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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.

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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

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to answer is: what is the cause of the high failure rate? Many researchers have tried to answer this question by studying the impact of various factors (such as entrepreneurial, skills of entrepreneurs, educational level of entrepreneurs and the business environment) on the performance of SMEs. Baron (2007) suggested that personal values influence management practices and business they adopt in the operation of their businesses and ultimately grow their business. However, these proposals lack empirical support in the context of Cameroon and all are limited to the Western context. Moreover, personal values of the leader is the least well documented category in the entrepreneurship literature (Halikias and Panayotopoulou, 2003), although their effect on the success and growth of SMEs has been clearly demonstrated (Khan and al., 2010; Sambasivan and al., 2009; Lakoff, 2008; Baron, 2007; Leonidou, 2004). So, if the study on the leader profile has spilled much ink in the past, and is recognized for some time by many authors as an important factor on strategic choices (Kets de Vries and Miller, 1985), particularly in SMEs (Julien and Marchesnay, 1988), little work has nonetheless discussed the flap "personal values of the leader and growth of SMEs" (Ivanaj and Géhin, 1997). Yet the personal values of the leader are essential to explain the strategic behavior. We want, through this study, and in the extension of the works of Castro (2002) and Ivanaj and Géhin (1997), fill this gap by showing that variables relating to the values of the leader can explain or not growth SMEs. Indeed, as stated Delmar, Davidsson and Gartner (2003), the company's growth can be explained by several factors, especially those related to the leader. The objective of this research is therefore to contribute to enriching the empirical knowledge that one has the role of personality characteristics of the SME leader on the growth of his business. In other words, the goal of this research is to understand the impact of personal values of the leader on the growth of SMEs in Cameroon. The thesis that one seeks to defend here is that personality variables often used to explain the strategic behavior (Wtterwulge, 1998), may have an important explanatory role in the SME growth process. Such study is not yet initiated in Cameroon that is why it seems necessary to undertake. The article is divided into three sections: the first reviews the different existing work; the second shows the methodology of our research and the third presents the results of the study.

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 (Weinzimmer, 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; Weinzimmer, 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 (enlargement 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

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