

# Analysis of Democratic Leadership Style and Productivity of Selected SMEs in Lagos State, Nigeria

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## ABSTRACT

The role of Small and Medium-Scale Enterprise (SMEs) in the national economy cannot be underestimated. The impact of SMEs is felt in greater utilization of local raw materials, employment generation, encouragement of rural development, development of entrepreneurship, mobilization of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self-employment and provision of opportunity for training managers and semi-skilled workers. However, SMEs are faced with daunting challenges that have led to poor productivity. This study, therefore, investigated the effect of democratic leadership style on firms' productivity of selected Small and Medium Enterprises (SMEs) in Lagos State, Nigeria. The study adopted survey research design. The population of the study was 42,067 which is the total number of registered SMEs in Lagos State, Nigeria, and a sample size of 495 supervisors and middle level managers of SMEs were enumerated using Krejcie and Morgan's (1970) formula. The study adopted stratified sampling technique. A structured, adapted and validated questionnaire was used to collect primary data from the respondents. Cronbach alpha reliability coefficient for all the constructs is greater than 0.7. Data were analyzed using both descriptive and inferential tools. Simple Linear Regression Analysis was used to determine the effect of the variables using Statistical Package for Social Science (SPSS) version 25. The finding revealed that democratic leadership had a significant effect on productivity. The study recommended that operators of SMEs should adopt democratic leadership style in running their organizations due to the advantages that come with its adoption.

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**KEYWORDS:** Democratic Leadership, Productivity, Small and Medium Enterprises

## INTRODUCTION

Small and medium enterprises (SMEs) are common in every developing or developed economies as they are one of the major drivers of economic development both at the rural and urban areas (Olawore, Olayinka, & Akinkunmi, 2016). Thus, governments are on a daily basis trying to develop the SME sector in an attempt to spur economic development, which could be through providing the enabling environment for SMEs to thrive, or providing the incentives necessary for the growth of the sector (Etale & Light, 2021).

SMEs development have far reaching economic developmental impact and leads to increase industrialization of economies world over (Sanya & Popoola, 2021). Etuk, Etuk, and Michael (2014) opined that SMEs are regarded as the bedrock of industrialization. Because a number of them possess extensive knowledge of resources, as well as demand and supply trends, they constitute the chief supplier of input to larger firms (Gamage, 2003; Ugege & Ighodalo, 2021). They also serve as the main customers to the larger firms; provide all sorts of

products ranging from food, clothing, recreation, entertainment, healthcare, education, amongst others (Sanya & Popoola, 2021). Despite the significance of SMEs to the economy and national development, Africa including Nigeria has a high rate of business failures and short lived businesses (Olubiyi, 2022). Due to the country's dire economic circumstances, at least 1.9 million SMEs have been lost since 2017 and business closures persist at an alarming rate (PricewaterCoopers [PwC], 2020). The reasons why many SMEs fail so quickly had been attributed to many factors amongst which are low quality or low level of education and qualification of operators, as well as workforce, lack of manpower, loss of seasoned personnel and management, customer dissatisfaction due to low product or service quality, poor customer experience and declining patronage, funding issues, absence of adequate marketing channels, poor marketing knowledge, poor and negative customer relations to mention but few (Olubiyi, 2022). For SMEs to continue to contribute to national development and the economy, the issue of leadership cannot be overemphasized (Karadag, 2015). Leadership style adopted by operators of SMEs in running their businesses has been identified as one of the factors responsible for decline in SMEs productivity (Olubiyi, 2022). Effective leadership style may expand the performance of the organization and help in the attainment of desired goals while, ineffective leadership style has a negative impact on business performance, which eventually leads to poor performance (Adams & Valliappan, 2018; Hussain, & Hassan, 2016). Al Khaled and Fenn (2020) asserted that many organizations are faced with problems related to high labour turnover, unethical practices, poor financial performance, which may be as a result of lack of effective leadership. Thus, operators of SMEs frequently ask the same questions about how and where they went wrong. The answers to these questions lie in the outcome of this study. It is in the light of this, that the study wants to examine the effect of leadership styles on organizational performance in selected SMEs in Lagos, Nigeria. It is impossible to overstate the importance of leaders in achieving outstanding organizational performance. Appropriate motivation, an appropriate work environment, adequate compensation, and effective communication between managers and subordinates all contribute to achieving this goal (Akpapere, Jengre, & Mogre, 2019). Work planning and organization are also essential (Ibrahim & Daniel, 2019). Some scholars suggest that inefficiency and ineffectiveness of leaders in most areas are the most common challenges impacting organizational performance in business and other institutions, however, others

disagreed (Haque, Faizan, & Cockrill, 2017; Olajide, 2018; Sethibe, 2018). An organization's leadership style has an impact on the success or failure of its operations (Jeremy, Melinde, & Ciller, 2012; Ng'ethe, Namusonge, & Iravo, 2012; Rowe, Cannella, Rankin, & Gorman, 2005). In an organization, leadership style is one of the variables that influences whether employees are interested in and committed to the organization (Abasilim, Gberevbie, & Osibanjo, 2019; Bhargavi & Yaseen, 2016).

Various studies had been carried out on democratic leadership style and organizational performance in different countries of the world including Nigeria, such as (Bhargavi & Yaseen, 2016; Caillier, 2020; Fiaz, Su, Amir, & Saqib, 2017; Idoko, 2018; Meydita, Puspitaningtyas, & Mardiatuti 2021). But there are few studies available on democratic leadership style and productivity of SMEs, and there is no consensus amongst scholars on the subject matter. (Kalu & Okpokwasili, 2018; Okon, Okpo, & Ogar, 2021). As a result, a gap is created that needs to be filled using empirical approaches of this nature. Review of extant literature revealed that Nigerian SMEs have leadership problems, especially around democratic leadership; they fail to give employees a chance to be heard, discourage employees from sharing insights or making cogent contributions to improve the processes of the organization (Ojinta, 2018; Okeke, 2021). This has resulted in employees withdrawing their services and has failed to make meaningful contributions when necessary (Enearu, 2020). Consequently, productivity has declined as some of these SMEs begin to record losses and decline in patronage from existing and potential customers (Samson & Ilesanmi, 2019). Premised on this, the study aimed to examine the democratic leadership style and productivity of selected SMEs in Lagos, Nigeria.

## **Review of Related Literature**

### **Democratic Leadership Style**

Democratic leadership, also referred to by some scholars as participative leadership is a kind of leadership style where members of the group are more active in the process of making decision (Cherry, 2019; Khan et al., 2015). Khan, Nazar, and Khan (2016) referred to democratic leadership style as the process of identifying the esteem and values of each employees and then making a decision. Democratic leadership style can be defined as the leadership in which the decision-making is decentralized and is shared by all subordinates (Tannenbanum & Schmidt, 2012). Bhargari and Yassen (2016) further postulated that democratic leadership style can be defined as a kind of leadership

in which members of the group play a more participatory part in the decision-making process. In a democratic system, decision making is not centralized and the quality is appreciated and rewarded (Puni, Ofei, & Okoe, 2014). The democratic leader makes sure everyone's voice is heard, possesses excellent communication skills, achieving consensus before steaming ahead. This style values others' views just as much as the leader's, trusting that decision by committee is the best way to form sturdy strategies (Idoko, 2018). Success and people are the subjects of this leadership style. Scholars have demonstrated that the democratic leadership style is the most effective and pursues greater productivity, more contributions from followers and a higher morality of the group (Al Khajeh, 2018; Al Khaled & Fenn, 2020; Ganeshkumar, Prabhu, & Abdullah, 2019; Meydita et al., 2021).

Some of the primary characteristics of democratic leadership are that group members are encouraged to share ideas and opinions, even though the leader retains the final say over decisions (Khan et al., 2015). Members of the group feel more engaged in the decision-making process and creativity is encouraged and rewarded (Idoko, 2018). Democratic leadership style allows the employees to make decisions along with sharing them with the group; praise and criticism are given objectively and a sense of responsibility is also developed among the employees; democratic leaders possess excellent communication skills using diplomacy to elicit inputs from group members and skillful facilitation to kick-start collaboration; it is commonly used where team members are informed and willing to share their expertise; it is also vital that there is much time to allow members to contribute, formulate a plan and afterwards decide on the best approach (Al Khaled & Fenn, 2020; Khan et al., 2015).

The benefits of democratic leadership are enormous which include the following; there is room for better ideas and more creative solutions to problems (Sadia & Aman, 2018). Moreover, subordinates also feel more involved and committed to projects, making them to care about the end results (Idoko, 2018). Democratic leadership style is perceived to result in better productivity among members of the group (Al Khajeh, 2018; Al Khaled & Fenn, 2020). Despite the fact that democratic leadership is seen to be more productive and effective leadership style, it, however, still has some disadvantages. Review of extant literature indicates that when the situation is not clear or time is the matter, there is potential for poor decision-making which may also lead to miscommunication (Nwokocha & Iheriohanma,

2015). In certain cases, followers may not have the knowledge or expertise to effectively contribute to decision-making process (Khan et al., 2015). Democratic leadership can also make team members feel that their opinions and ideas are not taken into consideration, which reduces employees' morale (Abdullah, Rasol, & Prabhu 2021).

Based on the knowledge gained from various definitions and characteristics, democratic leadership style in this study is seen as type of leadership style in which members of the group play a more prominent and participatory role in the decision-making process that involve them and their views are taken into consideration when the leader is making the final decision.

### **Productivity**

Olayisade and Awolusi (2021) defined productivity as the effectiveness of factors of production (inputs) in generating desired outcomes efficiently. They noted that successful organizations are characterized by a high level of productivity; they are companies that achieved a competitive advantage in the utilization of available resources to obtain desired outputs. Aftab and Javeed (2012) defined productivity as a ratio used to measure how well an organization (individual, industry or country) converts input resources (labour, materials and machines) into goods and services. While Pekuri, Haaspasalo, and Herrala (2011) in their study defined productivity as the relationship between output produced by a system and quantities of input factors utilized by the system to produce that output. Antony and Bhattacharyya (2010) viewed organizational productivity in terms of rate at which goods and services are produced by a standard population of workers. Furthermore, Anosa (2021) postulated that productivity is the correlation between input of resources, human and non-human, and output of goods and services of workers of a firm used in the production process. Thus, productivity is the ratio of input to output. Productivity shows the level of system success in applying resources to achieve goals. According to this definition, productivity is a description of system success in doing works and is an evaluative concept. Productivity refers to the quality of employee performance in the organization (Gyu-Chang Yu & Jong-Sung Park, 2006). Moreover, Green (2016) postulated that productivity is the quantity of goods produced in the most efficient and effective manner from a limited amount of resources.

Based on the above definitions of productivity by several scholars, it can therefore be said that the keywords noteworthy include effectiveness and efficiency process of transforming input into output. The efficiency of the process implies the ability to

employ inputs or resources in the right way where minimal amount of resources is employed to achieve an optimum outcome or performance (Shamsi, Ameen, Isaac, Al-Shibani, & Khalifa, 2018) whilst, the effectiveness of the process of productivity refers to the ability of the production process to achieve desired goals. In specific terms, Pekuri et al. (2011) viewed efficiency as “doing things right” and effectiveness as “doing the right thing”. The terms effectiveness and efficiency defined productivity and remained inseparable. Effectiveness refers to the ability to reach a unique objective in an economical and resourceful manner. An employee is considered productive if he/she has the mental attitude to always make improvements, innovations, always stimulates and encourages him/herself so that he/she is not quickly satisfied with what has been achieved.

Productivity is a systematic concept which can be applied for different entities, an individual, and a machine, an organization, as adjective or national economy. Therefore, employees’ productivity, organizational productivity, and productivity of a system or an equipment or machine can be used interchangeably because they are all referring to the same word productivity, but in different entities. (Kazemi, 2002).

According to Meydita et al. (2021), three indicators that can be used to measure productivity include: quantity of work, quality of work and timeliness. The quantity of work is a result of achievement by employees in a certain number with the existing standard comparison, while quality of work is an outcome standards related to the quality of products produced and timeliness is the level of activity completed in the specified time. For example, the productivity of sales department employees was evaluated based on how much sales they have made, and whether they have met the target. High performers were those who met the sales or volume target. In other words, employees who were considered productive in the organization were also considered to be high performers.

Some of the advantages of productivity are that, it measures employees’ contribution to the attainment of organizational goals in terms of quantity, quality and timeliness in the production of goods and services in a period of time (Meydita et al., 2021). It is a useful indicator to distinguish between high and low performers in an organization. Productivity makes a nation and an organization wealthy and enables an organization to pay high wages to its employees. Productivity enables managers of an organization to maintain capital return high (Shamsi et al., 2018). In addition to that, maximum usage of physical

resources and other factors in specific methods in a way that productivity improvement lead to reduction of production cost, market expansion and increase in employment (Taleghani, Tanaomi, Farhangi, & Zarrinnergar, 2011). The disadvantage of productivity is that it may be capital incentive, in the sense that it requires new or modern equipment and machineries to boost employee productivity, in order to achieve the organizational goals (Mohammed, Khalifa, Nusari & Ameen, 2018). However, productivity is defined by the researchers in the context of this study as the effectiveness and efficiency in the production of goods and services in an organization measured in terms of rate of output per unit of input.

### Empirical Review

Several studies had investigated the relationship between democratic leadership and productivity in numerous countries amongst which are Abdullah et al. (2021), Adams and Daniel (2020), Al Khaled and Fenn (2020), Idoko (2018), Jony, Alam, Amin, & Alam (2019), Mammam, Garba, & Abubakar (2018), Medyita et al. (2020), Okon, Okpo, and Ogar (2021) and Tewari, Gujarathi, & Madulety (2019). Jony et al. (2019) carried out a study in Bangladesh and it was found that democratic leadership is positively and significantly correlated with organizational productivity. In the same vein, the study of Al Khaled and Fenn (2020) investigated the impact of leadership styles on organizational performance in Malaysia and their findings revealed that democratic leadership style has a positive and significant relationship on organizational productivity. This assertion was corroborated by Meydita et al. (2020) in their research carried out in Indonesia with 51 respondents and found that democratic leadership has a positive and significant relationship with employees’ work productivity. Scholars have demonstrated that democratic leadership is the most effective and pursues greater productivity, more contributions from followers and higher morality of the group (Ganeshkumar et al., 2019; Meydita et al., 2021).

Idoko (2018) conducted a research on the effect of democratic leadership style on organizational performance of 189 employees of Dangote Cement Plc., Gboko, Benue State, Nigeria and found that democratic leadership style has a positive and significant relationship on organizational performance and leads to higher productivity. The findings of this study were corroborated by the studies conducted by Mammam et al. (2018), Okon et al. (2021), where it was found that there is a positive relationship between democratic leadership style and employee productivity in Nigeria. However, Abdullah et al. (2021) did not find any significant relationship between democratic leadership style and

organizational productivity in Kurdistan Region in Iraq. The divergent results of the various scholars have left an inconclusive position of the actual effect of democratic leadership on productivity.

Therefore, this study hypothesizes that:

**H<sub>01</sub>:** Democratic leadership style has no significant effect on productivity of selected SMEs in Lagos State, Nigeria.

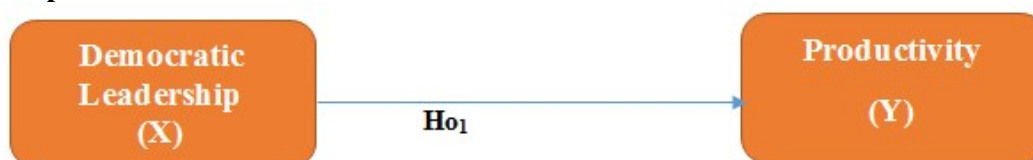
## Theoretical Review

### Great Man Theory (1841)

Great man theory of leadership was propounded by Thomas Carlyle in 1841 through his speeches and the book on 'Heroes, Hero-worship and Heroic in History'. The theory proposes that the aptitude for leadership is inborn and inherited. According to this theory, it is either you are born naturally as a leader or you are not. The term 'great man' was adopted because it was thought then that leadership was majorly for males, particularly in the military. The legends behind some of the world's most famous leaders such as Mahatma Ghandi, Abraham Lincon, Alexander the Great and Mao Tse Tung help contribute to the conception that great leaders are given birth to and not made. Historian Thomas Carlyle also had a key sway of leadership at one point, stating that the history of the world is but the biography of great men. He stressed that efficiency and productive leaders are those with inspiration and the right characters and features (Belmejdoub, 2015).

There has been unconvincing debate over the years whether leaders are born or made. Sarro and Butchatsky (1996) conducted a study about whether leaders are born or made using senior leaders of many organizations as respondents, the findings revealed that leaders are both born and made and that there is an element of their psychology, context or circumstance within leadership. Belmejdoub (2015)

### Research Conceptual Model



Source: Authors' Research Model (2022)

## Methodology

This study adopted cross-sectional survey research design. Cross-sectional survey research design largely focuses on vital facts, beliefs opinion, demographic information, attitudes, motives and behaviour of respondents to a specified research instrument (Asiyanbi & Ishola, 2018). This type of research design has been adjudged as suitable by various scholars (Mboga, 2017; Ogunkoya, 2018; Suh, Shim, & Button, 2018; Taba, Ismail, Sobarsyah, & Tasrim, 2018) as they utilized in their respective studies. The population of the study is 42,067 which is the total number of registered SMEs in Lagos State, Nigeria (SMEDAN, 2021). A sample size of 495 supervisors and middle managers of SMEs were enumerated using Krejcie & Morgan's (1970) formula. Adopted questionnaire was used and data were collected using a valid and reliable questionnaire with a Cronbach alpha value greater than 0.7. All the variables were measured with six items each; on a six-point Likert scale ranging

described under what is called "the noble lie" that the average persons are not smart enough to organize themselves and to take appropriate direction that would lead to a successful society. According to Belmejdoub (2015) there are only a few categories of people called 'philosopher kings', who are smart enough to lead the flocks to success. The result is described by the fact that a person is born king, farmer or a labourer. There are only few special people who had particular aspects of their personality that would allow them to lead.

Early researches on leadership looked at people who were already successful leaders. These individuals often included rulers who acquired their positions through inheritance and because people of a lesser social status had fewer opportunities to achieve leadership role, it contributes to the idea that leadership is an inherent ability (Belmejdoub, 2015).

The advantage of Great man leadership theory is that it paves way for certain traits of an effective leader to emerge. According to Cherry (2019), one of the major problem with great man theory is that not all people who possess the so-called natural leadership qualities actually become great leaders. If leadership was simply an inborn quality, then all people who possess the necessary traits would eventually find themselves in leadership roles. Great man theory is unscientific and does not belong in modern leadership. Cherry (2019) further stressed that research has instead found that leadership is a surprising complex subject, and that numerous factors influence how successful a particular leader may or may not be. Characteristics of the group, the leader in charge and the situation or environment all interact to decide what sort of leadership is needed, and the performance and productivity of this leadership.

from Very High (VH) = 6, High (H) = 5, Moderately High (MH) = 4, Moderately Low (ML) = 3, Low (L) = 2, Very Low (VL) = 1 similar to the one adopted by Akinbiyi (2020), Oguntoke (2021), Olawore (2022), Olowoporoku (2021). This modified scale increased the reliability of the responses and also gained more effective results from the respondents. Data were analyzed using both descriptive and inferential tools. Simple linear regression analysis was used to determine the effect of the variables using Statistical Package for Social Science (SPSS) version 25. The method was adopted, in order to determine the effect of democratic leadership style on productivity of selected SMEs in Lagos State, Nigeria.

**Data Analysis and Results**

Of the 495 copies of questionnaire distributed, 451 copies of the questionnaire were retrieved and used for analysis, which was statistically acceptable for purposes of making inference on the general population of selected SMEs in Lagos State. This represents a response rate of about 91% of the population employed in the study. The responses obtained from the data collected from the selected SMEs in Lagos State were adequate enough to fulfill the research objectives of the study.

**Restatement of Research Hypothesis**

**Ho<sub>1</sub>:** Democratic leadership style has no significant effect on productivity of selected SMEs in Lagos State, Nigeria.

Simple linear regression analysis was used to test the hypothesis. The independent variable was democratic leadership style, while the dependent variable was productivity. In the analysis, data for democratic leadership style were created by adding together responses of all the items under the democratic leadership style to generate independent score for the construct. For productivity, responses of all items under the variable were added together to create index of productivity. The index of democratic leadership style (as independent variable) is thereafter regress on scores (index) of productivity (as dependent variable). The results of the analysis and parameter estimates obtained are presented in Table 1.

**Table 1 Summary of Simple Regression Analysis on the Effect of Democratic Leadership on Productivity**

Model One $Y = \alpha_0 + \beta_1 x_1 + e$		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.902	.196		9.679	.000
	Democratic leadership (DL)	0.568	.044	0.520	12.909	.000
a. Dependent Variable: Productivity (PD) b. $R = 0.520$ $R^2 = 0.271$ $Adj\ R^2 = 0.269$ c. $F(2, 449) = 166.633$ ( $P < 0.05$ )						

**Source: Researchers’ Findings 2022**

Table 1 presents regression analysis results for the effect of democratic leadership style on productivity of selected SMEs in Lagos State, Nigeria. According to the results, democratic leadership style ( $\beta = 0.568$ ,  $t = 12.909$ ,  $p < 0.05$ ) has a positive and significant effect on the productivity of selected SMEs in Lagos State, Nigeria. It can be observed from the results that there is a positive correlation of 0.520 between the democratic leadership style and productivity of selected SMEs. The coefficient of determination  $R^2 = 0.271$  meaning that democratic leadership style accounts for 27.1% variation in productivity of selected SMEs in Lagos State, while the remaining 72.9% variation is cause by other leadership styles that have not been considered in this study and one error term as presented in table 1. As presented in table 1, ANOVA according to the results from the data gathered from the respondents showed a significant regression since  $p = 0.000$  which is  $< 0.05$ . This meant that democratic leadership style has a significant effect on productivity of selected SMEs. Hence, the simple regression model is expressed as:

$$PR = 1.902 + 0.568DLS + e \dots \dots \dots \text{Eqn. 1}$$

Where:

PR = Productivity

DLS = Democratic Leadership Style

The regression model above revealed that when democratic leadership style is constant at zero, the productivity of the selected SMEs would be 1.902, meaning that 1.902 increase in productivity level of selected SMEs is not affected by democratic leadership style, but rather other factors not covered in this study. Results from Table 1

shows that democratic leadership style beta coefficient value is 0.568 which is statistically significant at 0.000 ( $p < 0.05$ ) with 't' statistics of 12.909. The results revealed that when democratic leadership style is improved by one unit, productivity of the selected SMEs will increase by 0.568. The findings imply that democratic leadership style has a positive and significant effect ( $\beta = 0.568$ ,  $P < 0.05$ ) on the productivity of selected SMEs in Lagos State, Nigeria. The result of the model showed a highly statistically significant result. Therefore, the null hypothesis which states that democratic leadership style has no significant effect on productivity of selected SMEs in Lagos State, Nigeria was rejected.

### Findings and Discussion

The objective of the study was to determine the effect of democratic leadership style on productivity of selected SMEs in Lagos State, Nigeria. The hypothesis was tested using simple linear regression, and the results revealed that Democratic leadership style had significant effect on productivity of selected SMEs in Lagos State, Nigeria ( $\beta = 0.568$ ,  $t = 12.909$ ,  $R^2 = 0.271$ ,  $p < 0.05$ ). The findings showed that democratic leadership style had significant effect on productivity of selected SMEs in Lagos State, Nigeria.

Conceptually, democratic leadership, also referred to by some scholars as participative leadership is a kind of leadership style where members of the group are more active in the process of making decision (Cherry, 2019). Khan et al. (2016) postulated democratic leadership style as the process of identifying the esteem and values of each employee and then making a decision. In a democratic system, decision making is not centralized and the quality is appreciated and rewarded (Puni et al., 2014).

### Discussion

The finding of this study revealed that democratic leadership style significantly has effect on productivity of the selected SMEs in Lagos State, Nigeria. The results which corroborated and also in agreement with the previous research by Abdullah et al. (2021), Adams and Daniel (2020), Al Khaled and Fenn (2020), Idoko (2018), Jony et al. (2019), Mammam et al. (2018), Medyita et al. (2020), Okon, Okpo, and Ogar (2021) and Tewari et al. (2019), which they all agreed that democratic leadership style has significant on firms' productivity. The finding is significant at 5% level of significance ( $p = 0.000$ ) and as a result, democratic leadership style has significant effect on productivity of the selected SMEs in Lagos, Nigeria. Idoko (2018) examined the effect of democratic leadership style on organizational performance of 189 employees of Dangote Cement Plc., Gboko, Benue State, Nigeria, and found that democratic leadership style has a positive and significant relationship on organizational performance and leads to higher productivity. This finding was also supported by empirical studies conducted by Mammam et al. (2018), Okon et al. (2021) who found positive relationship between democratic leadership

style and employee productivity in Nigeria. The result of the study confirmed the position of scholars who believed that democratic leadership style has effect on productivity which leads to success of organizations. This study's finding is in support of the assumptions of Great man theory of leadership and thus, democratic leadership style significantly has effect on productivity of the selected SMEs in Lagos, Nigeria.

### Conclusion and Recommendations

Considering the empirical findings, this study concludes that there was a statistically significant effect of the democratic leadership on productivity of the selected SMEs in Lagos State, Nigeria. The findings underpin the theoretical considerations that leader can change, transform, inspire the followers' needs and redirect their thinking, creativity and efforts towards increasing their performance and attainment of the organizational goals and objectives.

Based on the foregoing conclusion, it is recommended that the democratic leadership style should be adopted, rather than the autocratic leadership style. This is to ensure that the employees are well carried along and that they have a sense of belonging and responsibility to the organization, which in turn would positively affect firm's productivity as depicted by this study finding.

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