



International Journal of Scholarly Resources

Transformational Leadership Style and Interpersonal Communication Skills as Correlates of Entrepreneurial Success: A Study of SMEs in Nigeria

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Publication History

Received 20.03.2025

Accepted 25.05.2025

Published online 05.06.2025

Cite as:

Ogungbade, A. O., Achief, G. O., Alhassan, H., & Uyanna, I. A. (2025). Transformational leadership style and interpersonal communication skills as correlates of entrepreneurial success: A study of SMEs in Nigeria. *International Journal of Scholarly Resources*, 18(1), 30–48.

Abstract

This study investigates the relationship between transformational leadership, interpersonal communication skills, and entrepreneurial success among small and medium-sized enterprises (SMEs) in Nigeria. Using a quantitative, cross-sectional design, data were collected from 170 SME owners and managers across Lagos, Abuja, and Port Harcourt. The findings reveal that transformational leadership ($r = 0.62$, $p < 0.01$) and interpersonal communication skills ($r = 0.58$, $p < 0.01$) significantly correlate with entrepreneurial success, influencing key performance areas such as innovation, customer retention, and business growth. Multiple regression analysis confirmed both variables as strong predictors, explaining 48.5% of the variance in entrepreneurial success, with transformational leadership having a slightly stronger influence ($\beta = 0.41$) than communication skills ($\beta = 0.33$). The study underscores the critical role of leadership and communication competencies in enhancing SME performance in Nigeria, recommending targeted training and development for SME leaders to achieve sustainable growth.

Keywords:

Transformational leadership, Interpersonal communication skills, Entrepreneurial success, SMEs, Nigeria, Business growth.

1 Introduction

Small and medium-sized enterprises (SMEs) are widely recognized as pivotal contributors to the economic development of developing countries, including Nigeria. They represent over 80% of the workforce and contribute approximately 48% to the national GDP (National Bureau of Statistics, 2020). These enterprises play a vital role in driving innovation, creating jobs, and reducing poverty. Despite their significant impact on the economy, SMEs in Nigeria face substantial challenges that hinder their growth and long-term survival. Among these challenges, inadequate leadership and poor communication skills are frequently cited as critical barriers to entrepreneurial success (Ajayi, 2021).

Transformational leadership, characterized by the ability to inspire, motivate, and develop employees, has been identified as a particularly effective leadership style for driving organizational performance. This leadership style fosters innovation, promotes employee engagement, and improves business outcomes. However, many SME leaders in Nigeria still employ traditional leadership styles that fail to inspire and align their teams effectively. Moreover, effective interpersonal communication is essential for successful leadership. Communication skills enable leaders to articulate their vision, resolve conflicts, and build relationships with employees and customers, thereby enhancing organizational performance (Gallo, 2014). Yet, a significant gap exists in how these leadership and communication practices are integrated within the SME context in Nigeria.

While numerous studies have highlighted the general challenges faced by Nigerian SMEs, there is limited research on the specific relationship between transformational leadership, interpersonal communication skills, and entrepreneurial success in this context. This research gap calls for a focused investigation to understand how leadership styles and communication practices directly contribute to the success or failure of SMEs in Nigeria.

The primary aim of this study is to examine the impact of transformational leadership and interpersonal communication skills on the success of SMEs in Nigeria. Specifically, it seeks to explore how these two factors influence business growth, innovation, employee satisfaction, and customer relations. The findings of this study are expected to provide valuable insights for SME owners and managers, offering evidence-based recommendations for improving leadership and communication practices that can lead to business success.

The significance of this study lies in its potential to enhance the understanding of effective leadership and communication strategies in the Nigerian SME sector. By addressing the leadership and communication deficiencies within these enterprises, this research can contribute to the development of policies and training programs that support the growth and sustainability of SMEs in Nigeria.

This paper argues that the integration of transformational leadership and effective interpersonal communication skills is crucial for the

entrepreneurial success of SMEs in Nigeria. The study asserts that by adopting these practices, SME leaders can significantly improve their chances of survival and growth, thereby contributing to the overall development of the Nigerian economy.

2. THEORETICAL FRAMEWORK

Introduction to Theoretical Framework

The theoretical foundation of this study draws from multiple interconnected theories that collectively explain the relationship between transformational leadership, interpersonal communication skills, and entrepreneurial success in small and medium-sized enterprises (SMEs). This multi-theoretical approach recognizes that entrepreneurial success is a complex phenomenon that cannot be adequately explained by a single theoretical lens. The framework integrates transformational leadership theory, communication competence theory, and entrepreneurship theory to provide a comprehensive understanding of how leadership behaviors and communication skills influence business outcomes in the Nigerian SME context.

The theoretical framework serves as the conceptual backbone that guides the research hypotheses, methodology, and interpretation of findings. It establishes the logical connections between the study variables and provides a basis for understanding the mechanisms through which transformational leadership and interpersonal communication skills contribute to entrepreneurial success. This framework is particularly relevant for understanding SME dynamics in developing economies like Nigeria,

where resource constraints, infrastructure challenges, and cultural factors create unique leadership and communication requirements.

Transformational Leadership Theory

Foundations and Core Principles

Transformational leadership theory, originally developed by Burns (1978) and later refined by Bass (1985), provides the primary theoretical foundation for understanding how leadership behaviors influence organizational outcomes. According to Bass and Avolio (1994), transformational leadership is characterized by four key dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These dimensions collectively describe leaders who inspire followers to transcend their self-interests for the good of the organization and achieve performance beyond expectations.

Idealized influence refers to leaders who serve as role models and earn the trust and respect of their followers through ethical behavior and personal integrity. Inspirational motivation involves leaders who create compelling visions of the future and communicate these visions in ways that inspire and motivate followers. Intellectual stimulation describes leaders who challenge assumptions, encourage creativity, and stimulate followers to think critically about problems and solutions. Individualized consideration involves leaders who pay attention to individual followers' needs, act as mentors, and provide personalized support and guidance.

Transformational Leadership in SME Context

In the SME context, transformational leadership becomes particularly relevant due to the unique challenges and opportunities that characterize small and medium-sized enterprises. SMEs typically operate with limited resources, flatter organizational structures, and more direct leader-employee relationships compared to large corporations. These characteristics create an environment where transformational leadership behaviors can have a more immediate and visible impact on organizational performance.

The resource constraints common in SMEs make inspirational motivation particularly important, as leaders must often motivate employees to achieve ambitious goals despite limited financial incentives. The flat organizational structure in SMEs provides opportunities for individualized consideration, as leaders can develop closer relationships with employees and provide more personalized support. The need for innovation and adaptability in competitive markets makes intellectual stimulation crucial, as SME leaders must encourage creative problem-solving and continuous learning among their teams.

Transformational Leadership and Performance Outcomes

Research has consistently demonstrated positive relationships between transformational leadership and various organizational outcomes, including employee performance, job satisfaction, organizational commitment, and business performance (Judge & Piccolo, 2004). In the SME

context, these relationships may be even stronger due to the direct impact that leaders can have on organizational culture and employee behavior.

The theoretical mechanism through which transformational leadership influences organizational performance involves the transformation of follower motivation and capabilities. Transformational leaders inspire followers to adopt organizational goals as their own, increase their confidence in their ability to perform tasks, and develop their skills and capabilities. This transformation process leads to higher levels of effort, creativity, and performance among followers, which ultimately contributes to improved organizational outcomes.

Communication Competence Theory

Theoretical Foundations

Communication competence theory, developed by Spitzberg and Cupach (1984), provides the theoretical framework for understanding how interpersonal communication skills influence interpersonal and organizational outcomes. According to this theory, communication competence consists of three key components: knowledge, skills, and motivation. Knowledge refers to understanding of communication principles and awareness of appropriate communication behaviors in different contexts. Skills refer to the ability to perform communication behaviors effectively. Motivation refers to the desire to communicate appropriately and effectively.

The theory posits that effective communication requires all three components working together. Individuals who possess knowledge about communication but lack the skills to implement this knowledge effectively will struggle to achieve their communication goals. Similarly, individuals who have both knowledge and skills but lack motivation to communicate effectively may fail to achieve desired outcomes. The integration of knowledge, skills, and motivation creates communication competence, which leads to more effective interpersonal interactions and better relationship outcomes.

Interpersonal Communication in Leadership Context

In the leadership context, communication competence becomes particularly important because leaders must communicate with diverse stakeholders, including employees, customers, suppliers, and investors. Each stakeholder group has different communication needs and expectations, requiring leaders to adapt their communication approach accordingly. Effective leadership communication involves not only the ability to convey information clearly but also the ability to listen actively, provide feedback, resolve conflicts, and build relationships.

The relationship between communication competence and leadership effectiveness is bidirectional. Effective communication enhances leadership effectiveness by enabling leaders to articulate their vision, motivate employees, and build trust. Conversely, leadership roles provide opportunities for individuals to develop and

demonstrate their communication competence through regular interactions with various stakeholders.

Communication and Organizational Outcomes

Research has demonstrated that effective communication is associated with numerous positive organizational outcomes, including improved team performance, higher employee satisfaction, better customer relationships, and enhanced organizational effectiveness (Clampitt & Downs, 1993). In the SME context, where leaders often have direct contact with employees and customers, communication competence becomes even more critical for achieving business success.

The theoretical mechanism through which communication competence influences organizational outcomes involves the facilitation of information exchange, relationship building, and conflict resolution. Effective communication enables leaders to share information clearly, build trust with stakeholders, and resolve conflicts constructively. These processes contribute to improved coordination, collaboration, and performance within the organization.

Entrepreneurship Theory and SME Success

Entrepreneurship Theory Framework

Entrepreneurship theory provides the conceptual foundation for understanding how entrepreneurial behaviors and capabilities contribute to business success. According to

Schumpeter (1934), entrepreneurship involves the creation of new combinations of resources that generate value and drive economic development. Shane and Venkataraman (2000) define entrepreneurship as the process of discovering, evaluating, and exploiting opportunities to create goods and services.

In the SME context, entrepreneurial success can be understood as the ability to create and sustain value through the effective utilization of resources, adaptation to market conditions, and innovation. This conceptualization recognizes that SME success is not merely about financial performance but also includes factors such as growth, innovation, customer satisfaction, and long-term sustainability.

Determinants of Entrepreneurial Success

Research has identified numerous factors that influence entrepreneurial success, including individual characteristics, organizational capabilities, and environmental factors. Individual characteristics include traits such as risk tolerance, achievement motivation, and leadership skills. Organizational capabilities include resources, processes, and competencies that enable the enterprise to compete effectively. Environmental factors include market conditions, regulatory environment, and cultural context.

The theoretical framework for this study focuses on organizational capabilities, specifically leadership and communication competencies, as determinants of entrepreneurial success. This focus is justified by research demonstrating that

human capital factors, including leadership and communication skills, are critical determinants of SME performance (Unger et al., 2011).

SME Success Dimensions

Entrepreneurial success in SMEs is a multidimensional construct that encompasses various aspects of business performance. Following previous research (Gorgievski et al., 2011), this study conceptualizes entrepreneurial success as comprising four key dimensions: profitability, growth, innovation, and customer satisfaction. Profitability refers to the ability to generate financial returns from business operations. Growth refers to the expansion of business activities, including increases in revenue, market share, and employee numbers. Innovation refers to the development and implementation of new products, services, or processes. Customer satisfaction refers to the ability to meet or exceed customer expectations and build long-term customer relationships.

Integrated Theoretical Model

Conceptual Integration

The theoretical framework for this study integrates transformational leadership theory, communication competence theory, and entrepreneurship theory into a comprehensive model that explains how leadership behaviors and communication skills influence entrepreneurial success in SMEs. The integrated model recognizes that transformational leadership and interpersonal communication

skills are complementary capabilities that work together to enhance organizational performance.

The model proposes that transformational leadership influences entrepreneurial success through multiple pathways. First, transformational leaders inspire and motivate employees, leading to higher levels of effort and performance. Second, they stimulate innovation and creativity, contributing to the development of new products, services, and processes. Third, they build organizational capabilities and culture that support long-term success. These pathways collectively contribute to improved business performance across the dimensions of profitability, growth, innovation, and customer satisfaction.

Communication as a Mediating Factor

The theoretical model also recognizes that interpersonal communication skills may serve as both a direct predictor of entrepreneurial success and a mediating factor in the relationship between transformational leadership and success. Communication competence enables leaders to implement transformational leadership behaviors more effectively by facilitating the articulation of vision, the provision of feedback, and the building of relationships with stakeholders.

The model suggests that the combination of transformational leadership and communication competence creates a synergistic effect that enhances entrepreneurial success beyond what either factor could achieve independently. This

synergistic effect occurs because effective communication amplifies the impact of transformational leadership behaviors, while transformational leadership provides the motivational and inspirational context that makes communication more effective.

Contextual Factors

The theoretical framework acknowledges that the relationships between transformational leadership, communication skills, and entrepreneurial success may be influenced by contextual factors specific to the Nigerian SME environment. These factors include cultural values that emphasize interpersonal relationships, economic conditions that create resource constraints, and institutional factors that shape business operations.

The Nigerian cultural context, which places high value on interpersonal relationships and social harmony, may strengthen the relationship between communication skills and business success. The resource-constrained environment faced by many Nigerian SMEs may increase the importance of transformational leadership in motivating employees and driving innovation. The institutional environment, including regulatory frameworks and support systems, may moderate the relationships between leadership, communication, and business success.

3 Methodology

This study employed a quantitative, descriptive, and correlational research design to investigate the relationship between transformational leadership,

interpersonal communication skills, and entrepreneurial success among SMEs in Nigeria. Using stratified random sampling, 200 SME owners and managers from Lagos, Abuja, and Port Harcourt were surveyed, yielding 170 valid responses (85% response rate). Data were collected via a structured, self-administered questionnaire that included validated scales such as Bass and Avolio's Multifactor Leadership Questionnaire (MLQ) for transformational leadership, Gilley et al.'s communication effectiveness scale, and performance indicators for entrepreneurial success. The instrument was pre-tested for reliability and validity with 30 SME participants. Data analysis was conducted using SPSS version 25, involving descriptive statistics, Pearson correlation, and multiple regression analysis to assess relationships and predictive power among the variables. Ethical approval was obtained, and informed consent was secured, with all responses kept confidential.

4 Results

This section presents the findings of the study examining the relationship between transformational leadership, interpersonal communication skills, and entrepreneurial success among small and medium-sized enterprises (SMEs) in Nigeria. The results are organized into five subsections: demographic characteristics, descriptive statistics, correlation analysis, regression analysis, and key findings summary.

Demographic Characteristics of the Sample

A total of 170 SME owners and managers participated in this study, representing an 85% response rate from the 200 surveys distributed. The

demographic profile of the respondents reveals the following characteristics:

Gender Distribution

The sample comprised 102 male participants (60%) and 68 female participants (40%), indicating a relatively balanced gender representation with a slight male majority among SME leaders in the study.

Age Distribution

The age distribution shows that the majority of respondents (52%, $n=88$) were between 30-45 years old, representing the most active entrepreneurial age group. Participants aged 46-60 years constituted 30% ($n=51$) of the sample, while younger entrepreneurs (29 years or younger) represented 18% ($n=31$) of the respondents.

Industry Sector Distribution

The sample encompassed diverse industry sectors:

- **Retail sector:** 35% ($n=60$) - the largest representation
- **Manufacturing:** 25% ($n=42$)
- **Services:** 20% ($n=34$)
- **Other sectors** (construction, agriculture, etc.): 20% ($n=34$)

Business Size Distribution

Based on employee count, the distribution was:

- **Small enterprises** (fewer than 50 employees): 60% ($n=102$)
- **Medium enterprises** (51-100 employees): 25% ($n=42$)

- **Larger medium enterprises** (more than 100 employees): 15% (n=26)

Descriptive Statistics

Transformational Leadership and Communication Skills

Respondents evaluated their leadership and communication practices using a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The descriptive statistics reveal:

Variable	Mean	Standard Deviation	Interpretation
Transformational Leadership	3.87	0.68	Above average performance
Interpersonal Communication Skills	4.12	0.73	Good performance level

Key Observations:

- SME leaders rated their interpersonal communication skills higher (M = 4.12) than their transformational leadership practices (M = 3.87)
- The standard deviations indicate moderate variability in both measures
- Both variables scored above the midpoint (3.0), suggesting generally positive self-assessments

Entrepreneurial Success Dimensions

Entrepreneurial success was measured across four critical dimensions, with the following results:

Success Dimension	Mean	Standard Deviation	Performance Level
Customer Retention	4.10	0.74	Highest performing area
Business Growth	3.85	0.70	Good performance
Profitability	3.75	0.82	Moderate performance
Innovation	3.60	0.80	Areas for improvement

Key Findings:

- Customer retention emerged as the strongest success indicator, reflecting the importance of relationship management in Nigerian SMEs
- Innovation scored lowest among success dimensions, suggesting potential areas for development
- The relatively high standard deviations indicate varied performance levels across different SMEs

Correlation Analysis

Pearson's correlation analysis was conducted to examine the relationships between the study variables. The analysis revealed significant positive correlations across all variable pairs:

Primary Relationships

Note: ** indicates significance at the 0.01 level (2-tailed)

Detailed Correlation Matrix

The comprehensive correlation matrix shows:

	1	2	3
1. Transformational Leadership	1.00		
2. Interpersonal Communication Skills	0.54**	1.00	
3. Entrepreneurial Success	0.62**	0.58**	1.00

Interpretation:

- The strongest relationship exists between transformational leadership and entrepreneurial success ($r = 0.62$)
- All correlations are statistically significant at the $p < 0.01$ level
- The positive correlations support the study's hypotheses about the beneficial relationships between these variables

Multiple Regression Analysis

To assess the predictive power of transformational leadership and interpersonal communication skills on entrepreneurial success, a multiple regression analysis was conducted.

Model Summary

- $R^2 = 0.485$ (48.5% of variance in entrepreneurial success explained)
- Adjusted $R^2 = 0.479$

Variable Relationship	Correlation Coefficient (r)	Significance Level	Strength
Transformational Leadership ↔ Entrepreneurial Success	0.62**	$p < 0.01$	Strong positive
Interpersonal Communication Skills ↔ Entrepreneurial Success	0.58**	$p < 0.01$	Moderate to strong positive
Transformational Leadership ↔ Interpersonal Communication Skills	0.54**	$p < 0.01$	Moderate positive

- F-statistic = 78.94, $p < 0.001$ (model is statistically significant)

Regression Coefficients

Predictor Variable	Beta Coefficient (β)	Standard Error	t-value	Significance (p)	95% CI
Transformational Leadership	0.41**	0.087	4.71	$p < 0.001$	[0.24, 0.58]
Interpersonal	0.33**	0.085	3.88	$p < 0.001$	[0.16, 0.50]

Predictor Variable	Beta Coefficient (β)	Standard Error	t-value	Significance (p)	95% CI
Communication Skills					0.50]
Constant	0.95	0.34	2.79	$p < 0.01$	[0.28, 1.62]

Key Findings:

- Both predictors are statistically significant ($p < 0.001$)
- Transformational leadership is a stronger predictor ($\beta = 0.41$) than interpersonal communication skills ($\beta = 0.33$)
- The model explains nearly half of the variance in entrepreneurial success

Regression Equation

$$\text{Entrepreneurial Success} = 0.95 + 0.41(\text{Transformational Leadership}) + 0.33(\text{Interpersonal Communication Skills})$$

Additional Analyses

Industry Sector Analysis

One-way ANOVA revealed significant differences in entrepreneurial success across industry sectors:

- Manufacturing SMEs** showed highest success scores ($M = 4.02$)
- Retail SMEs** demonstrated moderate success ($M = 3.78$)

- Service SMEs** recorded similar levels ($M = 3.75$)

Business Size Impact

Analysis by business size indicated:

- Medium enterprises** (51-100 employees) showed highest transformational leadership scores ($M = 4.15$)
- Small enterprises** demonstrated strong communication skills ($M = 4.08$)
- No significant differences in overall entrepreneurial success by business size ($p > 0.05$)

DISCUSSION

The findings from this study provide valuable insights into the relationship between transformational leadership, interpersonal communication skills, and entrepreneurial success among small and medium-sized enterprises (SMEs) in Nigeria. By examining these factors, this study contributes to understanding how leadership practices and communication can directly influence the success of businesses, particularly in the context of developing economies like Nigeria. The results demonstrate that both transformational leadership and interpersonal communication skills serve as critical determinants of entrepreneurial success, with implications that extend beyond individual business performance to broader economic development.

Transformational Leadership and Entrepreneurial Success

The study found a significant positive correlation between transformational leadership and entrepreneurial success, with a correlation coefficient of 0.62 ($p < 0.01$). This result suggests that SMEs led by transformational leaders tend to report higher levels of profitability, growth, and innovation. Transformational leadership, which emphasizes vision, motivation, and individualized consideration, has been shown to create an environment where employees feel valued and inspired to contribute to the success of the business (Bass & Avolio, 1994). This is particularly important in the context of Nigerian SMEs, where employee engagement and innovation are critical to overcoming the challenges of limited resources and infrastructure.

The findings align with previous research that has highlighted the importance of leadership in driving organizational performance. Studies by Chen (2019) and Gilley et al. (2015) have similarly found that transformational leadership positively impacts business outcomes by fostering a culture of creativity, collaboration, and high performance. In Nigerian SMEs, where financial constraints and limited managerial expertise are common, transformational leadership can play a pivotal role in motivating employees and steering the business toward sustainable success. The strong correlation observed in this study reinforces the notion that leaders who can inspire and transform their organizations are more likely to achieve superior business outcomes.

Furthermore, the regression analysis revealed that transformational leadership was the strongest predictor of entrepreneurial success ($\beta = 0.41$, $p <$

0.01), accounting for a substantial portion of the variance in business performance. This finding underscores the practical significance of transformational leadership in the Nigerian SME context, where leaders must often navigate complex challenges with limited resources. The ability to inspire and motivate employees through a clear vision and individual consideration becomes a competitive advantage that can differentiate successful SMEs from those that struggle to achieve sustainable growth.

Interpersonal Communication Skills and Entrepreneurial Success

The study also found a significant positive correlation between interpersonal communication skills and entrepreneurial success ($r = 0.58$, $p < 0.01$). Strong communication skills enable SME leaders to convey their vision clearly, resolve conflicts, and build strong relationships with employees, customers, and suppliers. In Nigeria, where interpersonal relationships often influence business transactions, effective communication can be a key differentiator for SMEs seeking to establish themselves in a competitive market (Ibrahim, 2020). The cultural context of Nigerian business, which places high value on personal relationships and trust, makes communication skills particularly crucial for entrepreneurial success.

The high rating for communication skills (mean = 4.12) in this study indicates that SME leaders recognize the importance of effective communication in their businesses. This result is consistent with findings from Gallo (2014), who argued that leaders with strong communication skills

are better equipped to navigate challenges, improve team collaboration, and enhance customer satisfaction. Moreover, the study's regression analysis revealed that communication skills were a significant predictor of business success ($\beta = 0.33$, $p < 0.01$), suggesting that investing in communication training for SME leaders can directly contribute to better business outcomes.

The significance of interpersonal communication skills extends beyond internal organizational dynamics to encompass customer relationships and stakeholder management. In the Nigerian business environment, where customer retention emerged as the highest-performing success dimension ($M = 4.10$), the ability to communicate effectively with customers becomes a critical success factor. SME leaders who can articulate their value proposition, address customer concerns, and maintain ongoing relationships are more likely to achieve sustainable business growth and profitability.

Integration of Transformational Leadership and Communication Skills

One of the key findings of this study is the moderate positive correlation ($r = 0.54$, $p < 0.01$) between transformational leadership and interpersonal communication skills. This suggests that leaders who adopt transformational leadership behaviors are more likely to possess strong communication skills. The integration of these two factors can create a dynamic leadership style that not only inspires employees but also facilitates open, transparent communication within the organization. This synergistic relationship indicates that these

competencies reinforce each other, creating a multiplier effect on organizational performance.

The combination of transformational leadership and effective communication can significantly enhance organizational performance, as it helps build trust, encourage collaboration, and foster a positive work environment. Leaders who communicate clearly and motivate their teams through a shared vision are more likely to create a culture of engagement and innovation, which is critical for SME success (Bass & Avolio, 1994). This integrated approach becomes particularly valuable in the Nigerian SME context, where leaders must often wear multiple hats and engage with diverse stakeholders across different cultural and professional backgrounds.

The finding that these two competencies work together suggests that development programs for SME leaders should not treat leadership and communication as separate skills but rather as interconnected capabilities that reinforce each other. This holistic approach to leadership development can maximize the impact of training investments and create more effective leaders who can drive sustainable business growth.

Practical Implications for Nigerian SMEs

The results of this study have several practical implications for SME owners and managers in Nigeria. First, it is crucial for SME leaders to embrace transformational leadership styles that inspire and motivate employees while fostering an environment conducive to innovation and growth. Given the challenges faced by SMEs in Nigeria, including financial constraints and infrastructure issues, transformational leadership can help

businesses navigate these obstacles by creating a motivated and committed workforce. The strong predictive power of transformational leadership ($\beta = 0.41$) suggests that investing in leadership development can yield significant returns in terms of business performance.

Second, the study emphasizes the importance of interpersonal communication skills in fostering business success. SME leaders should invest in developing their communication skills, as effective communication is essential for building strong relationships with employees, customers, and suppliers. Training in communication strategies, conflict resolution, and customer service can enhance business performance and customer satisfaction, contributing to long-term success. The significant correlation between communication skills and customer retention (the highest-performing success dimension) reinforces the practical value of communication competency development.

Third, the integration of transformational leadership and communication skills suggests that SME leaders should adopt a holistic approach to their professional development. Rather than focusing on individual competencies in isolation, leaders should work to develop both transformational leadership capabilities and communication skills simultaneously. This integrated approach can create a synergistic effect that amplifies the impact of both competencies on business success.

Finally, the findings suggest that organizations supporting SME development in Nigeria, including government agencies, development partners, and business associations, should prioritize leadership

and communication training in their capacity-building programs. The strong empirical evidence for the relationship between these competencies and business success provides a clear rationale for investing in these areas as part of broader SME development initiatives.

Theoretical Implications

The findings of this study contribute to the broader theoretical understanding of leadership and entrepreneurship in developing economy contexts. The strong correlations observed between transformational leadership, communication skills, and entrepreneurial success provide empirical support for theories that emphasize the importance of human capital in driving business performance. The study extends existing leadership theory by demonstrating how transformational leadership principles apply specifically to the SME context in Nigeria, where resource constraints and environmental challenges require adaptive leadership approaches.

The moderate correlation between transformational leadership and interpersonal communication skills also contributes to theoretical discussions about the complementary nature of different leadership competencies. This finding suggests that effective leadership in the SME context requires a combination of inspirational and communicative capabilities, supporting theories that advocate for multi-dimensional approaches to leadership development.

Limitations and Future Research

While this study provides valuable insights, it is not without limitations. The cross-sectional nature of the research means that causal relationships between transformational leadership, communication skills, and entrepreneurial success cannot be definitively established. Future research could adopt a longitudinal design to examine how changes in leadership practices and communication skills over time influence business success. Such studies would provide stronger evidence for causal relationships and help identify the mechanisms through which these competencies influence business outcomes.

Additionally, the study focused on SMEs in three major Nigerian cities (Lagos, Abuja, and Port Harcourt), which may limit the generalizability of the findings to SMEs in rural areas or other regions. Future studies could expand the sample to include SMEs from different geographical locations in Nigeria to provide a more comprehensive understanding of the factors influencing entrepreneurial success across the country. This geographic expansion would help identify whether the relationships observed in this study hold across different cultural and economic contexts within Nigeria.

The study's reliance on self-reported measures for leadership and communication skills may also introduce bias, as participants may overestimate their capabilities. Future research could incorporate objective measures of leadership effectiveness and communication competency, such as 360-degree feedback assessments or behavioral observations, to provide more robust evidence for the relationships examined in this study.

Finally, while this study focused on the direct relationships between transformational leadership, communication skills, and entrepreneurial success, future research could explore potential mediating and moderating variables that influence these relationships. For example, organizational culture, employee engagement, or external environmental factors may mediate the relationship between leadership competencies and business success, providing additional insights for theory and practice.

5. CONCLUSION

This study has explored the relationship between transformational leadership, interpersonal communication skills, and entrepreneurial success among small and medium-sized enterprises (SMEs) in Nigeria. The results highlight the significant impact that transformational leadership and effective communication have on the success of SMEs. Transformational leadership, with its focus on vision, motivation, and employee development, emerged as a key predictor of business growth, profitability, and innovation. Similarly, strong interpersonal communication skills were found to be critical in enhancing organizational collaboration, customer satisfaction, and business performance.

The quantitative analysis revealed strong positive correlations between both transformational leadership ($r = 0.62$, $p < 0.01$) and interpersonal communication skills ($r = 0.58$, $p < 0.01$) with entrepreneurial success. These findings provide compelling evidence that SME leaders who combine inspirational leadership with effective communication are more likely to achieve sustainable business success. The regression analysis

further demonstrated that these two competencies together explain 48.5% of the variance in entrepreneurial success, indicating substantial practical significance for SME development in Nigeria.

The study's findings have important implications for multiple stakeholders in the Nigerian business ecosystem. For SME owners and managers, the results underscore the importance of investing in leadership and communication development as a pathway to business success. The strong empirical evidence suggests that such investments can yield significant returns in terms of improved business performance, customer retention, and organizational innovation. For policymakers and development organizations, the findings provide a clear rationale for prioritizing leadership and communication training in SME support programs.

The integration of transformational leadership and interpersonal communication skills emerges as a particularly important finding, suggesting that these competencies work synergistically to enhance business outcomes. This integrated approach to leadership development offers a promising framework for SME capacity-building initiatives, recognizing that effective leadership in the challenging SME environment requires both inspirational and communicative capabilities.

The study also contributes to the broader understanding of entrepreneurship in developing economy contexts, demonstrating how leadership

and communication competencies can serve as critical success factors in environments characterized by resource constraints and infrastructure challenges. The findings suggest that while SMEs in Nigeria face significant external challenges, the development of internal leadership and communication capabilities can provide a competitive advantage that drives business success.

Looking forward, the study's limitations point to several opportunities for future research. Longitudinal studies could provide stronger evidence for causal relationships, while geographic expansion could enhance the generalizability of findings across different regions of Nigeria. Additionally, research incorporating objective measures of leadership and communication effectiveness could provide more robust validation of the relationships observed in this study.

In conclusion, this study provides strong empirical evidence for the critical role of transformational leadership and interpersonal communication skills in driving entrepreneurial success among Nigerian SMEs. The findings offer valuable insights for practitioners, policymakers, and researchers interested in understanding and supporting SME development in Nigeria and similar developing economy contexts. By investing in the development of these critical competencies, SME leaders can enhance their chances of achieving sustainable business success and contributing to broader economic development in Nigeria.

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