The influence of the personal values of the leader on the growth of SMEs in Cameroon

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Abstract

A large number of studies were interested on the explanatory factors of the growth of SMEs related to the characteristics of the leader, but few of these studies have considered the influence of the personnel value of the leader on the growth of SMEs. This research seeks to fill this gap by focusing only on personnel value of the leader in a Cameroonian context where the failure rate of SMEs is very high. Our results show that the desire for autonomy, the self-esteem and the ethics of the leader exert a positive and considerable influence on the growth of this kind of enterprise.

Introduction

In a galloping economy and fierce competitive rivalry, SMEs, given their importance in creating jobs and economic dynamism (St-Pierre and al., 2005; OECD, 2004) should be directed more than ever by people who know the environment and act for their cause. In an environment where everything changes rapidly, SMEs, to grow, must face up to several challenges, including organizational, which are due to changes induced by growth (St-Pierre and al., 2005). However, this growth cannot be achieved without the consent of the leader who must endorse it fully (Gueguen, 2010; St-Pierre and al., 2005). Indeed, it is recognized in the literature in entrepreneurship, as the development of the business cannot do without its leader, the enterprise is often seen as an extension of his personality (LeCornu and al., 1996). Under these conditions, it is essential to consider the influence of the personality of the leader and, more specifically, his personal values (Khan and al., 2010; Sambasivan and al., 2009) on the growth of its business. The values are what people look for in life. These are stable beliefs, as opposed to attitudes that are particular beliefs towards an object, person or situation. For Sambasivan and al. (2009), personal values are enduring characteristics of an individual manifested in a consistent way of behaving in a wide variety of situations. According to Deschamps and Finkelstein (2012), personal values are what a person values most. Values are concepts or beliefs that relate to the purpose or desirable behavior for oneself but also in reference to the social group that transcend specific situations. They are expressions of motivations for achieving specific goals such as security, fulfillment, and autonomy ... that steer the selection and to assess the behavior of people or events that guide life (Wach and Hammer, 2003). In the Cameroonian economy, 90% to 95% of the population of companies is SMEs, employing 49.7% of workforce (Perdrix, 2005). Despite the important contribution of SMEs to the Cameroonian economy, their failure rate is very high. The question that most researchers are struggling
1. Literature Review

Since the work of Penrose (1959), research on the growth of businesses evolve and generate increasing interest in strategic management. Better understand the determinants of growth related to personal values of the leader are important, because it plays a vital role for the survival and development of its business. Two competing theoretical approaches to explain the causes of performance and growth have developed within the research in management science (Weinziemmer, 1993). The first, which we may call the "external" model, studies the influence of the environment on organizations. According to this trend, as a result of competition, the performance of an enterprise should approach that of the industry. Proponents of this school of thought are numerous (Starbuck, 1976; Hannan and Freeman, 1977; Weinziemmer, 1993; Mintzberg et al., 1999) and argue that the conditions present in the external environment of the firm are the main determinants of the survival of an enterprise. The second perspective, called the "internal" model focuses primarily on studying the internal characteristics of the firm and how an organization adapts to its environment and attempt to shape it. This internal approach finds its original source in the course of industrial organization, also called "behaviorist" approach and, subsequently, in its extensions in strategic management. Proponents of this school of thought are important (Penrose, 1959; Jovanovic, 1982; Wernerfelt, 1984; Barney, 1986; Prahalad and Hamel, 1990; Grant, 1991; Audretsch and Mahmood, 1994; Garnsey, 1998; Garnsey and Heffernan, 2005; Salloum et al., 2011; Salloum et al., 2012) and defend that the development of the firm depends not only of resources it has available but also tacit knowledge of its leader. This research is part of the second stream. This is justified by the specificity of SMEs, in that, this type of business is known for its restricted and limited resources. Indeed, the leader of SMEs is particularly sensitive to the size of his enterprise, must often make fundamental choices about the resources and skills to the enterprise to grow.

1.1. Conceptualization and measuring business growth

The growth of the enterprise can be defined as a development of its business, development that can be measured quantitatively (increase in turnover, staff numbers, etc.) and be assessed qualitatively (enlarge the reputation of the firm, developing its image, etc.). According to Janssen (2005), the growth is the result of an increase in demand for the products or services of the firm. Theoretically, the sales increase is chronologically the first form of growth and above, for example, the growth of employment. Furthermore, it is possible that the enterprise increase its sales without hiring additional staff or without acquiring other resources (Delmar, 1999; Salloum et al., 2014), for instance through subcontracting or outsourcing. Such a decision, however, will have a positive impact on employment at the macroeconomic level. Janssen (2004), the two most widely used to understand growth criteria are employment, the most relevant from a societal point of view, and sales, the most relevant to the leader. One and the other of these concepts provide a particular exploration prospect but not necessarily complementary nor imply the same determinants. In fact, the implementation of new technology era, an increase in sales could very well be done without necessarily implying an increase in labor and conversely, an increase in jobs for a retail enterprise, for example, may very well not be followed by an immediate increase in sales. Regarding Cameroon in particular, the very high unemployment rates faced by governments can provide an incentive to favor labor input at the expense of capital investment. In this study, we used, in addition to two conventional measurement variables of turnover and workforce, the registered capital. Indeed, the latter is often regarded as a predictor of the growth of SMEs (Geindre and Dussuc, 2012). The interest of these three indicators is that they are easily observable. In addition, as we work in SMEs, it seems more realistic to
combine these three indicators. Thus, growth is measured both by the relative change in sales, employment and registered capital for a period of three years.

1.2. Personal values of the leader and business growth

Penrose has already shown in 1959 that, growing firms' leaders have a value system heavily oriented imagination and vision on long-term horizons, of course in favor of ambitious development projects. The modeling of the growth has clearly left behind that block factors, generally limited to economic and demographic characteristics of leaders and almost completely obscuring the potential impact of their personal values. Yet the personal values of the leader could influence growth are: the feeling of achievement, the desire for autonomy, self-esteem, altruism and ethics. It is proposed to study the relationship between each of these variables and growth, formulating to as hypotheses to be tested.

The research on the relationship between the values of the leader and the growth of its business are rooted in earlier studies by Herron and Robinson (1993) on the "traits" that would differentiate entrepreneurs from other professional groups. This research has shown that the main characteristic of entrepreneurial behavior is the feeling of achievement. In the same sense, Murray and al. (1995) found that the leaders of an enterprise in a growth phase have a sense of accomplishment more like that of managers of large companies than to that of entrepreneurs. According to Poon and al. (2006), individuals who have a sense of accomplishment may be more likely to exploit entrepreneurial opportunities than those who have a low sense of accomplishment. However, Miller and Toulouse (1986) do not observe any relationship between the sense of achievement of the leader and business performance, the latter being measured as the growth in sales or net income. So, therefore, we formulate the following hypothesis:

H1: The personal feeling of achievement of leader positively influences the enterprise's growth.

The influence of the autonomy of the leader on growth has been the subject of several studies. Thus Keeley and Knapp (1994) conclude that the founders of highly successful companies experiencing an intense desire for autonomy. According Perren (2000), the desire to be your own boss, so to be autonomous (Turan and Kara, 2007; Baccari, 2006), but also the guarantee of a stable job stimulates SME managers' motivation to growing their business. This leads us to the following hypothesis:

H2: The desire of leader's independence positively influences the growth of the enterprise.

Self-esteem is the correct view of oneself, which allows feeling good with yourself, or, in a word, trusting. Self-knowledge is important for business leaders. It is generally accepted that trust plays a major role in the relationship between the individual and the enterprise's performance (Allouche and Amman, 2000). Thus, to increase the size of its business, one must have in mind a confidence, that is to say, get into shape to accept this growth; this means, firstly, by the will of action of the leader and, secondly, by a gift and a gift-cons (Godbout, 2000). The growth of the enterprise requires, therefore, on the part of its leader, self-esteem. For all these reasons, we propose the following hypothesis:

H3: Self-esteem of the leader positively influences the growth of the enterprise.

SMEs may face a problem of altruism, can be defined as a utility function in which the well being of the individual is positively correlated with that of others, which may lead to adverse consequences for the enterprise (Schulze et al., 2003). Therefore, altruism can be seen as a handicap to the development enterprise. More recent work, involving the positive role of altruism leader and emphasize the negative aspects, particularly as a factor altering the discernment of the leaders with regard to their children employed in the business. Altruism would be comparable to a behavioral bias could affect the enterprise's performance (Hirigoyen, 2008). Given all this, we make the following assumption:

H4: Altruism of the leader negatively influences the growth of the enterprise.

According to Courrent (2003), ethics is the representation that we have of the interests of the hierarchy considered in terms of their legitimacy. Philippe Crouzet\(^2\), quoted by Boffa-Comby (2012), ethics leader, by definition, is exemplary, honesty, consistency between what is said and what is done, between intentions and actual intentions, consistency in its own motivations. In his book, Olivier Lecerf wrote: "I am convinced that successful leaders are those

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1 The growth indicators are measured: 1= drop, 2= stable and 3= rising. To obtain growing businesses and those in non-growth, we calculated the scores. Using the scoring method, we obtained scores that are between 9 and 27. Companies that have a score equal to 9 shall be those with both a decrease in the evolution of their turnover, their employees and their social capital on the three years of the study, while those with a score between 9 and 18 are made up of companies that have experienced situations of stability and decline in their turnover, their size and their social capital. A score of 18 means the development of turnover, employees and social capital is stable for three years. In addition, companies whose score is between 18 and 27 are those that have experienced situations of stability and increase their turnover, their staff and their social capital. Finally, a score of 27 corresponds to situations where companies have increased their turnover, their employees and their social capital. However, a score of 15 could mean a situation of drop of a factor and stability of the other two. Thus, to better analyze the growth, we divided into two groups. The group of companies with a score between 9 and 15 is called "no growth" and that having a score above 15 in "growth".

2 CEO of Vallourec.
that are known or perceived as referring their actions to a system of values, even if it is not displayed ..." (1991, p.183-187). For Lecerf (1991), ethics is the basis of the corporate culture. She is the foundation and also alone generates a dynamic diversity that increases the potential for business productivity and, in turn, growth. It is all this that drives us to the following hypothesis:

H5: The ethics of leadership positively influences the growth of the enterprise.

2. The Methodology

2.1. Sampling

In order to understand the impact of personal values of the SME leader on growth of the enterprise, we formed a convenience sample of 114 SMEs located in the cities of Douala, Yaounde, Bafoussam, Garoua and Ngaoundere. A convenient sampling technique was used to gather data from SME firms. This is based on probability sampling of 93,969 companies in the last general census of enterprises in Cameroon conducted by the National Statistics Institute during the period from August to November 2009. We have a sample of 180 companies at the beginning. After having eliminated the non usable questionnaires and non-answers, we obtained 114 usable questionnaires, a more than 63% response rate. Despite the small size of our sample, it remains statically acceptable, because it is greater than 30 (Tsapi and Ingrid Gouanlong, 2013). Our sample also consists of small and medium sized businesses. Indeed, 57% of companies are small businesses (effective between 10 and 49 employees). However, medium-sized enterprises represent 43% of our sample of companies (workforce of between 50 and 200 employees). In addition, it should be noted that the companies studied mainly operate in the commercial sector (55.3% of companies).

2.2. The collection and processing of data

The collection of data is a key element of the management science research process (Thiétart et al., 2003). It involves gathering information on which the researcher based his study. The instrument of data collection used is the questionnaire. The latter is a data collection tool of choice for many researchers use to achieve the maximum possible individuals. We used the Statistical Package for Social Science (SPSS) version 20.0 to analyze the validity and reliability of measurement scales and test our research hypotheses.

2.3. Instrument for measuring variables

To measure the variables of personal values of the leader, we used the chord scales five point Likert type (1 = strongly disagree, 5 = strongly agree). Reliability tested by Cronbach's alpha ($\alpha$). Table 1 below shows the characteristics of the measurement scales of personal values of the leader used in this research.

<table>
<thead>
<tr>
<th>Variables measured</th>
<th>Ladders used</th>
<th>Hits</th>
<th>Internal consistency</th>
<th>Example of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>The feeling of achievement</td>
<td>Robichaud and al. (2001)</td>
<td>4</td>
<td>0.702</td>
<td>You love to develop knowledge in everything you facts.</td>
</tr>
<tr>
<td>The desire for autonomy</td>
<td>Baard and al. (2004)</td>
<td>4</td>
<td>0.824</td>
<td>You like to be independent, be your own boss.</td>
</tr>
<tr>
<td>Self-esteem</td>
<td>Rosenberg (1965)</td>
<td>7</td>
<td>0.761</td>
<td>You can recognize your merits.</td>
</tr>
<tr>
<td>Altruism</td>
<td>Schwartz (2006)</td>
<td>4</td>
<td>0.689</td>
<td>You give respect to any individual</td>
</tr>
<tr>
<td>Ethics</td>
<td>De Bry and Joras (2010)</td>
<td>5</td>
<td>0.714</td>
<td>You do your duty, you defer to your beliefs, your culture.</td>
</tr>
</tbody>
</table>

3. The findings

The results of our statistical analysis are reported in the tables below:

Table 2: Summary of the regression model between the feeling of achievement and enterprise growth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>Anova</th>
<th>Coefficients</th>
<th>DW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.424</td>
<td>0.173</td>
<td>4.582</td>
<td>0.643</td>
<td>-0.424</td>
</tr>
</tbody>
</table>

Overall, it is clear from this table that the model is not at all satisfactory. The connection between the variables is low ($R = 0.424$) and the explanatory power of the feeling of achievement is very low (adjusted R-square = 0.173). In addition, the level of significance ($p = 0.643$) is well above the threshold we set ourselves at baseline ($p = 0.05$). In conclusion, hypothesis H1 is rejected. This is confirmed by the equation of regression model between feeling of achievement (FA) and enterprise growth (EG) is as follows:
Indeed, the feeling of achievement of the leaders in SME had some differences of view in the literature. According Poon and al. (2006), individuals who have a feeling of achievement may be more likely to exploit entrepreneurial opportunities than those who have a low feeling of achievement. However, Miller and Toulouse (1986) do not observe any relationship between the feeling of achievement of the leader and business performance. This can also be explained by the fact that the leaders of our sample are somewhat reluctant to regard the expression of their feeling of achievement compared to other leaders. After the first hypothesis tested, now let's see about the second from the following table:

Table 3: Summary of the regression model between the desire for autonomy and enterprise growth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>Anova</th>
<th>Coefficients</th>
<th>DW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.851</td>
<td>0.718</td>
<td>10.599</td>
<td>0.851</td>
<td>2.517</td>
</tr>
</tbody>
</table>

It is thus clear from the table that the desire for autonomy is not only closely related to the growth of the enterprise (R = 0.837), but in addition, it explains 71.8% of the variation (adjusted R-square). Furthermore, the absence of autocorrelation between the error terms is quite significant (DW = 2.517). And Student's t (3.256) shows that the regression coefficient is significantly different from zero (Beta = 0.851). This is illustrated by the equation between the desire for autonomy (DA) and enterprise growth (EG) as follows: $EG = 0.851*DA + 0.289 + \varepsilon$

Thus, we accept the hypothesis H2. To this end, the idea defended by a number of authors (Turan and Kara, 2007; Baccari, 2006) remains valid in the context of this work. Indeed, for these authors, the desire to be your own boss, so to be autonomous, stimulates SME managers' motivation to increase the size of their business. This result can be explained by the fact that the leaders want to act according to their own ideas and initiatives, defining tasks and planning to meet in order to achieve the desired results. After testing the hypothesis H2, it is important now to do the same for H3. And this is done through the following table:

Table 4: Summary of the regression model between self-esteem and enterprise growth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>Anova</th>
<th>Coefficients</th>
<th>DW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.731</td>
<td>0.530</td>
<td>128.300</td>
<td>0.731</td>
<td>2.320</td>
</tr>
</tbody>
</table>

Generally, the model is interesting. The intensity of the connection between the variables is strong (R = 0.731). Self-esteem explains 53% of variation in the growth of the enterprise (adjusted R-square). Lest error terms are independent (DW = 2.320) and the correlation coefficient is significantly different from zero (Beta = 0.731) as also evidenced by the Student t (11.327). As is also shown in the following equation between self-esteem (SE) and enterprise growth (EG): $EG = 0.731*SE + 0.426 + \varepsilon$

Thus, we can say that there is a positive linear relationship between self-esteem and growth of the enterprise. From the foregoing, we conclude that the H4 hypothesis is validated. This result shares in the same direction as the work of Charreaux (1998), Mothe (1999) and Allouche and Amman (2000). Indeed, for these authors, self-knowledge is important for business leaders, as it provides the perspective necessary to make informed decisions rather than intuitive assumptions. The self-esteem is a trait possessed by most, if not all good leaders. After subjected to the test of facts hypothesis H3, see what it is H4 by interpreting the table below:

Table 5: Summary of the regression model between altruism leader and enterprise growth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>Anova</th>
<th>Coefficients</th>
<th>DW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.074</td>
<td>0.018</td>
<td>2.533</td>
<td>0.074</td>
<td>1.712</td>
</tr>
</tbody>
</table>

Under the table, we see that the model is unsatisfactory. The connection between the variables is negligible (R = 0.074), and the explanatory power of altruism leader is very low (adjusted R-square = 0.018). This means that altruism leader does not influence negatively the growth of the enterprise.
The regression model between altruism leader (AL) and enterprise growth (EG) is as follows: 

\[ \text{EG} = 0.074\times\text{AL} + 0.980 + \varepsilon \]

(5.704) (4.837)

In conclusion, the H4 hypothesis is rejected. Thus, altruism leader, once considered an obstacle to the development of the enterprise (Hirigoyen, 2008), can at least be considered an asset. Indeed, the fact that the leader is, for example, generous with his employees, can stimulate them to increase their productivity and, in turn, the enterprise's productivity. After subjected to the test of facts H4 hypothesis, now let's conclude the test by H5 hypothesis, by interpreting the following table:

Table 6: Summary of the regression model between the ethics of leadership and enterprise growth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>ANOVA</th>
<th>Coefficients</th>
<th>DW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.846</td>
<td>0.715</td>
<td>15.206</td>
<td>0.846</td>
<td>2.564</td>
</tr>
</tbody>
</table>

This table thus shows that in addition to the existence of a strong bond (R = 0.846) between the two variables, ethics leader explains 71.5% of the enterprise's growth (adjusted R-square). We also have confidence that the error terms are independent with a value DW = 2.564. In addition, the regression coefficient between these two variables is significantly different from zero as also evidenced by the Student t (3.900).

The regression model between the ethics of leadership (EL) and enterprise growth (EG) is as follows: 

\[ \text{EG} = 0.846\times\text{EL} + 0.423 + \varepsilon \]

(3.900) (6.398)

From all of the above, we conclude that the H5 hypothesis is validated. So we can say that ethics gives leaders a perpetual dynamism pushing them to increase the potential of business productivity and thus growth. This result corroborates the work of Lecerf (1991). Indeed, for this author, ethics which is at the basis for the corporate culture is not only a source of performance for the leader, but also for the whole enterprise under productivity it generates.

Conclusion

This research aimed to study the impact of personal values of the leader on the growth of SMEs in Cameroon. The data collected in the 114 SMEs have allowed for on SPSS regression analysis. From this study, it appears that the desire for autonomy, self-esteem and ethics of the leader have a significant influence on the growth of the enterprise. As against the feeling of achievement and altruism leader not exert any significant influence on growth. From a practical point of view, the results of this work can enable SME managers to improve their business growth by taking into account all the personal values may influence this growth. This can also serve as a guide for public authorities to define a political revitalization of the SME sector. This policy will be as clear as possible definition of the leader of values that these companies must tackle. Our research has certainly helped to understand the personality variables leader influencing the growth of SMEs. However, it is not without limits that identify ways of possible research. Indeed, the lack of relationship between altruism and growth against intuitive and deserves to be tested on larger samples or be a qualitative deepening to identify other personal values of the leader absent from management literature. The interest of a larger sample size would be multiple, both to improve the internal validity and external validity of the study. Finally, we plan to expand this study by administering the same questionnaire to corporate CEOs to identify the existence of convergence and divergence between personal values of the leaders of these two types of businesses.

However, a central question, which concerns all based questionnaire studies, remains: is there a substantial difference in the personal values of respondents and non-respondents? Also, it is appropriate to be cautious in generalizing the statements results. The contribution of this research is also, in its empirical dimension, under of previous researches which are largely exploratory (Ivanaj and Géhin, 1997; Castro, 2002). Personal values of the leader from this study are essentially characterized psychologically. Now, we know that psychological factors are crucial to boost the entrepreneurial spirit of the company. The specific contribution of this study is the detection of personal values of the leader hidden in the Cameroonian culture, essential to the development of SMEs. However, an important question remains: Growth is not the will of a leader accomplished in the psychological sense, or rather the fruit of a particular entrepreneurial context?
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