practices tend to report higher job satisfaction, reduced stress, and superior work performance (Tan et al., 2024). Thus, fostering a culture that prioritizes employee development, innovation, and efficiency is essential for sustaining continuous improvement within any organisational context.

A critical leadership behaviour that supports such a culture is individualised consideration, a dimension of transformational leadership. Leaders who exhibit individualised consideration demonstrate empathy, respect, and attentiveness to the unique needs and aspirations of each employee (Tan et al., 2024). They serve as mentors and coaches, promoting employee growth through supportive feedback, open communication, and active listening (Portela Maquieira et al., 2020). These leaders are committed to the personal and professional development of their subordinates, encouraging proactive problem-solving and participation in improvement efforts (Khulaifi & Purba, 2020).

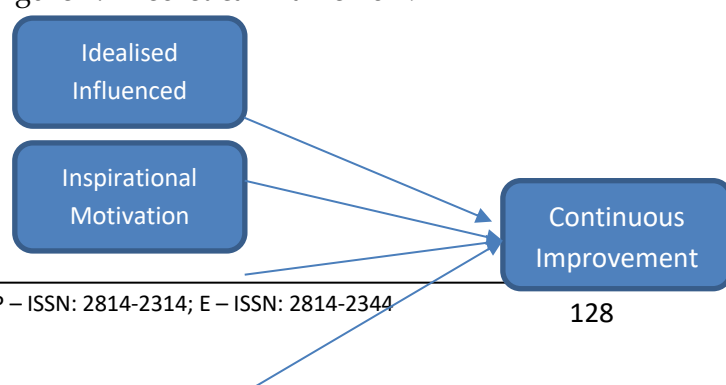
Individualised consideration not only enhances employee morale but also aligns individual development goals with the organisation's broader commitment to quality and innovation. This, in turn, strengthens the capacity of micro enterprises to embed continuous improvement within their operational routines.

Empirical studies reinforce the significance of this leadership dimension. For example, Soomro and Shah (2020) found that individualised consideration significantly influences entrepreneurial outcomes such as innovation, proactiveness, and new business venturing—all of which are consistent with the principles of continuous improvement. Based on this foundation, the following hypothesis is proposed:

H4: Individualised consideration plays a significant role in continuous improvement among micro enterprises in Plateau State.

Based on the hypothesis development, the research model is shown in Figure 1

Figure 1: Theoretical Framework



Intellectual
StimulationIndividual
Consideration

3.0 Methodology

3.1 Procedure

The data were collected through a personal approach and a response rate of 79.25% was achieved. This response size was sufficient to test research hypotheses (Hair et al., 2010). The data collection approach was chosen because of the nature of the limited availability and efficiency of postal and communication services in Nigeria is unfavourable for questionnaires to be mailed to our respondents.

3.2 Sample/Sampling Techniques

This study used a cross-sectional quantitative survey design to examine the role of transformational leadership in continuous improvement within microenterprises in Plateau State. The design was chosen for its ability to capture data at a single point in time, providing an efficient snapshot of current leadership practices and their impact on continuous improvement, without requiring long-term data collection. The study population consists of all the micro enterprises in Plateau State. There are eight hundred and fifteen thousand, four hundred and thirty (815,430) micro enterprises in the state. The figure was obtained from SMEDAN & NBS National Micro Small and Medium Enterprise Survey 2017. Since the population of the study is large, an adequate sample size was determined scientifically. The sample size was determined using Yamene (1967) formula for determining sample size in the social sciences. The formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where: N= Population Size; n= Appropriate sample size; e = Margin of error; 1 = Constant

Thus,

$$\begin{aligned} n &= \frac{851430}{1 + 851430(0.05)^2} \\ n &= \frac{851430}{1 + 851430(0.0025)} \\ n &= \frac{851430}{1 + 2128.575} \\ n &= \frac{851430}{2129.575} \\ n &= 399.81 \end{aligned}$$

Therefore, the sample size for the research is ≥ 400 micro enterprises.

The study used simple random sampling technique, where each enterprise was randomly selected while the purposive sampling technique was used in selecting the owner managers and the sample local governments for the study. The sample for this study comprised nine local government areas (LGAs) from Plateau State, selected across three senatorial zones: North, Central, and South. From each zone, one LGA representing the zonal headquarters, one semi-urban LGA, and one rural LGA were chosen. In the North, Jos North (headquarters), Jos South (semi-urban), and Riyom (rural) were selected. In the Central zone, Pankshin (headquarters), Mangu (semi-urban), and Bokkos (rural) were included. For the South, Shendam, Quan Pan, and Mikang were selected to represent the three categories. From the total respondents, 70% were males and 30% were females; 30.3% were between 18-27 years, 53.3% are between 28-37 years, 14.5 percent were between 38-47 years, and 1.9% were 48 years and above; 54.3% were singles and 45.7% were married; 10.7% of the respondents had SSCE, 42.9% had either ND or NCE, 29.3% had HND or Degree, and 17% had other certificates such as Postgraduate Diploma and Masters; 50.8% had business experience from 1-10 years, 26.8% had 11-20 years, 7.3% had 21-30 years and 15.1% had 31 years and above.

Table1: Demographic Distribution of Respondents

Gender	Percent	Frequency
Male	222	70.0
Female	95	30.0
Total	317	100.0
Age Range		
18-27	96	30.3
28-37	169	53.3
38-47	46	14.5
48 years and above	6	1.9
Total	317	100.0
Marital Status		
Single	172	54.3
Married	145	45.7
Total	317	100.0
Highest level of education		
SSCE	34	10.7
ND/NCE	136	42.9
HND/Degree	93	29.3
Others	54	17.0
Total	317	100.0
Business Experience		
1-10 Years	161	50.8
11-20 Years	85	26.8
21-30 Years	23	7.3
31 Years and above	48	15.1
Total	317	100.0

SOURCE: Field Survey, 2025

3.3 Measures

For this study, well-established and validated instruments were used to measure the key constructs under investigation, ensuring both reliability and validity. All constructs were assessed using Likert-scale items, rated on a five-point scale, where 1 indicated strong

disagreement and 5 indicated strong agreement. This Likert scale generated ordinal data, which was suitable for subsequent statistical analysis.

Transformational leadership was measured using a 20-item scale adapted from the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1995). The MLQ is widely regarded as a robust tool for assessing transformational leadership, as it effectively captures its four core dimensions: Idealised Influence (8 items), Inspirational Motivation (4 items), Intellectual Stimulation (4 items), and Individualised Consideration (4 items). These items were adapted to suit the specific context of microenterprises, aligning with the research objectives and the unique dynamics of smaller business settings.

To assess Continuous Improvement, a 4-item scale was adapted from the work of Peccei and Rosenthal (1997). In this study, continuous improvement was treated as a unidimensional construct, reflecting the commitment of microenterprises to ongoing, incremental enhancements in processes and performance. This measure focused on evaluating how microenterprises prioritize and implement gradual improvements to maintain competitiveness and operational efficiency.

The use of a structured questionnaire survey was particularly appropriate for this study, given the need to collect data from a large and geographically dispersed sample of microenterprise managers and employees. This approach ensures consistency in the responses and facilitates efficient data aggregation, which is crucial for analysing and interpreting the findings in a meaningful way.

4.0 Results and Discussion

4.1 Data Analysis

This study's data analysis involved several critical steps to ensure the robustness of the measurement model and the appropriateness of the dataset for multivariate analysis. The analysis adhered to basic statistical assumptions, which are essential for proceeding with more advanced techniques, including Exploratory Factor Analysis (EFA).

The first step in the analysis was dimension reduction, which aimed to identify and retain the most important factors from the original set of variables. Exploratory Factor Analysis (EFA) was conducted to reduce the dimensionality of the dataset while retaining key factors. EFA helps in identifying the underlying structure by grouping correlated items into factors, which are representative of the constructs under study. This technique is particularly useful for ensuring that the data is suitable for further statistical testing, such as structural equation modeling (SEM) or regression analysis.

In EFA, factor loadings are a critical metric for determining whether an item is a valid representative of a given factor. For this study, acceptable factor loadings were defined as those above 0.5, in line with established guidelines (Hair et al., 2017). All items in the study demonstrated loadings greater than the threshold of 0.5, confirming their validity as indicators of the intended constructs. Items with loadings below 0.5 were excluded from further analysis, specifically IS2 under Intellectual Stimulation, IC1 under Individualised Consideration, and CI3 under Continuous Improvement.

Following dimension reduction, reliability analysis was performed to assess the internal consistency of the measurement scales. Cronbach's alpha coefficients were computed for each construct. The results indicated strong internal consistency, with all values exceeding the recommended threshold of 0.70 (Nunnally & Bernstein, 1994). The calculated Cronbach's alpha values were as follows: Idealised Influence: $\alpha = 0.726$; Inspirational Motivation: $\alpha =$

0.792; Intellectual Stimulation: $\alpha = 0.811$; Individualised Consideration: $\alpha = 0.702$ and Continuous Improvement: $\alpha = 0.797$. These high reliability coefficients confirmed the adequacy of the measurement instruments for further analysis.

After establishing the reliability of the scales, convergent validity was evaluated to confirm that the items measuring the same construct are highly correlated. Convergent validity was assessed using factor loadings and Average Variance Extracted (AVE). As outlined by Henseler et al. (2016), an AVE value above 0.5 indicates that the construct explains more than half of the variance in its indicators. The factor loadings for all items exceeded the recommended threshold of 0.5 (Hair et al., 2017), confirming strong convergent validity for all constructs.

Discriminant validity was also assessed to ensure that each construct is distinct from the others. This was done by checking whether the square root of the AVE for each construct was greater than its correlation with other constructs. This ensures that the constructs do not overlap excessively, confirming their distinctiveness.

In addition to EFA, the suitability of the dataset for factor analysis was tested using the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity, as recommended by Bartlett (1954). The results showed that the data met the required standards for factorability: Idealised Influence: KMO = 0.816, Bartlett's Test = 1283.749, Variance Explained = 65.433%; Inspirational Motivation: KMO = 0.759, Bartlett's Test = 207.077, Variance Explained = 62.649%; Intellectual Stimulation: KMO = 0.758, Bartlett's Test = 512.052, Variance Explained = 70.031%; Individualised Consideration: KMO = 0.739, Bartlett's Test = 227.120, Variance Explained = 60.144%; and Continuous Improvement: KMO = 0.764, Bartlett's Test = 562.380, Variance Explained = 54.506%. These KMO values indicate that the sampling adequacy was high, and Bartlett's Test confirmed that the correlations between items were significant, supporting the use of factor analysis.

Hence, the results from dimension reduction (via Exploratory Factor Analysis), reliability analysis, and the assessment of convergent and discriminant validity provide strong evidence for the validity and reliability of the measurement instruments used in this study. The data met all essential assumptions for multivariate analysis, including factorability, reliability, and validity, which justify proceeding with further statistical testing to examine the study's hypotheses.

Table II: Exploratory Factor Analysis Indicating Factor Loading, AVE and Reliability Results

Questionnaire Item	Factor Loading	AVE	Reliability
II1	.853		
II2	.843		
II3	.765		
II4	.724	0.637	0.820
IM1	.655		
IM2	.641		
IM3	.638		
IM4	.629		
IM5	.623	0.406	0.831.
IS1	.579		
IS3	.874		
IS4	.870		
IS5	.671	0.577	0.890
IC2	.622		
IC3	.576		
IC4	.522		
IC5	.615	0.342	.763
CI1	.558		
CI2	.515		
CI4	.733		
CI5	.726	0.410	0.840

Note: IS2, IC1 and CI3 were deleted for low factor loading

Discriminant validity assesses the extent to which a given construct is distinct from other constructs within the model. According to Hair et al. (2020), it essentially tests whether a construct shares more variance with its own indicators than with other constructs. In other words, discriminant validity ensures that each construct is empirically unique and measures a concept not captured by other variables in the model.

Hair et al. (2020) further explain that discriminant validity is established when the Average Variance Extracted (AVE) for each construct is greater than the squared correlation estimates between that construct and others. This criterion was used in the current study to assess discriminant validity among the key constructs.

The AVE was computed using the formula provided by Hair et al. (2014, p. 619):

$$AVE = \Sigma \text{Standardised Factor Loading}^2 / n$$

Where n represents the number of items or indicators associated with a particular construct.

The AVE values derived for each construct are reported in Table V, which supports the conclusion that discriminant validity is achieved for the model. Furthermore, the correlation matrix, along with the squared correlations between the constructs, is presented in Table IV, providing additional support for the model's discriminant validity.

Additionally, a correlation analysis was conducted to explore the relationships between the variables included in the study. The results of this analysis are displayed in Table III, offering insight into the strength and direction of the associations among the constructs.

Table III: Correlation Matrix^a

		II	IM	IS	IC	CI
Correlation	II	1.000				
	IM	.110	1.000			
	IS	.373	.117	1.000		
	IC	.205	.152	.197	1.000	
	CI	.247	.126	.208	.329	1.000
Sig. (1-tailed)	II		.025	.000	.000	.000
	IM	.025		.019	.003	.012
	IS	.000	.019		.000	.000
	IC	.000	.003	.000		.000
	CI	.000	.012	.000	.000	

a. Determinant = .663

The results in table III showed a significant association among the study variables. (Idealised Influenced and Continuous Improvement $r = .247$, $p < 0.05$; Inspirational Motivation and Continuous Improvement $r = .126$, $p < 0.05$; Intellectual Stimulation and Continuous Improvement $r = .208$, $p < 0.05$; Individual Consideration and Continuous Improvement $r = .329$, $p < 0.05$).

Table IV: Correlation and Square Correlation between Constructs

Correlation	Correlation Coefficient	Correlation Coefficient ²
II \longleftrightarrow CI	.247	.061
IM \longleftrightarrow CI	.126	.016
IS \longleftrightarrow CI	.208	.043
IC \longleftrightarrow CI	.329	.108

Table V: Calculation of Average Variance Extracted (AVE)

Constructs	Σ stand. Factor loading ²	N	AVE	Result
Idealised Influenced	2.547659	4	0.637	Valid
Inspirational Motivation	2.03072	5	0.406	Valid
Intellectual Stimulation	23062589	4	0.577	Valid
Individual Consideration	1.369369	4	0.342	Valid
Continuous Improvement	1.640954	4	0.410	Valid

Research Model

The research advanced the following models:

$$CI = \beta_0 + \beta_1 II + \varepsilon_i$$

$$CI = \beta_0 + \beta_1 II + \beta_2 IM + \varepsilon_i$$

$$CI = \beta_0 + \beta_1 II + \beta_2 IM + \beta_3 IS + \varepsilon_i$$

$$CI = \beta_0 + \beta_1 II + \beta_2 IM + \beta_3 IS + \beta_4 IC + \varepsilon_i$$

Where;

II = Idealised Influenced

IM = Inspirational Motivation

IS = Intellectual Stimulation

IC = Individual Consideration

β_0 = Intercept

$\beta_1, \beta_2, \beta_3, \beta_4$ = are the unstandardised β coefficient for II, IM, IS and IC respectively.

ε_i = error term.

Table VI: Hierarchical Regression Analysis Testing the Role of Idealised Influenced, Inspirational Motivation, Intellectual Stimulation and Individual Consideration in Continuous Improvement

		Step 1					Step 2					Step 3					Step 4				VIF
F		20.473					11.991					9.635	11.991				14.071				
R		.247					.266					.291	.266				.391				
R²		.061					.071					.085	.071				.153				
R²Δ		.058					.065					.076	.065				.142				
Variable	b	SE	B	t-Stat	Sig.	b	SE	B	t-Stat	Sig.	b	SE	B	t-Stat	Sig.	b	SE	B	t-Stat	Sig.	
Step 1 II	.223	.049	.0247	4.525	.000	.213	.049	.236	4.312	.000	.171	.053	.190	3.250	.001	.136	.051	.151	2.658	.008	1.000
Step 2 IM						.093	.051	.100	1.832	.068	.084	.050	.091	1.659	.098	.053	.049	.058	1.089	.277	1.012
Step 3 IS											.139	.064	.126	2.155	.032	.100	.063	.091	1.602	.110	1.170
Step 4 IC																.316	.063	.271	5.015	.000	1.079

Notes: II: Idealised Influence; IM: Inspirational Motivation; IS: Intellectual Stimulation; IC: Individual Consideration and CI: Continuous Improvement

4.3 Test of Hypotheses

The hypotheses of the study were tested using multiple regression analysis. The results are summarised in Table VI and discussed below.

Hypothesis 1 posited that idealised influence plays a significant role in continuous improvement among micro enterprises in Plateau State. The findings in Model 1 confirm this assumption. Idealised influence made a significant contribution of 24.7% in explaining continuous improvement ($\beta = 0.247$, $t = 4.525$, $p = 0.000$). Given that the p-value is less than 0.05, the result is statistically significant, thereby supporting Hypothesis 1.

Hypothesis 2 predicted that inspirational motivation would significantly influence continuous improvement. Model 2 tested this by adding inspirational motivation to the regression model. The findings show that inspirational motivation accounted for an additional 2.6% in the variance explained ($\beta = 0.100$, $t = 1.832$, $p = 0.068$). However, since the p-value exceeds the 0.05 significance threshold, inspirational motivation does not significantly predict continuous improvement in this context. Thus, Hypothesis 2 is rejected.

Hypothesis 3 suggested that intellectual stimulation positively affects continuous improvement. In Model 3, the inclusion of this variable contributed an additional 2.5% to the explained variance ($\beta = 0.126$, $t = 2.155$, $p = 0.032$). The result is statistically significant, indicating that intellectual stimulation plays a meaningful role in fostering continuous improvement among micro enterprises. Therefore, Hypothesis 3 is accepted.

Hypothesis 4 stated that individual consideration has a significant influence on continuous improvement. As demonstrated in Model 4, individual consideration added a substantial 10% to the explained variance ($\beta = 0.271$, $t = 5.015$, $p = 0.000$). The p-value confirms statistical significance, and hence, Hypothesis 4 is accepted.

Overall, the findings indicate a significant relationship between transformational leadership and continuous improvement among micro enterprises in Plateau State. However, not all dimensions of transformational leadership exert equal influence. Among the four dimensions examined, idealised influence and individual consideration emerged as the most impactful, followed by intellectual stimulation, while inspirational motivation was the weakest predictor.

The final model accounted for 39.1% of the variance in continuous improvement. This suggests that while transformational leadership is an important factor, other variables outside the scope of this study explain the remaining 60.9% variation in continuous improvement practices.

5.0 Discussion and Conclusion

5.1 Discussion

This study investigated the role of transformational leadership in driving continuous improvement among micro enterprises in Plateau State, Nigeria. The unit of analysis was the owner-managers of micro enterprises. Specifically, the research examined the relationship between the four core components of transformational leadership (idealised influence, inspirational motivation, intellectual stimulation, and individual consideration) and continuous improvement.

The findings revealed that idealised influence has a significant and positive effect on continuous improvement. This suggests that when leaders exhibit charisma, charm, and earn the respect and admiration of their employees, they become powerful role models who can effectively influence change and improvement within the enterprise. This aligns with Soomro and Shah (2020), who found that idealised influence significantly impacts innovation, proactiveness, and the launching of new ventures. Employees tend to emulate leaders who embody excellence and commitment to improvement, thus fostering a culture of continuous advancement.

Contrary to expectations, inspirational motivation was found not to have a significant influence on continuous improvement. This is surprising, given that this component is typically associated with the ability to inspire and energize employees towards a shared vision. One possible explanation for this result may lie in the nature of micro enterprises themselves. These businesses often lack formal structures, long-term strategic visions, or the resources necessary to implement and sustain motivational programs. Consequently, the limited scale and scope of operations may reduce the impact of inspirational motivation on performance outcomes. This finding contradicts earlier studies such as those by Jabnoun and Al Rasasi (2005) and Soomro and Shah (2020), which linked inspirational motivation to service quality, innovation, and proactiveness.

The study also found that intellectual stimulation significantly contributes to continuous improvement. This aspect of transformational leadership encourages employees to question existing assumptions and processes, fostering a culture of creativity and innovation. By stimulating new ways of thinking and problem-solving, leaders can facilitate continuous learning and improvement. This finding is consistent with the work of Boukamcha (2019), who noted that intellectual stimulation encourages employees to reconsider old challenges in novel and constructive ways.

Furthermore, the results indicate that individual consideration plays a vital role in promoting continuous improvement. This suggests that when leaders pay close attention to the individual needs and aspirations of employees (providing mentoring, coaching, and developmental opportunities) they help foster a supportive environment conducive to learning and improvement. These findings align with Chen et al. (2012), who observed that transformational leadership behaviours, particularly those related to individual support and development, significantly enhance innovation capabilities at the organisational level.

5.2 Conclusion

In conclusion, the study provides empirical evidence that transformational leadership is instrumental in promoting continuous improvement among micro enterprises in Plateau State. Among the four components of transformational leadership, idealised influence, intellectual stimulation, and individual consideration emerged as significant predictors of continuous improvement. Although inspirational motivation is theoretically important, its impact was not statistically significant in this context—likely due to the inherent limitations faced by micro enterprises.

6.0 Implications of Findings

The findings of this study hold significant implications at theoretical, practical, and policy levels. Theoretically, the positive impact of idealised influence, intellectual stimulation, and individual consideration on continuous improvement offers empirical validation of the transformational leadership theory in the context of micro enterprises. This supports the call by Rasheed et al. (2021) for researchers to further explore the foundational relationship between transformational leadership and continuous improvement - particularly in smaller

firms. Existing literature has primarily focused on the implementation of continuous improvement within large enterprises and SMEs, often overlooking micro enterprises, which typically function in the informal sector and lack formal Total Quality Management (TQM) systems (Klute-Wenig & Refflinghaus, 2020). This study addresses this gap, demonstrating that transformational leadership theory is relevant and applicable in predicting continuous improvement within micro enterprises. Specifically, when micro enterprise owner-managers exhibit behaviours aligned with idealised influence, intellectual stimulation, and individual consideration, they are better able to foster continuous improvement within their organisations.

Practically, the results corroborate the findings of Zhang et al. (2021), who argue that individual-focused transformational leadership enhances employees' ability to creatively utilize existing resources to generate innovative outcomes. This underscores the importance of individual consideration as a key driver in identifying, developing, and allocating differentiated resources based on employee capabilities and situational contexts. In practice, such leadership fosters an environment in which employees are empowered to find or create opportunities to enhance resource use and efficiency—ultimately promoting continuous improvement through innovative problem-solving and adaptive thinking.

From a policy perspective, the study highlights the need to strengthen transformational leadership capacities among owner-managers of micro enterprises. Since transformational leadership has been shown to positively influence continuous improvement, it becomes imperative for stakeholders (such as government agencies, business development services, and non-governmental organisations) to design and implement training and leadership development programs tailored for micro enterprise operators. Particular attention should be given to enhancing inspirational motivation, the only dimension found to be statistically insignificant in this study, despite its theoretical relevance. Equipping micro enterprise leaders with transformational leadership skills can promote a culture of continuous improvement, thereby increasing their adaptability, resilience, and competitiveness in an increasingly dynamic business environment. Such an approach would align micro enterprises with best practices observed in larger corporations, positioning them for sustainable growth and innovation.

7.0 Limitations and Suggestion for Further Study

Despite the valuable insights provided by this study, several limitations should be acknowledged. Firstly, the research adopted a cross-sectional design, which inherently restricts the ability to infer causal relationships among the variables studied. Since data were collected at a single point in time, it is not possible to determine whether the observed relationships between transformational leadership dimensions and continuous improvement persist over time or are affected by temporal or contextual shifts.

Secondly, the reliance on self-reported questionnaires as the primary data collection instrument introduces the possibility of response bias. Respondents may have provided answers they believed to be socially desirable or favourable rather than their authentic views. This includes potential biases such as social desirability bias or acquiescence bias, both of which can compromise the accuracy and validity of the findings.

Furthermore, the representativeness of the sample may have been limited. If the sample size was relatively small or composed of a homogenous group of micro enterprise owner-managers, it may constrain the generalizability of the results. This limitation could hinder the applicability of the study's findings to micro enterprises operating in different geographic regions, sectors, or under varying environmental conditions.

These limitations suggest the need for caution in interpreting the findings and highlight opportunities for future research to employ longitudinal methods, larger and more diverse samples, and mixed-methods approaches to deepen understanding and enhance the robustness of conclusions. It is also recommended that future research explore other leadership styles or combine transformational leadership with other constructs such as organisational culture, employee engagement, or innovation capability. This would provide a more comprehensive framework for understanding the drivers of continuous improvement in micro enterprises.

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