

The relationship between strategic leadership, innovation performance and competitive advantage amongst a sample of small businesses in South Africa

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Abstract

This article seeks to investigate the relationship amongst determinants that affect small business performance in South Africa. Arguments within present-day South Africa are made for the need to understand those determinants that influence small business performance especially within a context of rapid change. Such an investigation can be useful for managers to steer their firms on a path with fruitful returns. The determinants under focus include: a) strategic leadership, b) competitive advantage, and c) innovation performance. A positivist philosophy relying on a quantitative approach using a survey design was adopted for this study. A sample of 275 small business owners representing their firms filled a survey using established measures. Findings show a relationship to exist between strategic leadership with innovation performance and competitive advantage. Further, innovation performance was found to be related with quests for competitive advantage. Based on this, management practices for contemporary society are made that provide a basis in which forecasting and planning techniques can be used for the purpose of competitive intelligence.

Key phrases

Competitive advantage; innovation performance and strategic leadership

1. INTRODUCTION

The global landscape is no longer the same. It is a context characterised by the need to manage and retain talent albeit the complexity that accompanies this (Lanvin & Evans 2017). Such a context also places emphasis on the need for a leadership response deemed vital for business performance (Safarzadeh, Dahghan, Pazireh & Pouraskari 2015). This could mean the difference between success and failure (Aslan, Dicken & Sendogdu 2011). Strategic leadership is defined as a person's ability to anticipate, envision, maintain flexibility and work with others to create a viable future for the organisation (Hill, Schilling & Jones 2017). However, because of the growing competition in this dynamic environment, quests for attaining a competitive advantage may be argued significant to attain better performance (Mohutsiwa 2012). In response to changes in the environment, firms are accepting that innovation can be better placed to achieve this superior performance and yield positive returns (Alhadid 2016). Innovation is described as a mental process that leads to how new materials or ideas can be generated (Safarzadeh *et al.* 2015). To this end, innovation is argued as a vital factor in how firms can generate a sustainable competitive advantage albeit an extremely complex and dynamic environment (Teece 2018) and an internal context characterised by scarcity of resources (Goksoy, Vayvay & Ergeneli 2013).

There is acknowledgement that small businesses are becoming an increasingly influential factor behind economic growth across the world (Comeig, Fernández-Blanco & Ramírez 2015). Calls exist within the existant literature for studies that explore those determinants that make small businesses perform optimally (Ayandibu & Houghton 2017). Notably, there is acknowledgement of the need to continually ascertain the role of leadership (Chinyamurindi 2016), technology (Wang & Yang 2016) and knowledge (combined with innovation capability) on small business performance (Mora, Navarro-Garcia, Rey-Moreno & Peria-nez-Cristobal, 2016). Further, there is continued argument within a South African context on studies that continually explore the determinants of small business performance

(Chinyamurindi, 2016; Gomera, Chinyamurindi & Mishi, 2018; Shangase & Chinyamurindi, 2018). Given all this, a research question is proposed for this study that reads: What are the determinants of small business performance in South Africa with reference to strategic leadership, innovative performance and competitive advantage?

2. BACKGROUND OF THE STUDY

In this article, the authors seek to investigate the determinants that affect how small businesses perform within the South African context. Specifically, the study explores the possible links between strategic leadership, competitive advantage and innovation performance amongst a sample of small businesses. There is an acknowledgement that small businesses play an important role to the South African economy (Global Entrepreneurship Monitor 2018). Further, some argue that small businesses are critical drivers of economic growth, innovation and job creation (Henama 2018). According to the Bureau of Economic Research (2016), the South African government recognises the importance of small businesses, thereby resulting in the formation of a government ministry devoted to dealing with small businesses development and growth. Thus, small businesses in South Africa exist as an opportunity to address the challenges facing societies, especially given the need for economic redress based on the historical legacy of apartheid. To this empirical and practitioner focus should be on understanding better how such businesses operate and their link to economic performance, gross domestic product (GDP) and job creation (Global Entrepreneurship Monitor 2018). Within contemporary society, this also offers opportunity for better ways for small business owners and managers to run their entities effectively and efficiently.

In South Africa an estimate is provided of the number of small businesses in operation to be around 2.2 million, with a potential contributing 43% GDP of the country (Bureau of Economic Research 2016). Despite this potential contribution, small businesses in South Africa face challenges that have ramifications on their survival and performance. These challenges include:

- Lack of growth (Bureau of Economic Research 2016);
- Lack of access to finance and funding modalities (Mutoko & Kapunda 2017)

- Poor management skills, a weak entrepreneurial culture and high barriers to market entry often resulting in high rates of business failures (Bureau of Economic Research 2016); and
- Lack of Government initiatives to develop SMMEs (Walters & Manamela 2016).

To rise above such challenges, proposals have been made for quests that seek for the management of small business especially how innovative they can become (Safarzadeh *et al.* 2015; Meyer, Estrin, Bhaumik & Peng 2009). This has been an area of interest in small business globally (West, Salter, Vanhaverbeke & Chesbrough 2014), particularly given that quests of being innovative are also linked with economic growth (Jimenez & Zheng 2017) Further, the integration of business has potential to encourage creativity (Dotzel, Shankar & Berry 2013) and provide new enhanced services (South African Department of Telecommunications and Postal Services 2017). In achieving this, internal capabilities manifest through leadership behaviours can be attained (Akbari, Anvari & Hooshmand 2014) deemed key for better performance (Mohutsiwa 2012).

This research seeks to contribute to the growing contemporary management literature on the African continent exploring management practices deemed key for the success in small business performance (e.g. Acquah 2012; Uchenna & Mair 2014; Meyer *et al.* 2009; Ozcan & Santos 2014). This necessity of such research is argued for due to the need for African firms to also perform at international standards (Ibeh, Wilson & Chizema 2012). Narrowly the research pays credence to management practises and how they relate to performance within an entrepreneurship context by paying attention to small business owners as functionaries. The ultimate aim of this is for entrepreneurship, as a practise, to be a panacea for social and environmental success (Farinha, Ferreira & Gouvela 2014), enabling organisations to achieve sustainable competitive advantage (Hall, Daneke & Lenox 2010).

3. THEORETICAL FOUNDATION

Two main theoretical postulations are considered. First, the complexity leadership theory (Uhl-Bien 2007). This framework provides for understanding how leaders can be creative and learn and elements developing an adaptive capacity within a complex system (Marion & Uhl-Bien 2001; Olmedo 2012). The framework further considers understanding those factors

that make individuals within a system (and their interaction) perform better albeit any challenges before them (Stacey 2004; Karakas 2009; Hazy 2006).

A second theoretical consideration is the Resource Based View (RBV) of the firm (Barney 1999; Wernerfelt 1984). The RBV is based on the principles from the disciplines of economics and strategic management (Grant & Jordan 2015). Greater performance and competitive advantage of a firm are described by the uniqueness of its abilities in the model (Andersen & Nielsen 2009). The vital idea of the RBV is that firms are diverse in respect of strategic resources they have (Azhar 2009). Further, resources make up the paramount element within an organisation and may mean the difference between success and failure (Gruber, Heinemann & Brettel 2010). One key resource capability concerns, the leadership or management practice and activity within an organisation Day (2014) argues this to be fundamental in realising value for business entities. Given all this, a research question is proposed for this study that reads: *what are the determinants of small business performance in South Africa with reference to strategic leadership, innovative performance and competitive advantage?*

4. Conceptual framework

4.1 Strategic leadership behaviours and competitive advantage

Strategic leadership is viewed as the ability for the mobilisation, focusing of energy and resources on factors that create differentiation and may lead to success in the future (Akbari *et al.* 2014). In essence, this assists in how firms anticipate, envision, think, maintain flexibility and work with others to initiate changes that realise a future of the firm. Further, Poursadegh, Khatami and Siahatkah (2012) state the role of strategic leadership is to encourage a cooperative spirit amongst employees and encourage systematic thinking across the firm. In essence, leaders play an important role in the successful change management strategies of the entities that they lead, and this influence can mean the difference between success and failure (Wetzel & Dievernich 2014).

Contemporary organisations are encouraged to prioritise on leadership development especially those leaders that are not only emotionally intelligent but also think strategically (Wendy 2012). Leadership thus can exist as a capability to accomplish a competitive

advantage for a firm (Anjum & Khan 2013). Sustainable competitive advantage is no longer grounded in capital and physical assets but in effective channelling of intellectual capital (Almsafirb & Mahdia 2013) with technology being deemed to be key (Van Der Borgh, Cloodt & Romme 2012). Alhadid (2016) argues that through strategic leadership and their practices firms attain a competitive advantage. Thus, strategic leadership within a firm has the potential to develop its capabilities and realise a competitive advantage. Hence, it is hypothesised that:

H1. Strategic leadership behaviours will have a positive relationship with competitive advantage.

4.2 Strategic leadership behaviours and innovation performance

Innovation is defined as a mental process that leads to the creation of a new phenomenon and often results in the use of technology (Aslan *et al.* 2011). Innovation is argued as a critical factor for firms to create value and sustain competitive advantage in today's highly complex and dynamic environment (Safarzadeh *et al.* 2015). Small businesses that accept innovation in response to changes are more inclined to develop new capabilities that will help them to achieve better performance (Moghli, Abudullah & Al Mulala 2012). Through competent leadership innovation efforts can be driven to achieve optimal returns (Syafarudin 2016).

Leadership is deemed the catalyst and source of organisational creativity and innovation (Al-Zoubi 2012). For small businesses to achieve constant innovation, effective leadership must establish an environment conducive to renewal, including an organisational culture that encourages creativity, the management of diversity and innovation. Therefore, leaders (as managers of entities) need to find ways to come up with innovative solutions (Rayna & Striukova 2015). Hence, it is hypothesised that:

H2. Strategic leadership behaviours will have a positive relationship with innovation performance.

4.3 Innovation performance and competitive advantage

A firm's competitive advantage concerns those distinctive efforts that competitors find difficult to imitate now and in future (Hill *et al.* 2017). This may concern aspects of time, quality, cost and flexibility (Chinomona & Maziriri 2016). Exploring the role of leadership styles in converting knowledge into competitive advantages is important to understanding leadership influence (Syafurudin 2016). Quests for competitive advantage often result in innovation through the production of goods and services while meeting customer needs (Aziz & Samad 2015). To be in an advantageous position in this competitive environment depends on innovative strategies (Dereli 2015). In this competitive environment, firms can benefit from such innovative strategies. Some researchers argue that the key determinants of gaining competitive advantage are the ability of small businesses to develop unique products and their flexibility in adopting new technology (Williams & Hare 2012). It implies that small businesses should involve activities that encourage innovation in order to gain competitive advantage in an uncertain market place. Hence, it is hypothesised that:

H3. There is a positive effect of innovation performance on competitive advantage.

5. RESEARCH DESIGN AND METHODOLOGY

5.1 Methods

A directory of 950 registered SMMEs was generated from the Eastern Cape Development Corporation (ECDC) operating in the Buffalo City Metropolitan Municipality in the Eastern Cape Province of South Africa. From this a sample of 275 was computed using the Raosoft Sample Size calculator. Simple random sampling using computer generated random numbers was then used to obtain the respondents from the population frame. The Institutional Ethics Review Board at the participating university approved the research for ethical clearance. Further, permission was obtained from the participating owners of the SMMEs. Participation in this study was voluntary and all research activities were conducted in English.

5.2 Measures

A questionnaire was used for collecting data. The three main scales of the study, i.e. strategic leadership behaviours (using a 7-item instrument by Jooste and Fourie 2009),

competitive advantage (using a 12-item instrument by Ramaswami, Bhargava and Srivastava, 2004) and innovation performance (using a 4-item instrument by Wang & Ahmed 2004), were measured on a five-point Likert scale ranging from strongly agree to strongly disagree. To determine the empirical factors in the data collection tool, an exploratory factor analysis was conducted on the 23 survey items. Explorations of various factor solutions were conducted employing additional extraction and data rotation methods to find the most parsimonious set of factors was done. The most parsimonious result was achieved with three factors by employing equamax rotation which is an orthogonal rotation method that combines varimax and quartimax techniques. The cumulative variance accounted for with the three factors was 69.46% (See Table 1) which accounts for almost 70% of the total variability. Also according to Kaiser Rule, the retained factors had an eigenvalue greater than 1 (Mertler & Vannatta, 2004).

Table 1: Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.219	60.085	60.085	5.878	26.720	26.720
2	1.130	5.137	65.222	5.294	24.062	50.782
3	1.000	4.236	69.458	4.109	18.676	69.458

Note: Extraction Method: Principal Component Analysis

Using the guidelines established by Comrey, Reise & Waller (2000) all 22 items loaded high (i.e., ≥ 0.45) on the primary loadings of their respective components. A summary of the results of the rotated factor matrix is presented in Table 2. After evaluating the survey items and associated variables, the three factors were named Competitive Advantage (CA), Strategic Leadership (SL) and Innovation Performance (IP). Items, 8 to 19 in Table 2 contributed to Factor 1 (Competitive Advantage (CA)). These items have high loadings (i.e., all ≥ 0.541) suggesting strength to the empirical validity of the construct. Factor 2 (Strategic Leadership (SL)) was comprised of the first seven items. These seven items loaded higher than or equal to 0.498 on Factor 2. A total of four items (items 20 to 23) loaded high on

Factor 3 (Innovation Performance (IP)) with all the 4 items loading high (i.e., ≥ 0.529) on the primary loadings. To determine the reliabilities of the empirical factors established, Cronbach's alpha coefficient was determined for each factor. Strategic leadership scale had a retained all the 7 items yielding a Cronbach Alpha Coefficient (CAC) of 0.923. The competitive advantage scale had a total of 12-items with a CAC of 0.950. Finally, innovation performance retained all the 4-items giving a CAC of 0.865. The entire scale and its constructs yielded scores above the recommended threshold of 0.70 (Nunnally 1978) giving acceptable levels of reliability.

Table 2: Rotated Component Matrix

Items	Loadings on Primary Factor/Component		
	Factor 1	Factor 2	Factor 3
Strategic Leadership (SL)			
1. Determining strategic roles of the organisation.	0.306	0.766	0.308
2. Establishing balanced organisational controls.	0.326	0.789	0.238
3. Sustaining an effective organisational culture.	0.424	0.763	0.219
4. Emphasising ethical practises.	0.280	0.733	0.329
5. Exploiting and maintaining core competencies.	0.266	0.692	0.410
6. Developing human capital.	0.253	0.666	0.396
7. Developing social capital.	0.417	0.498	0.447
Competitive Advantage (CA)			
8. In new service introductions, our firm is often first-to market.	0.664	0.328	0.399
9. Our new products/services are often perceived very novel by customers.	0.655	0.368	0.362
10. We are constantly improving our business processes.	0.674	0.326	0.430
11. For the past 5 years, our firm has developed many new management	0.685	0.322	0.259
12. Our products are difficult for competitors to copy.	0.541	0.121	0.461
13. Our response to competitive moves in the marketplace is good.	0.643	0.339	0.363
14. Our ability to track changes in customer needs and wants is good.	0.654	0.421	0.387

15. Our collection of strategic information about customers and competitors for use	0.793	0.366	0.224
16. We are quick to response to customer complaints.	0.699	0.386	0.250
17. Information on customers and competitors for use with strategic planning is	0.697	0.399	0.293
18. Our speed of disseminating information in-house about competitors is good.	0.706	0.386	0.263
19. Our analysis of customer satisfactions with the products is good.	0.630	0.409	0.341
Innovation Performance (IP)			
20. We make effort for product changes to overcome customer dissatisfaction.	0.188	0.396	0.743
21. Our products have a significant advantage over those of our competitors.	0.431	0.403	0.529
22. Our product designs are unique.	0.180	0.269	0.659
23. We are quick to response in meeting changes to customer needs and wants.	0.246	0.141	0.799

Note: Extraction Method: Principal Component Analysis. Rotation Method: Equamax with Kaiser Normalization. Rotation converged in 13 iterations

5.3 Data Analysis

SPSS version 23 was used for data analysis and all tests were carried out at 5% level of significance. Descriptive statistics were used to describe the sample's main demographic features. An independent-samples t-test was used to test for equality of means for the theoretical constructs on gender. A one-way ANOVA (Analysis of Variance) with post-hoc Tukey HSD (Honestly Significant Difference) test was opted for comparing mean differences of ordinal categorical demographic variables on the theoretical constructs. A correlation analysis using the Pearson product-moment correlation coefficients (r) was used to identify correlates of the study's three major variables (i.e strategic leadership behaviours, competitive advantage and innovation performance). Three linear regression models were then examined to test the effects of the hypothesised frameworks. Assumptions dealing with outliers, independent errors, random normal distribution of errors, homoscedasticity, and autocorrelation were met suggesting a robust sample.

6. RESULTS

6.1 Demographic profile of the respondents

A descriptive approach was used to describe the demographic variables of the study (see table 3). From a population size of 950 SMMEs, 275 (197 men and 78 women) met the inclusion criteria and were enrolled. About 69.1% of the respondents are Black (n = 190), 16.4% Coloured, 13.8% White, whilst only 0.7% (n = 2) are Indian. In terms of age, the

majority of the respondents (67.6%, n = 186) are in the age group 31 - 40 years, while 27.3% (n = 75) are of the ages between 41 and 50. A total of 13 respondents (4.7%) fall in the age category 20 - 30 years whilst only one respondent (0.4%) falls in the age category of above 50 years. About 19.3% of the respondents had a postgraduate qualification, 70.5% had either a diploma or a degree, 9.5% had a certificate, and only one respondent had matric as a highest educational qualification. The majority of the respondents (36.0%, n = 99) work in construction firms, 30.9% (n = 85) work in service related firms, 7.6% in wholesaling and only 1.4% (n = 14) in manufacturing firms. Most of these firms (57.1%, n = 157) have been operating for 4 – 6 years, 24.4% (n = 67) for more than seven years, 18.2% (n = 50) for one to three years and only one (0.4%) has been operating for less than a year. In terms of the firm's capital sizes (in Rands), only three (1.1%) had less than R10 000 per annum, 11.6% (n = 32) has a capital size that falls between R10 000 and R50 000, whilst 37.1% (n = 102) and 50.2% (n = 138) have a capital size of between R50 000 – R100 000 and more than R100 000 respectively.

Table 3: Descriptive statistics for biographical variables

Variable	Levels	df	F	Valid %
Gender	Male	1	197	71.6
	Female		78	28.4
Ethnicity	Black	3	190	69.1
	Coloured		45	16.4
	White		38	13.8
	Indian		2	0.7
Age	20 – 30 years	3	13	4.7
	31 – 40 years		186	67.6
	41 – 50 years		75	27.3
	> 50 years		1	0.4

Level of Education	Matric	3	1	0.4
	Certificate		26	9.5
	Diploma/Degree		194	70.5
	Postgraduate		53	19.3
Industry Category	Manufacturing	5	14	5.1
	Wholesaling		21	7.6
	Construction		99	36.0
	Agriculture		30	10.9
	Service		85	30.9
	Other		26	9.5
Age of the Respondent's Firm	< 1 years	3	1	0.4
	1 – 3 years		50	18.2
	4 – 6 years		157	57.1
	> 7 years		67	24.4
Firm's Capital Size by Rand	< 10 000	3	3	1.1
	10 000 – 50 000		32	11.6
	50 000 – 100 000		102	37.1
	> 100 000		138	50.2

N=275

Table 4 shows that the mean levels of the theoretical variables i.e strategic leadership behaviours (mean = 4.1158; SD=0.68000); competitive advantage (mean = 4.0261; SD=0.65552) and innovation performance (mean = 4.1418; SD=0.68905) were all fairly high for the study sample.

Table 4: Descriptive statistics of study variables

Study Variable	N	Min	Max	Mean	SD
Strategic Leadership	275	2.29	5.00	4.1158	0.68000
Competitive Advantage	275	2.45	5.00	4.0261	0.65552
Innovation Performance	275	2.50	5.00	4.1418	0.68905

N=275 for all samples and Statements were rated on a 5-point scale from 1 (disagree strongly) to 5 (agree strongly)

A further analysis to compare the means between male and female levels on the major study variables using an independent-samples test was carried out (See Table 5 below). Levene's test for homogeneity of variance was used and it verified that the assumption of equal variances only holds in competitive advantage. Thus, for strategic leadership behaviours and innovation performance the sample variances were assumed not to be equal ($p < 0.05$). Significant differences in means between males and females were only noticed in competitive advantage and innovation performance. Female managed firms (mean=4.1399; SD=0.52371) showed a significantly higher mean level ($t = -2.053$; $Pr > |t| = 0.041$) of competitive advantage than male managed firms (mean=3.9811; SD=0.69697). Innovation performance levels also demonstrated a statistically significant difference ($t = -2.487$; $Pr > |t| = 0.013$) of a lower mean level of male managed firms (mean=4.0774 (SD=0.69942) as compared to female managed firms which indicated a mean of 4.3045 (SD=0.63788).

Table 5: Independent-samples T-Tests for equality of means on theoretical constructs by gender

Variable	Mean	SD	Mean Difference	Std. Error Difference	Df	t	Sig.
<i>Strategic Leadership Behaviours:</i>							
Male	4.0863	0.71042	-0.10418	0.08418	167.770	-1.238	0.218
Female	4.1905	0.59402					

Competitive Advantage:							
Male	3.9811	0.69697	-0.15878	0.07734	186.77 6	-2.053	0.041*
Female	4.1399	0.52371					
Innovation Performance:							
Male	4.0774	0.69942	-0.22708	0.09132	273	-2.487	0.013*
Female	4.3045	0.63788					

Total number of Males = 197 and of females = 78 for all comparisons. *Significant differences with equal variances assumed (2-Tailed); **Significant differences with equal variances not assumed (2-Tailed)

Table 6 shows results of a one-way ANOVA with post-hoc Tukey HSD test for comparing mean differences of ordinal categorical demographic variables (i.e age, level of education and firm capital size) on the theoretical constructs. From the results there are statistically significant differences between the groups as a whole (all $p < 0.05$) with exception of innovation performance on firm capital size ($F=2.254$; $p=0.082$). In terms of age, multiple comparisons show that groups differed from each other. The Tukey post-hoc test shows that firms managed by younger managers (i.e 20 – 30 years) have higher levels of strategic leadership behaviours (mean=4.4286), competitive advantage (mean=4.3706) and innovation performance (mean=4.5769) than firms with older managers (i.e 31 – 40 years and 41 – 50 years). Table 6 also shows a statistically significant difference in time strategic leadership behaviours, competitive advantage and innovation performance between the various levels of education. Thus, firms managed by managers with a lower educational level have higher levels of strategic leadership behaviours, competitive advantage and innovation performance than firms managed by higher educationally qualified managers (i.e diploma/degree and post-graduate qualifications). Firms with a capital size of > R100 000 and R50 000 – R100 000 have a significant higher level of strategic leadership behaviours, competitive advantage and innovation performance than firms with lower capital size.

Table 6: ANOVA, Turkeys'-D post-hoc tests for the mean differences of ordinal categorical demographic variables on study's theoretical constructs

Variable	N	Strategic Leadership		Competitive Advantage		Innovation Performance	
		Mean ^{HSD}	Anova-F(Sig)	Mean ^{HSD}	Anova-F(Sig)	Mean ^{HSD}	Anova-F(Sig)
Age:							
20 – 30 years	13	4.4286 ^a	3.337(.039*)	4.3706 ^a	3.500(.032*)	4.5769 ^a	4.517(.012*)
31 – 40 years	186	4.1329 ^{ab}		4.0543 ^{ab}		4.1707 ^b	
41 – 50 years	75	4.0114 ^b		3.8958 ^b		3.9967 ^b	
Level of Education:							
Certificate	26	4.5110 ^a	5.031(.007*)	4.3951 ^a	4.705(.010*)	4.5769 ^a	5.987(.003*)
Diploma/Degree	194	4.0714 ^b		3.9845 ^b		4.0992 ^b	
Postgraduate	53	4.0809 ^b		3.9931 ^b		4.0802 ^b	
Firm's Capital Size:							
< R10 000	3	3.1905 ^b	7.971(.000*)	3.1818 ^b	3.809(.011*)	3.4167 ^b	2.254(.082)
R10 000 – R50 000	32	3.7366 ^{ab}		3.8040 ^{ab}		3.9453 ^{ab}	
R50 000 – R100 000	102	4.0672 ^a		4.0053 ^a		4.1593 ^{ab}	
> R100 000	138	4.2598 ^a		4.1113 ^a		4.1902 ^a	

MeanHSD implies mean and a Tukey post hoc test for the ordinal categorical variable on the respective theoretical construct, showing the grouping of the variable where (a) and (b) represents statistically different groups

Anova-F(Sig) implies ANOVA analysis and shows whether there is a statistically significant difference between the group means

Table 7 shows the Pearson product-moment correlations (r) and significance probabilities for relations of the main theoretical constructs of the study. These results suggest that strategic leadership behaviours ($r = 0.760$; $p = <0.0001$) and competitive advantage ($r = 0.785$; $p =$

<0.0001) are all significantly positively related to innovation performance. Also, leadership behaviours and competitive advantage are significantly positively correlated ($r = 0.813$; $p = <0.0001$).

Table 7: Pearson product-moment correlations (r) and significance probabilities (P) for relations of the main theoretical constructs of the study

		Strategic Leadership	Competitive Advantage	Innovation Performance
Strategic Leadership	Pearson Correlation	1	0.813	0.760
	Sig. (2-tailed)		0.000*	0.000*
	N	275	275	275
Competitive Advantage	Pearson Correlation		1	0.785
	Sig. (2-tailed)			0.000*
	N		275	275
Innovation Performance	Pearson Correlation			1
	Sig. (2-tailed)			
	N			275

* Correlation is significant at the 0.01 level (2-tailed).

From the three hypothesised frameworks, the results show that statistically significant positive linear relationships/effects exist between the variables. The enter method was utilized for evaluating these models. The Durbin-Watson test for auto-correlation was used and special plots (Q-Q plots) were used to test the assumption of homoscedasticity and normality of residuals. Results of the simple linear regression models are presented table 6.

To determine whether there exists a statistically significant positive linear relationship/effect of strategic leadership behaviours on competitive advantage, a simple linear regression model was examined. Strategic leadership behaviours was modelled as an explanatory/independent variable and this resulted in a significant model ($F=533.112$;

$p < 0.0001$). The model fit and the summary statistics are presented in Table 8. In this model, strategic leadership behaviours explained a significant amount of the variance in competitive advantage ($F = 533.112$, $p < 0.0001$, $R^2 = 0.661$, $R^2 \text{ Adjusted} = 0.660$). The Durbin-Watson $d = 1.623$ is between the two critical values of $1.5 < d < 2.5$ and therefore we can assume that there is no first order linear auto-correlation in our linear regression data.

Table 8: Simple linear regression model fit and summary for strategic leadership behaviours and competitive advantage

Source	Df	Sum of Squares	Mean Square	F Value	Pr>F
Regression	1	77.865	77.865	533.112	<0.0001*
Residual	273	39.873	0.146		
Total	274	117.738			
<i>Model Summary</i>					
Observations			275		
R (Est. Standard Error)			0.813(0.38217)		
R ² (Adjusted R ²)			0.661(0.660)		
F Change (Sig. F Change)			533.112(<0.0001)		
Durbin-Watson Test - Test for auto-correlation			1.623		

* Significant fit. Note: Independent variables: Constant, Strategic Leadership Behaviours; Dependent variable: Competitive Advantage

Table 9 shows the parameter estimates of the resultant model are all statistically significant ($\beta_0 = 0.800$; $t = 5.645$; $p < 0.0001$ and $\beta_1 = 0.784$; $t = 23.089$; $p < 0.0001$). Since our β_1 coefficient is positive, thus there is sufficient evidence at 5% level of significance to reject the null hypothesis and conclude that strategic leadership behaviours have a statistically significant positive linear relationship/effect on competitive advantage. The resultant model is:

$$\text{Competitive Advantage} = 0.800 + 0.784 * \text{Strategic Leadership Behaviours} + \text{residual } \epsilon$$

Table 9: Parameter estimates for the strategic leadership behaviours and competitive advantage model

Parameter	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std Error	B		
Constant	0.800	0.142		5.645	0.000*
Strategic Leadership Behaviours	0.784	0.034	0.813	23.089	0.000*

* Significant effect. Note: Independent variables: Constant, Strategic Leadership Behaviours; Dependent variable: Competitive Advantage

Strategic leadership behaviours was modelled as an independent variable on innovation performance in order to determine if any statistically significant positive linear relationship/effect exists between the two variables. Table 10 below shows the simple linear regression model summary and overall fit statistics. We find that the adjusted R^2 of our model is 0.576 with the $R^2 = 0.577$; that means that the linear regression explains 57.6% of the variance in the data. The resultant model revealed a highly significant fit ($F=372.969$; $p<0.0001$). The test for autocorrelation shows that there is no first order linear autocorrelation in our data ($d=1.851$).

Table 10: Simple linear regression Model Fit and summary for strategic leadership behaviours and innovation performance

Source	Df	Sum of Squares	Mean Square	F Value	Pr>F
Regression	1	75.114	75.114	372.969	<0.0001*
Residual	273	54.981	0.201		
Total	274	130.094			
<i>Model Summary</i>					
Observations			275		
R (Est. Standard Error)			0.760(0.44877)		
R^2 (Adjusted R^2)			0.577(0.576)		
F Change (Sig. F Change)			372.969(<0.0001)		

Durbin-Watson Test - Test for auto-correlation	1.851		
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* Significant fit. Note: Independent variables: Constant, Strategic Leadership Behaviours; Dependent variable: Innovation Performance

The parameter estimates in Table 11 reveal that strategic leadership behaviours have a statistically significant positive linear relationship/effect on innovation performance ($\beta_1=0.770$; $t=19.312$; $p<0.0001$). Thus, at 5% level of significance we reject the null hypothesis in favour of the alternative and conclude that strategic leadership behaviours have a statistically significant positive linear relationship/effect on innovation performance. The resultant simple regression model is:

$$\text{Innovation Performance} = 0.973 + 0.770 * \text{Strategic Leadership Behaviours} + \text{residual } \epsilon$$

Table 11: Parameter estimates for the strategic leadership behaviours and innovation performance model

Parameter	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std Error	B		
Constant	0.973	0.166		5.849	0.000*
Strategic Leadership Behaviours	0.770	0.040	0.760	19.312	0.000*

* Significant effect. Note: Independent variables: Constant, Strategic Leadership Behaviours; Dependent variable: Innovation Performance

To determine whether there is a statistically significant linear relationship/effect between innovation performance and competitive advantage, a simple linear regression model was examined. The model fit statistics in Table 12 show that the resultant model was highly significant ($F=436.993$; $p<0.0001$). Also in the same table is the model summary statistics which reveals that innovation performance explains 61.4% of the variation in competitive advantage ($R^2=0.615$; Adjusted $R^2=0.614$). We assumed that there is no autocorrelation in our linear regression data since the Durbin-Watson test gave a statistic which is between the two critical values of $1.5 < d < 2.5$ ($d=1.700$).

Table 12: Simple linear regression model fit and summary for innovation performance and competitive advantage

Source	df	Sum of Squares	Mean Square	F Value	Pr>F
Regression	1	72.466	72.466	436.993	<0.0001*
Residual	273	45.272	0.166		
Total	274	117.738			
<i>Model Summary</i>					
Observations			275		
R (Est. Standard Error)			0.785(0.40722)		
R ² (Adjusted R ²)			0.615(0.614)		
F Change (Sig. F Change)			436.993(<0.0001)		
Durbin-Watson Test - Test for auto-correlation			1.700		

* Significant fit. Note: Independent variables: Constant, Innovation Performance; Dependent variable: Competitive Advantage

Parameter estimates (Table 13 below) show that both the constant term and innovation performance have a statistically significant positive effect on competitive advantage. The regression coefficients are $\beta_0 = 0.935$ ($p = <0.0001$) and $\beta_1 = 0.746$ ($p = <0.0001$), respectively. We then reject the null hypothesis in favour of the alternative and conclude that there is a statistically significant positive effect of innovation performance on competitive advantage. Thus, the resultant regression equation is:

$$\text{Competitive Advantage} = 0.935 + 0.746 * \text{Innovation Performance} + \text{residual } \varepsilon$$

Table 13: Parameter estimates for the innovation performance and competitive advantage model

Parameter	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std Error	B		
Constant	0.935	0.150		6.237	0.000*

Innovation Performance	0.746	0.036	0.785	20.904	0.000*
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* Significant effect. Note: Independent variables: constant, Innovation Performance; Dependent variable: Competitive Advantage

7. DISCUSSION

In this research the aim was to investigate the relationship between the determinants that affect small business performance within a South African context, paying attention to three determinants: a) strategic leadership, b) competitive advantage and c) innovative performance. This study supports previous work that has placed leadership as key in how businesses operate (Alhadid 2016). By establishing the relationships between the constructs under study, inference and judgement can be made to the issues that may affect how small businesses perform in a context deemed as complex (Farndale, Scullio & Sparrow 2010). In essence, the study contributes to the literature by showing those factors that can be determinants for success within a small business context in South Africa.

The response of leadership to a dynamic environment through leadership behaviours, as supported by the findings of this study, place critical focus on how firms can perform in attaining a competitive advantage (Aslan *et al.* 2011). The desire in such a context is not just for a leadership response but a strategic nuance that assist the firm to perform (Wendy 2012). It is through strategic leadership that small businesses can be innovative and strive for quests of a competitive advantage (Alhadid 2016). Strategic leaders thus can use the scarcity of resources around them to lead their firms to be competitive and innovative (Goksoy *et al.* 2013).

The study and its results also bear resonance to the South African context and the deliberate agenda in the encouragement of small business development. The study identifies with this cause and hope that this work, by establishing the relationships between strategic leadership, competitive advantage and innovation performance, adds to this ongoing yet important discussion. In essence, the study extends to some already identified critical drivers of small business performance identified in literature (e.g. Aslan *et al.* 2011) by showing the interrelatedness of the determinants under study and their potential value-add. Thus, our findings magnify the value of strategic leadership, innovation performance and competitive

advantage as internal capabilities (Akbari *et al* 2014) that, when used with technology, can yield better performance for the firm (Mohutsiwa 2012).

8. MANAGERIAL IMPLICATIONS OF THE STUDY

It is hoped that this work contributes to the growing empirical work on management practices within African organisations (e.g. Acquah 2012; Uchenna & Mair 2014; Meyer *et al.* 2009, Ozcan & Santos 2014). Specifically, through this work's findings, an argument is made that strategic leaders can engage in behaviours such as forecasting from which information for decision-making can be attained. This subsequently can improve not only how competitive the small business can be but innovation performance as well. Thus, as an implication of this study, the findings can assist strategy scholars in how they position small business success. As a result, the authors believe that this study contributes to the RBV and leadership theories set earlier by illustrating their value within a small business context.

9. LIMITATIONS

As with all research, some limitations exist in this work. Firstly, although meticulous efforts were undertaken to arrive at an acceptable sample size of small businesses, caution should be taken when generalising the findings of this work. Secondly, multiple scales of the constructs under study exist, so the researchers subjectively selected those they felt could assist in trying to establish the aims of this research. Finally, small businesses from various industries were used in this study. In future, the researchers will seek to narrow focus to only those small businesses in one particular industry.

10. RECOMMENDATIONS

A number of recommendations can be made based on the findings of this work. First, comparative studies in other African countries can be conducted as a way of seeking an understanding (and maybe potential variations) that can exist. This can be a useful basis to understand not only issues that affect the management of small businesses but also determinants that influence how these entities perform. Second, a qualitative study can follow up this work through generating subjective narrative accounts in understanding how the identified findings manifest. For instance, this could be in exploring strategic leadership behaviours used as per the situation the entrepreneur faces as a form of sense-making.

Consideration further to this can be given to understanding exactly how small business owners frame the idea of innovation performance and competitive advantage. Third, we would applaud an effort that leads to the generation of an instrument that measures the same constructs that were under study specific to the African context. The thinking here could be that through the development of scales and constructs specific to our locality, this can be a useful launch pad to understand phenomena with little or no bias.

11. FUTURE RESEARCH

Finally, future research could adopt a longitudinal study and explore how changes amongst the identified constructs and even others manifest over time. From all this, interventions that have a bearing on forecasting and social change can be proposed to monitor changes over time. This study contributes to a better understanding of the determinants that affect how small businesses operate with regard to exploring the relationship between strategic leadership behaviours, innovation performance and competitive advantage.

12. CONCLUSION

From the findings of this study, the related nature of strategic leadership behaviours, innovation performance and competitive advantage are argued for within small businesses. As South Africa seeks to encourage new entrepreneurs in the post-democratic dispensation, our findings heighten awareness to those issues that every potential small business owner may need to consider as a basis for success.

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