

2020

Relationship Between Transformational Leadership Style and Financial Sustainability

Tameika R. Campbell
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Walden University

College of Management and Technology

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Tameika R. Campbell

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Walden University
2020

Abstract

Relationship Between Transformational Leadership Style and Financial Sustainability

by

Tameika R. Campbell

MBA, Texas Southern University, 2010

BBA, Texas Southern University, 1999

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

December 2020

Abstract

Only 50% of the U.S. small businesses opened in 2011 were able to maintain financial sustainability. Small business owners struggle with identifying the type of leadership style needed to increase financial sustainability. Grounded in the transformational leadership theory, the purpose of this correlational study was to examine the relationship between idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. The participants consisted of 76 small business owners located in Arkansas, California, Louisiana, Maryland, Texas, and Virginia. The business owners completed a survey containing the Multifactor Leadership Questionnaire and the Financial Capability Scale. The data were analyzed using multiple linear regression. The multiple regression analysis results indicated the model as a whole was not able to predict financial sustainability, $F(4,71) = 1.618, p = .179, R^2 = .084$. Idealized influence provided the most contribution to the model ($\beta = .325$). A key recommendation is for small business owners to articulate a vision for the future, communicate with high expectations, and promote change to influence followers to achieve financial sustainability. The implications for positive social change include the potential to provide small business owners with a leadership style that sustains operations, thus creating job stability for community members.

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Dedication

I dedicate this doctoral study to Jesus Christ for sustaining me during the process. I also dedicate this study to my parents, Fletcher Johnson and Doris Campbell. Thank you, Dad, for reminding me never to stop until I accomplish my goals. Thank you, Mom, for your constant encouragement and support.

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Table of Contents

| | |
|---|----|
| List of Tables | v |
| List of Figures | vi |
| Section 1: Foundation of the Study..... | 1 |
| Background of the Problem | 1 |
| Problem Statement | 2 |
| Purpose Statement..... | 3 |
| Nature of the Study | 3 |
| Research Question | 5 |
| Hypotheses | 5 |
| Theoretical Framework..... | 5 |
| Operational Definitions..... | 6 |
| Assumptions, Limitations, and Delimitations..... | 7 |
| Assumptions..... | 7 |
| Limitations | 7 |
| Delimitations..... | 7 |
| Significance of the Study | 8 |
| Contribution to Business Practice..... | 8 |
| Implications for Social Change..... | 8 |
| A Review of the Professional and Academic Literature..... | 9 |
| Transformational Leadership Theory | 11 |
| The Rival Theories of Transformational Leadership..... | 22 |

| | |
|--|----|
| Independent Variables | 26 |
| Dependent Variable: Financial Sustainability | 32 |
| Methodology | 36 |
| Transition | 37 |
| Section 2: The Project..... | 38 |
| Purpose Statement..... | 38 |
| Role of the Researcher | 39 |
| Participants..... | 40 |
| Research Method and Design | 42 |
| Research Method | 42 |
| Research Design..... | 44 |
| Population and Sampling | 45 |
| Ethical Research..... | 48 |
| Data Collection Instruments | 50 |
| Multifactor Leadership Questionnaire (MLQ)..... | 50 |
| Financial Capability Scale (FCS)..... | 54 |
| Data Collection Technique | 55 |
| Data Analysis | 57 |
| Research Question | 58 |
| Hypotheses | 58 |
| Multiple Linear Regression..... | 58 |
| Statistical Package for Social Sciences (SPSS) | 60 |

| | |
|---|-----|
| Study Validity | 62 |
| Internal Validity | 62 |
| External Validity | 63 |
| Transition and Summary | 64 |
| Section 3: Application to Professional Practice and Implications for Change | 65 |
| Introduction | 65 |
| Presentation of the Findings | 65 |
| Tests of Assumptions | 66 |
| Descriptive Statistics | 69 |
| Inferential Results | 69 |
| Applications to Professional Practice | 73 |
| Implications for Social Change | 74 |
| Recommendations for Action | 74 |
| Recommendations for Further Research | 75 |
| Reflections | 76 |
| Conclusion | 76 |
| References | 77 |
| Appendix A: Permission Letter to Recruit Participants | 99 |
| Appendix B: G*Power Calculation | 100 |
| Appendix C: Human Subjects Protection Certificate | 101 |
| Appendix D: Permission to Administer the MLQ | 102 |
| Appendix E: Multifactor Leadership Questionnaire Leader Form | 103 |

Appendix F: Financial Capability Scale105

List of Tables

| | |
|---|----|
| Table 1. Correlation Coefficients among the Study Variables | 66 |
| Table 2. Collinearity Statistics | 67 |
| Table 3. Means and Standard Deviations for Quantitative Study Variables | 69 |
| Table 4. Regression Analysis Summary for Predictor Variables | 70 |

List of Figures

Figure 1. Normal probability plot of the standardized residuals.68

Figure 2. Scatterplot of the standard residuals.....68

Section 1: Foundation of the Study

Small business owners strive to succeed each year. According to the U.S. Bureau of Labor Statistics (2016), there has been a decline in jobs created in the United States due to small business closure. Often, the cause of failure is an internal factor, such as the business owner's leadership skills (Albuquerque, Filho, Nagano, & Philippsen, 2016). Many small business owners do not know how to make critical financial decisions, leading to the company's death (Albuquerque et al., 2016).

Background of the Problem

In the United States, 582,569 new small businesses opened in 2011. However, by 2017, only 50% of those businesses were still operating (U.S. Bureau of Labor Statistics, 2018). Small businesses are essential to the U.S. economy because they create most jobs in the nation's labor market (U.S. Bureau of Labor Statistics, 2016). However, many small businesses continue to fail. Even though the United States depends on small businesses to fuel the economy, many small businesses do not remain open for longer than 5 years (Despin, 2017; Turner & Endres, 2017). Small companies face financial and leadership challenges, which cause them to fail (Isle, Freudenberg, & Sarker, 2018; Putra & Cho, 2019). Small business owners are usually the leaders of their businesses and contribute significantly to business failure since they cannot maintain financial sustainability (Mevo, 2019; Putra & Cho, 2019). Therefore, small business owners need to learn how to evaluate the companies' financial performance for successful long-term

financial sustainability (Arunachalam, Chen, & Davey, 2017; Islam, 2016). Small business owners also need to look at the leadership within the business.

Small business owners should consider the type of leadership needed to achieve financial sustainability. According to Brandt, Laitinen, and Laitinen (2016), the role of leadership impacts the business's success or failure. Transformational leadership is one type of leadership that has influenced positive financial performance in organizations (Bass & Riggio, 2006; Ocak & Ozturk, 2018). As a result, this study includes an investigation on how small business owners should connect the four transformational leadership components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration with financial sustainability for a successful business.

Problem Statement

Many small business owners face financial and leadership struggles, increasing business failure probability (Isle et al., 2018; Putra & Cho, 2019). Only 50% of the U.S. small businesses that opened in 2011 were able to maintain financial sustainability and remain successful after 5 years (U.S. Bureau of Labor Statistics, 2018). The general business problem was that small business owners do not know the type of leadership needed to increase financial sustainability. The specific business problem was that some small business owners do not know the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability.

Purpose Statement

The purpose of this quantitative correlational study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. The independent variables were (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, and (d) individualized consideration. The dependent variable was financial sustainability. The population consisted of 76 U.S. small business owners in Arkansas, California, Louisiana, Maryland, Texas, and Virginia. The small business owners rated their leadership style using the Multifactor Leadership Questionnaire (MLQ). Participants assessed financial sustainability using a 6-item Financial Capability Scale developed by Collins and O'Rourke (2013). The implications for positive social change include the potential to provide small business owners with a leadership style that sustains operations, thus creating job stability for the community.

Nature of the Study

Researchers often use quantitative, qualitative, or mixed methods for their studies. The chosen methodology for this study is quantitative. Using a quantitative method enables a researcher to examine the relationship between variables by analyzing and measuring numerical data while incorporating controls to ensure the data's validity (McCusker & Gunaydin, 2015; Saunders, Lewis, & Thornhill, 2016). In contrast, the qualitative method involves detailing strategies for a phenomenon and codes the data into themes (Assarroudi, Nabavi, Armat, Ebadi, & Vaismoradi, 2018). Thus, the quantitative

method was appropriate to examine the relationship between the variables included in this study. A mixed-methods study integrates quantitative and qualitative procedures (Turner, Cardinal, & Burton, 2017). The qualitative method is appropriate when the researcher intends to understand how the study participants interpret their experiences (Merriam & Tisdell, 2016). The mixed-methods approach is necessary when quantitative and qualitative methods need to be used to address the research problem (Plano Clark & Ivankova, 2016). I was interested in testing the hypotheses of variables and not exploring or detailing an experienced phenomenon. Therefore, mixed and qualitative methods were not appropriate for this study.

Researchers also use correlational, experimental, and quasi-experimental designs in business studies. I chose the correlational design for the study. A correlational researcher examines the relationship between numerical variables and the extent to which those variables relate to each other (Coogan, 2015; Saunders et al., 2016). A correlational design was appropriate for this study because the study's critical objective was to predict the relationship between the set of predictor variables of the transformational leadership components and the dependent variable of financial sustainability. Experimental design involves a real cause-and-effect relationship (Coogan, 2015). An experimental design was not appropriate because my intention was not to manipulate the data to determine the variables' cause and effect. A quasi-experimental design was not suitable because researchers use the intervention studies model (Handley, Lyles, McCulloch, & Cattamanchi, 2018). This study's principal objective was to examine the relationship

between the transformational leadership style components and financial sustainability; therefore, a correlational design was appropriate for this study.

Research Question

RQ: What was the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability?

Hypotheses

H_0 : There was no statistically significant predictive relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability.

H_1 : There was a statistically significant predictive relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability.

Theoretical Framework

The theoretical framework identified for the study was transformational leadership. Downton (1973) first coined the term *transformational leadership*. Bass (1985) provided an expanded and refined version of transformational leadership. Bass argued that transformational leadership motivates followers to do more than expected. Later, Bass and Riggio (2006) argued that a transformational leader behaves in a manner

that leads to remarkable results in an organization by using transformational leadership components. The fundamental constructs underlying the transformational leadership theory include (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, and (d) individualized consideration (Bass & Riggio, 2006). The transformational leadership theory holds the independent variables measured by the MLQ: to predict financial sustainability when small business owners possess a transformational leader's attributes.

Operational Definitions

Financial sustainability: An organization can earn enough revenue to pay all of its obligations on time and have reserves to maintain operating (Henock, 2019; Kakati & Roy, 2019; Pikus, Prykaziuk, & Balytska, 2018).

Return on assets (ROA): Earnings generated by a company based on its assets (Tran, 2017).

Return on equity (ROE): Earnings generated by a company based on its net worth (Tran, 2017).

Small and medium-sized enterprises (SMEs): Businesses located outside of the United States (Itemeh, 2015); in this study, the SMEs have less than 500 employees.

Small business: A for-profit, independently owned operated business; in this study, the small companies had less than 100 employees (Anastasia, 2015; Small Business Administration, 2018).

Sustainability: A business can survive long term (Golicic, Flint, & Signori, 2017).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are items that the researcher believes is true without proof (Ellis & Levy, 2009). The first assumption of the study was that all of the participants would honestly answer the questionnaire. The second assumption was that small business owners would participate in the survey, which would allow me to meet my projected sample size.

Limitations

Limitations refer to the potential threat to the study's validity (Ellis & Levy, 2009). These limitations include the study's weaknesses beyond the researcher's control (McGregor, 2018). One limitation of the study was that the participants might not answer the MLQ accurately. The second limitation was that the study contained a correlational research design and did not prove a cause and effect outcome (Schumacker, 2015).

Delimitations

Delimitations refer to the study's scope and the factors that the researcher did not include in the study (Ellis & Levy, 2009; Newman, Hitchcock, & Newman, 2015). The delimitations of the study were the participants. The majority of the study participants were small business owners that were a part of the same tax preparation franchise. Therefore, the second delimitation was that I heavily represented the service industry in this study.

Significance of the Study

Contribution to Business Practice

The study's findings may contribute to positive business practice by identifying the leadership qualities required for small business owners to maintain financial sustainability. Research has demonstrated a positive relationship between transformational leadership skills in small business owners and financial business sustainability (Birasnav, 2015). Small business owners often have to close their businesses due to an ineffective leadership style. The study could be significant to business practice as it may equip business owners with a transformational leadership style that may increase the business's financial sustainability. The study's findings may also positively impact small businesses by providing small business owners with tools to sustain their business.

Implications for Social Change

The findings of the study could promote positive social change as small business sustainability influences the local community. When a business is financially sustainable, the company can remain operating. According to Summers (2015), seasoned small businesses produce wealth for the overall population. Thus, a small business's continued existence provides job opportunities to community members (Park & Campbell, 2018; Razalan, Bickle, Park, & Brosdahl, 2017). When small business owners develop leadership skills, they can increase the financial sustainability of their business. Financial

sustainability could promote positive social change as small businesses become a critical source of employment and job stability for the community (Warren & Szostek, 2017).

A Review of the Professional and Academic Literature

A literature review allows a researcher to obtain knowledge on a subject, discover findings on that topic, and add value to the issue (Wee & Banister, 2016). My purpose for conducting the literature review was to critically analyze and synthesize literature to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. In the literature, researchers often replaced the word *financial sustainability* with the terms of *financial health*, *financial performance*, or *financial stability* in the area of small business relating to the dimensions of transformational leadership (Ashmarina, Zotova, & Smolina, 2016; Imhanzenobe, 2020; Simon et al., 2015). Thus, I expanded the scope of the review to financial performance.

The literature review consisted of peer-reviewed qualitative and quantitative studies, articles, and books that included the transformational leadership theory framework and financial sustainability. There were 152 citations, I added 66 citations in the literature review, and 94% of the sources were peer-reviewed. The literature review also included research from Walden University's Library business and management databases: ABI/INFORM Collection, Emerald Insight, ProQuest Central, Sage Journals, ScienceDirect, and Business Source Complete. The database searches included the following keywords and terms: *financial capability*, *financial sustainability*, *idealized*

influence, individualized consideration, inspirational motivation, intellectual stimulation, laissez-faire leadership, leadership in small business, transformational leadership, small business sustainability, small business failure, small business financial performance, and transactional leadership.

In the following text, I present the findings from the literature review. The first section includes the background of transformational leadership theory, emphasizing small business performance, leadership behaviors, innovation, and sustainability. The second section consists of a discussion on the rival theories of transformational leadership. The third section includes a discussion about the independent variables. The fourth section focuses on the dependent variable. The fifth section contains the instruments used to measure the independent and dependent variables of the study. The sixth and final section of the literature review discusses the methodologies that researchers have used to address the dependent variable. Completing the literature review allowed me to explore the framework of transformational leadership in small business and financial sustainability. The literature review includes the following topics: (a) transformational leadership, (b) financial and firm performance, (c) innovation, (d) sustainability, (e) laissez-faire and transactional leadership, (f) leadership behaviors, (g) idealized influence, (h) inspirational motivation, (i) intellectual stimulation, (j) individualized consideration, (k) financial management, (l) financial sustainability, (m) MLQ, and (n) Financial Capability Scale. The theoretical framework identified for the study was transformational leadership.

Transformational Leadership Theory

Several researchers have developed and expanded the transformational leadership theory. The phrase *transformational leadership* first originated from Downton (1973). A few years later, transformational leadership emerged as an essential leadership approach by Burns (1978). Bass (1985) provided an expanded and refined version of transformational leadership that involved the leader and the follower.

Bass's transformational leadership theory focused on a strong relationship between the leader and followers (Barbinta & Mursean, 2017). A transformational leader inspires trust, loyalty, and aspiration in followers (Vargas, 2015). Bass (1985) argued that transformational leadership motivates followers to do more than their leader expects. With transformational leadership, both the leader and follower form a trusted commitment that results in a positive outcome (Louw, Muriithi, & Radloff, 2017). Transformational leadership involves a high level of influence that allows followers to achieve long-term goals (Northouse, 2016).

Bass and Riggio (2006) developed a new edition of transformational leadership that focused on the effects of transformational leadership. Bass and Riggio argued that a transformational leader behaves in a manner that leads to remarkable results in an organization by using transformational leadership components. The fundamental constructs underlying the transformational leadership theory include (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, and (d) individualized consideration (Bass & Riggio, 2006). As a result, the transformational leadership theory

holds the independent variables (transformational leadership constructs) measured by the MLQ; to predict financial sustainability when small business owners possess a transformational leader's attributes.

Components of transformational leadership theory. Transformational leadership's four attributes include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. First, idealized influence consists of two aspects: attributes and behaviors (Bass & Riggio, 2006). Idealized influence reflects a leader's ability to exercise considerable power and influence followers (Franco & Matos, 2015). Second, inspirational motivation involves leaders that communicate high expectations to their followers (Northouse, 2016). Third, intellectual stimulation includes leadership that stimulates creativity and innovation in followers (Mesu, Sanders, & Riemsdijk, 2015; Northouse, 2016). Fourth, individualized consideration includes leaders who listen to their followers' individual needs (Mesu et al., 2015; Northouse, 2016). The concepts of transformational leadership describe the attributes of a leader that possesses transformational leadership. Therefore, the dimensions of transformational leadership affect the outcome of an organization.

The effects of transformational leadership in organizations. Despin (2017) reported results consistent with findings in McKinnon-Russell (2015) and Flanigan, Bishop, Brachle, and Winn's (2017) study about the effects of transformational leadership. The researchers revealed that the existence of a transformational leader has a positive impact on the business. According to Flanigan et al., firms can look inward for a

competitive strategy by accessing the type of leadership present in an organization. Moreover, findings from Flanigan et al. showed that transformational leadership contributed to a continued sales increase at the firms included in the study. The results from Despin revealed that the small businesses operating for longer than 5 years contained leaders who exhibited a transformational leadership style.

According to McKinnon-Russell (2015), a good relationship between the leader and the follower influenced positive employee performance. Hence, the findings of Murchiri and McMurray (2015) suggested that in small businesses, transformational leaders must exhibit the four dimensions of transformational leadership to influence firm performance. As shown, transformational leadership tends to have a positive effect on competitive strategy and achievement in business. Therefore, as leaders use transformational leadership, the effects of the use result in positive financial performance.

Financial performance. Research has revealed that transformational leadership positively impacts financial performance (Flanigan et al., 2017; Ng, Kee, & Ramayah, 2016; Strukan, Nikolić, & Sefić, 2017). Ng et al. (2016) examined the roles of transformational leadership, entrepreneurial competence, and technical competence in business success. From the study, Ng et al. found that business success is a relevant variable connected with firm performance. Flanigan et al. (2017) examined the relationship between leadership style and small business financial performance using 100 participants from a wholesale industrial distributor located in four United States regions. The results of Flanigan et al. showed a positive relationship between transformational

leadership and sales performance. Both studies concluded that transformational leadership positively affected financial performance and revealed that transformational leadership contains crucial business success factors (Flanigan et al., 2017; Ng et al., 2016).

Strukan et al. (2017) conducted a study to determine the impact of transformational leadership on production companies' business performance. Strukan et al. measured the transformational leadership of 127 managers using the MLQ. Also, Strukan et al. measured business performance by using data from financial performance and new product development. The study results showed that transformational leadership had a statistically significant and positive impact on the study's financial performance (Strukan et al., 2017). Strukan et al. showed that transformational leadership also had a positive correlation with new product development. Likewise, Maina and Gichinga's (2018) argument that transformational leadership has a significant influence on manufacturing companies' financial performance supported the results of Strukan et al. Maina and Gichinga indicated that the components of idealized influence and individualized consideration showed the most significant impact on financial performance. Thus, leaders who achieved long-term financial performance possessed an orientation for the future, emphasized long-term goals, and promoted change, which included a transformational leader (Strukan et al., 2017). A leader needs to possess the dimensions of transformational leadership for the business to achieve long-term financial performance.

Tran (2017) examined the effects of leadership styles on financial performance. The researcher used a quasi-experimental design to predict leadership styles' impacts and leaders' financial performance experiences (Tran, 2017). The study contained vision statements, chief executive officer's (CEO) age, tenure, net income, assets, and equities from 36 publicly traded hotels during 2014-2017 (Tran, 2017). Tran used independent variables of age, tenure, transactional and transformational leadership styles, dependent variables of return on assets (ROA) and return on equity (ROE) to find the effects of leadership styles on hotel companies' financial performance. The findings of the study showed that transactional leadership had a positive relationship with ROA. The results also showed a positive correlation between transformational leadership and ROE (Tran, 2017). However, the findings of Jing, Avery, and Bergsteiner (2019) revealed that transactional leadership had no direct effect on the financial performance of the pharmacy companies included in their study. In contrast, Tran concluded that the transformational leadership characteristics of influence and connection contributed to the ROE, demonstrating that transformational leadership does not have to use monetary incentives to enhance an organization's financial performance, unlike transactional leadership.

Firm performance and leadership behaviors. Amisano and Anthony (2017) conducted a quantitative correlational study to examine the relationship between small business owners' ethical leadership behaviors and financial, social, and environmental sustainability. The sample size included 80 business owners in Miami, Florida, and the average business had been operating for 22 years (Amisano & Anthony, 2017). The

dependent variable was ethical leadership, and the independent variables were financial, social, and environmental sustainability (Amisano & Anthony, 2017). Amisano and Anthony confirmed with Bass and Riggio (2006) that transformational leadership involves ethical behavior. However, the study's findings showed that ethical leadership behaviors were significant to social and environmental sustainability but did not significantly correlate with financial sustainability (Amisano & Anthony, 2017). The study's findings propose that a small business leader needs a leadership profile that combines the leadership style to influence financial performance, such as transformational leadership behaviors (Amisano & Anthony, 2017).

Researchers have revealed that transformational leadership behaviors can enhance firm performance (Engelen, Gupta, Strenger, & Brettel, 2015). Engelen et al. (2015) conducted a quantitative study on small and medium-sized enterprises (SMEs) with 790 responses from Austria, Germany, Singapore, Switzerland, Thailand, and the United States (Engelen et al., 2015). The researchers examined whether a relationship exists between entrepreneurial orientation and firm performance when top management uses transformational leadership behaviors (Engelen et al., 2015). Engelen et al. found that the transformational leadership behaviors of articulating a vision, providing an appropriate model, having high-performance expectations, and showing supportive leader behavior can positively affect the relationship between entrepreneurial orientation and firm performance. Hence, both Engelen et al. and Amisano and Anthony (2017) indicated that transformational leadership behaviors could enhance firm performance.

Moreover, Ocak and Ozturk (2018) addressed the link between transformational leadership, corporate entrepreneurship, and organizational performance. Corporate entrepreneurship represents individuals' strategic behaviors in an established organization, whereas transformational leadership enhances a follower's skill to creatively solve organizational problems (Ocak & Ozturk, 2018). In some studies, the researchers noted that other researchers found that corporate entrepreneurship and transformational leadership have a positive relationship to organizational performance (Ocak & Ozturk, 2018). The positive correlation may be the result of similar behavioral characteristics of corporate entrepreneurship and transformational leadership. The researchers discovered that transformational leadership behaviors positively influenced organizational entrepreneurship behaviors and financial performance (Ocak & Ozturk, 2018). The dimensions of idealized influence and inspirational motivation increased innovation and strategic renewal behaviors in organizations (Ocak & Ozturk, 2018). Thus, the findings showed that the transformational leadership dimensions of idealized influence, intellectual stimulation, and individualized consideration, along with the corporate entrepreneurship's strategic renewal dimension, positively affect profitability (Ocak & Ozturk, 2018). While the findings from Maina and Gichinga (2018) concluded that a leader could improve financial performance by using idealized influence, inspirational motivation, and individualized consideration on employees, the next section discusses how transformational leadership can promote innovation for the survival of an organization.

Innovation. The findings from several studies asserted that innovation is the key to survival for a small business (Dunne, Aaron, McDowell, Urban, & Geho, 2016; Prasad & Junni, 2016; Taneja, Pryor, & Hayek, 2016). Thus, small business owners must be involved in the innovation process for business survival (Ferreira de Lara, & Guimarães, 2018; Taneja et al., 2016). Overall, understanding the sources and innovation types will help small business owners discover the innovative strategies needed to grow and sustain their business.

Taneja et al. (2016) described several types of innovations that small businesses can use to survive. With product innovations, companies can develop new products or make significant improvements to existing products to match market demand (Taneja et al., 2016). Process innovation involves changes in methods (Taneja et al., 2016). Market innovations can include creating a new product for a new market or acquiring new customers for existing products (Taneja et al., 2016). Organizational innovation is developing or implementing new or improved corporate systems (Taneja et al., 2016). Similarly, other scholars have found a link between organizational innovation and transformational leadership. For example, Liu and Lee (2018) argued that when a leader develops an innovative climate and transformational leadership, the result is an employee that feels significant to the organization. As a result, the employee will become more willing to improve performance. Furthermore, Taneja et al. outlined different types of innovation in product, process, market, and organization that involve internal and external business survival factors.

Prasad and Junni (2016) agreed with Taneja et al. (2016) that organizational innovation improves organizational structures, processes, and practices to further organizational goals. Thus, using 163 U.S. companies' top managers, Prasad and Junni examined CEO transformational and transactional leadership's influence on organizational innovation. The researchers explained that CEO leadership has an integral part in promoting organizational change through their actions, guiding organizations toward becoming more innovative (Prasad & Junni, 2016). The findings of Prasad and Junni indicated that CEO transformational and transactional leadership behaviors positively influence organizational innovation. The study's independent variables included CEO transformational leadership and CEO transactional leadership, and the dependent variable was organizational innovation (Prasad & Junni, 2016). The study results showed a positive effect of CEO transformational leadership on organizational innovation with environmental dynamism (Prasad & Junni, 2016). Whereas, CEO transactional leadership is more conducive to organizational innovation in stable environments than dynamic environments (Prasad & Junni, 2016). The study results indicated that CEO leadership behavior plays a vital role in organizational innovation, and the effectiveness of these leadership behaviors is contingent on the degree of environmental dynamism (Prasad & Junni, 2016).

Hence, Taneja et al. (2016) argued that organizations need strategic innovation for small business viability. As a result, Taneja et al. developed an innovation strategy model for small business leaders to define strategic innovation, which is innovation achieved by

how an organization executes its strategies. Furthermore, Taneja et al. explained that the strategic innovation model could help leaders understand the elements needed for successful strategic innovation and long-term viability for small businesses.

Dunne et al. (2016) described innovation as a critical factor in a small business's growth and survival. Dunne et al. noted that leadership style affects a company's innovation, which led them to conduct a study to investigate an entrepreneur's impact on creating innovation in small businesses. The sample size included 76 small business owners in Tennessee. The independent variables were inspirational leadership, communicating meaning, organizational efficacy, competitive negotiation style, and collaborative negotiation style, and the dependent variable was innovation. The study results showed a positive relationship between leader efficacy, competitive negotiation behavior, and innovation (Dunne et al., 2016). The study's findings suggest that a competitive negotiation style is more suitable for new product innovation, and organizations need a transformational leader for innovation (Dunne et al., 2016).

Dunne et al. (2016) determined that a transformational leader provides a clear direction of goals that excite followers to achieve innovation. Hence, from 269 survey responses from hairstylist participants and their 1,369 customers, Kao, Pai, Lin, and Zhong (2015) found a positive relationship between transformational leadership and the service innovation behavior of frontline employees. Kao et al. posited that transformational leaders help foster an organizational climate for innovation as intellectual stimulators. Furthermore, both studies concluded that an inspirational

leadership style, such as a transformational leader, could promote the change that a small business requires for innovation and survival (Dunne et al., 2016; Kao et al., 2015).

Sustainability. Small business owners face sustainability challenges that put their businesses at risk for failure. The business owners' challenges require an effective leadership style to address those problems (Paladan, 2015). Louw et al. (2017) also noted that effective leadership is critical for a business's survival. According to Paladan (2015), the leadership style present in the company determines the success or failure of the organization.

Qualitative studies from McKinnon-Russell (2015) and Despin (2017) demonstrated that small business transformational leadership leads to the organization's longevity. In McKinnon-Russell's research, the average length of the small business was 17 years. Moreover, when describing their leaders' leadership styles, employees used the words inspiration, influence, and motivation, consistent with a transformational leader (McKinnon-Russell, 2015). However, most participants displayed characteristics of a transactional leader when it came to motivation since the leaders often used reward-based programs to boost employee performance (McKinnon-Russell, 2015). Whereas, the findings from Despin revealed that the small businesses that have been operating for longer than 5 years contained leaders that exhibited transformational leadership.

Shafique and Beh (2017) argued that an organization's continued survival usually occurs when the leader exhibits transformational leadership behavior. Peters (2019) conducted a qualitative study to explore the leadership skills that owner-managers of

SMEs use to sustain their business beyond 5 years. The results of the study provided examples of the leadership skills that the participants used to remain operational. Some of the participants provided leadership skills that relate to transformational leadership, which included the following: (a) inspiration and motivation, (b) relationship building, (c) communicator, (d) innovator, and (e) visionary (Peters, 2019). All four participants' behaviors and perspectives aligned with the second dimension of transformational leadership, inspirational motivation (Peters, 2019). Overall, the studies showed that small business owners should adopt transformational leadership characteristics to sustain their businesses.

The Rival Theories of Transformational Leadership

The type of leadership present in an organization determines small business success or failure (Brandt et al., 2016). According to Mevo (2019), a critical review of other leadership theories used in small business leadership helps deepen understanding of the study's phenomenon. Even though literature recognizes transformational leadership as the most studied leadership style of today, there are other leadership styles mentioned in the literature that rival transformational leadership (Brandt et al., 2016). The two major competing theories of transformational leadership are laissez-faire and transactional leadership. The next discussion includes what I have discovered from the literature about laissez-faire and transactional leadership.

Laissez-faire leadership. One rival theory of transformational leadership is laissez-faire leadership. Laissez-faire leadership usually results in an absent leader that

does not guide his employees (Samanta & Lamprakis, 2018). With laissez-faire leadership, the leader does not offer his followers feedback (Zaech & Baldegger, 2017). According to Bass and Riggio (2006), researchers have documented laissez-faire leadership as the most ineffective leadership style. Due to the leader avoiding responsibility (Bass & Riggio, 2006), laissez-faire leadership may work best with a team that includes highly skilled experts in their field (Bambale, Girei, & Barwa, 2017; Fortinberry & Murray, 2016).

Some studies have shown that laissez-faire leadership usually harms organizational performance. Zaech and Baldegger (2017) examined the CEOs' leadership behavior of 102 start-up businesses that have existed between 5 and 12 years. The independent variable was leadership behavior, the dependent variable was start-up performance, and the moderating variable was start-up size (Zaech & Baldegger, 2017). The study's findings resulted in a negative effect of laissez-faire leadership and start-up size (Zaech & Baldegger, 2017). The researchers demonstrated that in smaller start-ups, laissez-faire leadership harmed performance (Zaech & Baldegger, 2017). However, in larger start-ups, laissez-faire leadership positively affected performance (Zaech & Baldegger, 2017). Thus, depending on the business's size, laissez-faire leadership does not always negatively affect employee performance (Bambale et al., 2017).

Asrar-ul-Haq and Kuchinke (2016) examined the impact of managers' leadership styles on employees' performance. Asrar-ul-Haq and Kuchinke explored transformational, transactional, and laissez-faire leadership styles to understand each

leadership style's effect on employees' attitudes and performance. The sample size included 224 full-time employees in Pakistan's banking industry (Asrar-ul-Haq & Kuchinke, 2016). The outcome variables were satisfaction with leaders, their effectiveness, and readiness to exert extra effort (Asrar-ul-Haq & Kuchinke, 2016). The study results showed that the dimensions of transformational leadership and the outcome variables positively correlated (Asrar-ul-Haq & Kuchinke, 2016). The findings demonstrated that only the aspect of contingent reward in transactional leadership was significant to satisfaction. However, laissez-faire leadership negatively correlated with all three variables (Asrar-ul-Haq & Kuchinke, 2016). Thus, most research shows that laissez-faire leadership harms organizations, so transactional leadership is an alternative style to use.

Transactional leadership. Another rival theory of transformational leadership is transactional leadership. Transactional leadership occurs as an exchange-based relationship (Marques, 2015). Transactional leadership involves a transaction between the leader and the employees (Samanta & Lamprakis, 2018). The exchange between the leader and employee includes rewarding the employee based on performance (Birasnav, 2015). Franco and Matos (2015) noted that the leader offers a reward to improve a follower's performance. According to Notgrass (2014), there is an exchange between the leader and follower of valued items, with no binding relationship beyond the agreement.

In contrast, transactional leadership focuses on short-term agreements (Asrar-ul-Haq & Anwar, 2018), while transformational leadership focuses on long-term goals. In

transactional leadership, the leader rewards his followers for meeting company goals by providing the team with an incentive to accomplish the goal (Asrar-ul-Haq & Anwar, 2018; Zaech & Baldegger, 2017). For example, the leader may pay an employee a cash bonus for reaching a goal. Thus, transactional leadership does not focus on future organizational goals as transformational leadership does (Pradhan & Pradhan, 2015; Samanta & Lamprakis, 2018).

Transactional leadership consists of three components. The first component is the contingent reward, which includes the leader rewarding based on an excellent performance (Samanta & Lamprakis, 2018). Next, management by exception-active involves the leader punishing those followers who do not follow the rules or fail to meet company objectives (Franco & Matos, 2015; Samanta & Lamprakis, 2018). Last, management by exception-passive consists of the leader stepping in only when employees have violated organizational policies (Samanta & Lamprakis, 2018). The actions of transactional leaders have received criticism in literature.

From research, I discovered criticisms of transactional leadership. McCleskey (2014) noted that transactional leadership complaints include the tendency to demonstrate temporary exchanges of gratification. Leaders penalize or punish followers when the followers do not meet goals or have experienced low performance; the leader's actions create resentment from followers (McCleskey 2014; Samanta & Lamprakis, 2017). Thus, transactional leadership does not focus on an organization's future, resulting in the leadership style not suitable for sustainable change that organizations need to keep the

business operating (Fortinberry & Murray, 2016; Samanta & Lamprakis, 2017). After analyzing the literature on laissez-faire and transactional leadership, I chose to use the dimensions of transformational leadership as the focus of my study.

Independent Variables

As mentioned, transformational leadership includes the dimensions of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The study's independent variables include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. There is limited literature on how each variable affects financial sustainability; however, studies have examined transformational leadership with financial performance. The next discussion explains each independent variable and how the variables affect performance.

Independent variable: Idealized influence. The first independent variable of the study is the idealized influence. There are two aspects to idealized influence: the elements attributed to the leader by the followers and the leader's behaviors (Bass & Riggio, 2006). Idealized influence consists of a leader's attributes and behaviors. When a leader has an idealized influence, he possesses specific qualities that influence his followers (Franco & Matos, 2015). During idealized influence, the follower connects with the leader emotionally and follows the leader's behavior (Bass & Riggio, 2006). Leaders provide followers with a vision and mission during this phase (Northouse, 2016). The leader also acts as a role model (Yaslioglu & SelenayErden, 2018) and wins the followers' respect (Mesu et al., 2015). Overall, during idealized influence, the leader

influences the follower to admire the leader and shows loyalty (Asar-ul-Haq & Kuchinke, 2016), which builds motivation.

Independent variable: Inspirational motivation. The second independent variable of the study is inspirational motivation. With inspirational motivation, the leader behaves in a manner that inspires followers through motivation to commit to the shared vision of the organization (Northouse, 2016). The leader articulates a compelling vision using optimism to demonstrate confidence in the follower's ability to achieve the set goals (Asar-ul-Haq & Kuchinke, 2016; Kao et al., 2015; Mesu et al., 2015). The leader also clearly communicates the vision to allow followers to visualize achieving future goals (Bass & Riggio, 2006). The two-way communication that the leader uses builds a positive relationship between the leader and followers (Franco & Matos, 2015). Inspirational motivation results in the followers putting their self-interests to the side to connect with the firm's vision (Vargas, 2015).

Several scholars have noted that inspirational motivation influences employee performance (Langat, Linge, & Sikalieh, 2019; Quintana, Park, & Cabrera, 2015). When a leader exhibits inspirational motivation, employees make an extra effort to help the organization achieve the leader's vision for the company (Langat et al., 2019; Quintana et al., 2015). In Langat et al. (2019), the researchers included 52 insurance companies operating in Kenya to examine the influence that inspirational motivation has on employee job performance. Langat et al. concluded a statistically significant relationship between inspirational motivation and employee job performance. However, Quintana et

al. (2015) argued that the variable idealized influence was the most critical element of transformational leadership that influences employee performance.

Independent variable: Intellectual stimulation. The third independent variable of the study is intellectual stimulation. With intellectual stimulation, leaders challenge followers to a new way of thinking (Bass & Riggio, 2006). The challenge sparks creativity in the followers. The leader uses intellectual stimulation by encouraging followers to comprehend problems and view them from a new perspective (Asar-ul-Haq & Kuchinke, 2016; Kao et al., 2015). Intellectual stimulation allows a follower to think through organizational issues in their way, resulting in innovation (Franco & Matos, 2015; Northouse, 2016).

Research has shown that intellectual stimulation promotes creativity (Sandvik, Croucher, Espedal, & Selart, 2018). Sandvik et al. (2018) examined the relationships among intellectual stimulation, creative climate, employee intrinsic motivation, and autonomy in a professional service firm's project teams. The study consisted of 64 teams with 177 employees (Sandvik et al., 2018). Sandvik et al. assessed intellectual stimulation using the three-item version of intellectual stimulation from the MLQ. The findings of the study showed that intellectual stimulation was positively related to creative climate ($\beta = 0.40, p < 0.01$), intrinsic motivation ($\beta = 0.42, p < 0.01$), and autonomy ($\beta = 0.51, p < 0.01$) Sandvik et al., 2018). The study's findings indicate that intellectual stimulation is an important leadership behavior for facilitating a creative climate among employees (Sandvik et al., 2018).

Peng et al. (2016) also concluded that a leader's intellectual stimulation encourages followers to innovate. Peng et al. examined the effect that CEO intellectual stimulation has on employees' perceptions of work meaningfulness. The study included CEOs from 43 SMEs operating from 3 to 46 years (Peng et al., 2016). Peng et al. measured CEO intellectual stimulation behavior using an intellectual stimulation scale and work meaningfulness of employees using a psychological empowerment scale from employee ratings. The study results demonstrated that CEO intellectual stimulation significantly correlated with work meaningfulness (Peng et al., 2016). Peng et al. found a positive relationship between CEO intellectual stimulation and work meaningfulness. However, Ocak and Ozturk (2018) found a negative correlation between intellectual stimulation and financial performance. Hence, Ocak and Ozturk concluded that intellectual stimulation does encourage innovation, but intellectual stimulation does not often increase a company's growth and profitability.

Independent variable: Individualized consideration. The fourth independent variable of the study is individualized consideration. With individualized consideration, the leader takes a coach's role to facilitate growth in the followers (Mesu et al., 2015). The leader provides a supportive atmosphere that allows followers to grow to a higher potential (Bass & Riggio, 2006). With individualized consideration, the leader develops the follower (Kao et al., 2015). During individualized consideration, the leader caters to each follower's needs individually through teaching or coaching (Asar-ul-Haq & Kuchinke, 2016; Bass & Riggio, 2006), resulting in a satisfied follower.

Sahibzada, Kakakhel, and Khan (2016) examined the impact of leaders' idealized influence and inspirational motivation on employees' job satisfaction. According to Sahibzada et al., employees' job satisfaction leads to productivity and employee retention. The researchers used the MLQ to measure idealized influence and inspirational motivation and a job satisfaction questionnaire to measure the job satisfaction of 322 employees (Sahibzada et al., 2016). The results of the study indicated that inspirational motivation has a significant relationship ($r = 0.820$, $p = 0.000$ or $p < 0.05$) with employees' job satisfaction (Sahibzada et al., 2016). The results of the study also indicated that idealized influence has a significant relationship ($r = 0.847$, $p = 0.000$ or $p < 0.05$) with employees' job satisfaction (Sahibzada et al., 2016). Thus, the study results demonstrated that the leadership behaviors of idealized influence and inspirational motivation could influence employees' job satisfaction (Sahibzada et al., 2016).

The effect of independent variables in organizations. Louw et al. (2017) conducted a study to examine the relationship between the transformational leadership competencies (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) and leadership effectiveness in private banks. The population in the study included 30 private banks and their employees, totaling 257 participants. From the sample, Louw et al. found that transformational leadership competencies are essential for leadership effectiveness and that all competencies were significant to transformational leadership. However, the findings also showed that

intellectual stimulation had a more substantial influence on transformational leadership, followed by individualized consideration (Louw et al., 2017).

In contrast, in their study, Quintana et al. (2015) discovered that only two of the transformational leadership components positively affect leadership effectiveness in the hotel industry. Thus, Quintana et al. found idealized influence and inspirational motivation to affect leadership effectiveness positively. Therefore, Louw et al. demonstrate that sustained positive performance can occur within organizations using transformational leadership competencies. Still, leaders should use the component of idealized influence to improve performance (Quintana et al., 2015).

Some studies have shown that transformational leadership variables positively affect performance. Nyokabi et al. (2017) determined how the CEO's transformational leadership behaviors of idealized influence and inspirational motivation affect senior managers' performance in 183 private organizations. Nyokabi et al. found that when the CEO uses idealized influence, a significant effect on senior managers' performance occurs due to the leader articulating the organization's vision, providing clarity through goal setting, and role modeling. Nyokabi et al. also found that CEO inspirational motivation behavior was significantly positive to senior managers' performance. Besides, Jing et al. (2019) mentioned that when leaders of the organization communicate their vision on performance with staff, this inspirational motivation positively affects financial performance.

On the other hand, Orabi (2016) conducted a study of three banks operating in Jordan to examine the relationship between transformational leadership and organizational performance. Orabi found that inspirational motivation, intellectual stimulation, and individualized consideration positively influence organizational performance. However, idealized influence did not have a significant impact on organizational performance.

Dependent Variable: Financial Sustainability

The dependent variable of the study is financial sustainability. Financial sustainability is one sustainability dimension that researchers often replace with *financial health*, *financial performance*, or *financial stability* (Ashmarina et al., 2016; Imhanzenobe, 2020; Simon et al., 2015). Literature has defined financial sustainability as an organization's ability to earn enough revenue to pay all its obligations on time and have reserves to maintain operating (Henock, 2019; Kakati & Roy, 2019; Pikus et al., 2018). A business is financially sustainable if it makes enough profits to avoid bankruptcy and remain operational (Henock, 2019). Hence, the findings from Vu, Chan, Lim, and Chiu (2017) showed that a business is financially sustainable when it has excellent financial health. Therefore, a small business owner must assess the company's financial health to measure financial sustainability (Kakati & Roy, 2019).

Quantitative studies conducted by Kakati and Roy (2019) and Imhanzenobe (2020) demonstrated the importance of an organization's leader using financial sustainability indicators to determine if the business will remain open. Kakati and Roy

measured the financial sustainability of four Farmer Producer Companies (FPCs). Kakati and Roy examined financial sustainability based on the following financial health indicators: (a) economic performance, (b) bankruptcy, (c) sustainable growth, (d) net financial liabilities, (e) asset sustainability, (f) comments from auditors' report, (g) working capital cycle (WCC), and (h) cash flow from operating activities (CFFO). In contrast, Imhanzenobe measured financial sustainability by evaluating 17 manufacturing companies' ROA, sustainable growth rate (SGR), and financial stress. Kakati and Roy's findings showed that the sustainable growth rate was 26% for one company, which indicated a high growth potential, and two companies had a sustainable growth rate of 2%. However, the last company had a negative growth rate (Kakati & Roy, 2019). Three companies had an excellent net financial liability ratio, which meant that the companies could pay all of their external debt with their current revenue without future concerns (Kakati & Roy, 2019). The companies included in the study conducted by Imhanzenobe showed a high correlation between ROA and financial distress; these results could inform the leader if the company could remain financially sustainable. Both studies concluded that a leader should use financial health indicators to evaluate if their organization is financially viable to continue operating (Imhanzenobe, 2020; Kakati & Roy, 2019).

Cash management practices. According to Ahmad, Ahmad, and Abdullah (2018) and Prasad (2017), poor cash management can lead to a small business's closure. Some business owners do not have a cash management system in place and are often unaware that they may be losing money (Ahmad et al., 2018; Prasad, 2017). Prasad

investigated the cash management practices of 125 small business owners in India.

Prasad revealed that 85% of the business owners included in the study did not have a cash management system in place.

Moreover, Ahmad et al. investigated the resources that can influence cash management practices and financial sustainability among 150 SMEs in Malaysia. Ahmad et al. used a questionnaire with a 5-point Likert scale to identify the availability of financial support resources, employees' accounting skills, ability, and financial management training to influence cash management practices in business. The resources of employees' accounting skills and knowledge, financial management training, financial support, and technological support showed a significant positive relationship with financial sustainability (Ahmad et al., 2018). However, Ahmad et al. noted that cash management practices did not influence financial sustainability, but the resources did improve cash management practices.

Financial management. Many small businesses struggle to remain operational due to the challenge of financial sustainability (Isle et al., 2018; Kakati & Roy, 2019; McDonald, Delawarean, Madhavaram, & Mort, 2015). These small businesses often fail because of financial management problems (Saksonova & Savina, 2016). Research studies from Isle et al. (2018), Saksonova and Savina (2016) mentioned that small business owners lack cash flow management, a financial management task. According to Isle et al., small businesses face the challenge of maintaining consistent cash flow. In Warren and Szostek (2017), a participant mentioned that some of his fellow small

business owner friends are no longer in business because they could not manage their cash flow even though the company was generating revenue. Isle et al. and Saksonava and Savina agree that some business owners cannot maintain cash flow because they do not have financial literacy.

Financial literacy. Some studies in the literature have assessed the financial literacy of small business owners. Financial literacy in business means that the business owner can oversee the company's financial resources over the company's life (Eniola & Entebang, 2017). Literature often uses financial literacy in place of financial capability and gives the two terms the same meaning (Isle et al., 2018). Furthermore, in the study, financial capability and financial literacy have the same purpose.

Ali, Omar, Nasir, and Osman (2018), Dickins, Gibson, Harris, and McDowell (2016), and Eniola and Entebang (2017) conducted quantitative studies to examine the financial literacy of small business owners. Dickins et al. (2016) conducted a study to assess 64 small family-owned businesses' financial literacy in the Southeastern United States. To evaluate the financial literacy of the business owners, the researchers used a survey that included five multiple-choice questions to measure the business owners' familiarity with financial and accounting topics of cost of capital, financial statements, fiscal failure, tax implications of transferring business ownership, and business valuation (Dickins et al., 2016). The average participant only answered two of the five financial literacy questions correctly (Dickins et al., 2016). Prasad (2017) asserted that if a business owner possesses high financial literacy, this skill could help monitor and control

the business's financial performance. The results of Dickins et al. suggested that many of the business owners did not understand basic financial and accounting needs in long-term business ownership. Hence, Ali et al. (2018) noted that small business owners should know accounting, costing, and budgeting for business survival.

Moreover, Ali et al. (2018) showed the relationship between the independent variables of budget control, skills and knowledge, and managing cash flow with the dependent variable of financial literacy. The study results showed that budget control had the highest mean, which meant that the entrepreneurs included in the study believed that budget control is the most critical factor that affects financial management (Ali et al., 2018). Hence, budget control also showed a significant relationship with financial literacy, which suggested that entrepreneurs who controlled their budget were financially literate (Ali et al., 2018). Skills and knowledge showed a significant relationship to financial literacy (Ali et al., 2018), but managing cash flow did not, consistent with Ahmad et al. (2018), that small business owners need to incorporate a cash management system.

Methodology

In the literature review, researchers used the quantitative method to address the dependent variable of financial sustainability. Also, in the literature review, the most common method that researchers used when studying small businesses' financial performance or financial sustainability was a quantitative method. Ahmad et al. (2018), for example, investigated the resources that influence financial sustainability among

small businesses in a quantitative study and identified the independent variables as employees' skills and ability, financial management training, financial support, technology support, and the dependent variable as financial sustainability. Kakati and Roy (2019) used a quantitative method to measure the financial sustainability of companies. Kakati and Roy concluded that to assess a company's financial viability involves examining the company's financial health to determine any concerns regarding the company's future existence. Using a correlational design, Flanigan et al. (2017) examined the relationship between independent and dependent variables. The findings from Flanigan et al. showed that transformational leadership had a positive connection with financial performance. A quantitative methodology was the most used literature research method by researchers of financial sustainability or financial performance in small businesses.

Transition

Section 1 introduced (a) the background of the problem, (b) the problem statement, (c) the purpose statement, (d) the nature of the study, and (e) the theoretical framework. Section 1 included a discussion on the assumptions, limitations, and delimitations of the research and how the study's findings may contribute to business practice and promote social change. Section 1 ended with a literature review on the transformational leadership theory, the independent variables and the study's dependent variable, and the instruments used to conduct the research.

Section 2: The Project

I begin Section 2 with the purpose of conducting the study. Section 2 includes discussing the researcher's role in the data collection process and the study participants. Section 2 also includes a focus on (a) the extension of the nature of the study, (b) the population sample, (c) ethical research, (d) data collection technique and analysis, and (e) reliability and validity. Finally, Section 3 of the study includes presenting the findings and how the results could affect social change and business practice.

Purpose Statement

The purpose of this quantitative correlational study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. The independent variables were (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, and (d) individualized consideration. The dependent variable was financial sustainability. The population consisted of 76 U.S. small business owners in Arkansas, California, Louisiana, Maryland, Texas, and Virginia. The small business owners rated their leadership style using the MLQ. Participants assessed financial sustainability using a six-item Financial Capability Scale developed by Collins and O'Rourke (2013). The implications for positive social change include the potential to provide small business owners with a leadership style that sustains operations, thus creating job stability for the community.

Role of the Researcher

The quantitative researcher's role in the data collection process is to maintain objectivity and use the appropriate research design instrument (Morgan, 2014; Saunders et al., 2016). The researcher has to collect accurate data and use proper methods to contribute to the body of evidence for the specific field (Saunders et al., 2016; Stang, 2015). According to Woodwell (2014), the researcher should carefully design the survey instrument so that bias does not occur. Hence, to maintain objectivity, the researcher must minimize the impact by separating from the study (Morgan, 2014). I am a franchisee of a tax preparation service, which classifies as a small business. My role as the business owner is to lead my team in a manner that results in achieving organizational goals and profitability. In this study, I did not use direct contacts or attempt to influence participants.

The researcher has to be aware of the possibility of bias due to the researcher's relationship with the topic, participants, or research area. I reported the study's findings from the participants' perspective and not from my perspective to avoid bias. Karagiozis (2018) noted that researchers should know how their personal opinions can affect data analysis. I used a database that I had no control over, which reduced my bias. I also interpreted the study's findings based on an objective interpretation of data from the MLQ and FCS instruments.

As the researcher, I also had a responsibility to follow the Belmont Report's ethical principles when conducting research. A researcher must follow the code of ethics,

which contains principles regarding how the researcher should treat participants (Saunders et al., 2016). The basic ethical principles of the Belmont Report that I followed when dealing with human subjects included (a) respect for persons, which involved acknowledging the opinions and choices of the research subjects and giving special care to protect those subjects that cannot make those choices, (b) beneficence, which involved not harming participants by maximizing the possible benefits of the study while minimizing potential harm, and (c) justice, which required an equal distribution of benefits and burdens of the research (U.S. Department of Health & Human Services, 2018). According to Stang (2015), a researcher should always protect the participants' well-being and privacy. The researcher's responsibility is to apply ethical standards in research, follow the basic ethical principles when dealing with human participants, and keep ethics as an integral part of my mindset (Adashi, Walters, & Menikoff, 2018; Cumyn, Ouellet, Côté, Francoeur, & St-Onge, 2018).

Participants

In order to participate, businesses needed to meet the standard criteria of a small business. According to the Small Business Administration (2018), a small business is a for-profit business operated in the United States. The study population included 76 business owners who currently run a small business within various states throughout the United States. The eligibility requirements that the participants met included (a) the participants must operate a small business in the United States, (b) the participants must

have less than 500 employees, and (c) the participants' small business must still be operational. All participants met the three requirements to participate in the study.

I gained access to the participants by using my affiliation with the Better Tax Prep Group (BTPG) and my professional network. BTPG is a private Facebook group that consists of 685 members who own or manage a tax preparation franchise in cities throughout the United States. The members of the BTPG group are with the same tax preparation franchise. My professional network included members of my LinkedIn account and my small business owner clients.

Before accessing participants of the BTPG, I worked through the gatekeeper of the group. I emailed the group administrator explaining my study's details and the participation scope that I would need from the group members (Appendix A). After the group administrator received my email, he called to discuss the nature of my study. During our conversation, the administrator permitted me access to the potential participants.

After the Institutional Review Board (IRB) granted data collection, I recruited participants from the BTPG and my professional network. I recruited participants of the BTPG by posting a survey invitation on the group's Facebook page. I recruited participants from my professional network by emailing the survey invitation to small business owners connected to my LinkedIn account and my small business owner clientele. The survey invitation included a landing page to the informed consent, which contained information about my study's nature so that prospective participants could

decide to participate in the study. In the advertisement for participant recruitment, I informed the group members that I needed a minimum of 74 participants included in the survey to meet my minimum participant requirement, and up to 100 individuals could participate in the study.

Research Method and Design

The three most common research methods used in studies are qualitative, quantitative, and mixed methods (Morgan, 2014). The research method used in the study depends on the research question that the researcher addresses (McCusker & Gunaydin, 2015). In this study, I addressed the following research question: What was the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability? Hence, I describe the difference between the three research methods and discuss the research method and design that is most appropriate in answering the research question.

Research Method

The researcher has to decide the appropriate research method to use to address the research problem. A researcher uses the qualitative approach to understand people's experiences with the topic (Antwi & Hamza, 2015). The qualitative method was not appropriate for this study because I did not intend to conduct interviews to explore the small business owners' individual experiences with the business problem. According to Morgan (2014), qualitative research is inductive and generates theory from observation.

In contrast, quantitative analysis is deductive and tests the theory through views (Morgan, 2014). Quantitative research involves a wide range of people and uses a research question that contains variables (Morgan, 2014). Mixed methods combine qualitative and quantitative methods (McCusker & Gunaydin, 2015; Morgan, 2014). McCusker and Gunaydin (2015) noted that a researcher should use a mixed-method approach when dealing with a challenging research question. Mixed methods are not appropriate for this study because I used the quantitative approach to test the variables' hypotheses and did not explore or detail strategies of an experienced phenomenon. Therefore, to answer the research question, I did not need to integrate qualitative and quantitative components.

Both Morgan (2014) and Park and Park (2016) pointed out that a qualitative research method is subjective, and quantitative research is objective. In qualitative research, the researcher is the instrument because they record the participants' observations and attempt to understand their perspectives (Morgan, 2014). The researcher's experiences affect how the data are collected and the conclusions drawn from the observations (Morgan, 2014). In contrast, in quantitative research, the researcher does not depend on their beliefs but emphasizes items they measure (Morgan, 2014). Park and Park mentioned that a researcher measures and evaluates many findings in a quantitative approach.

I chose the quantitative research method to conduct my study. The quantitative methodology was appropriate for this study because I sought to discover the relationship between the independent variables and the dependent variable (Park & Park, 2016).

Quantitative methods emphasize numerical data and measure variables to test a theory (Antwi & Hamza, 2015; Park & Park, 2016). My goal was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. Therefore, the quantitative research method was the most suitable approach to investigate and analyze the study variables.

Research Design

Researchers use experimental, quasi-experimental, and correlational designs based on the intended outcome of the quantitative study. Researchers often use experimental and quasi-experimental methods for an explanation (Abutabenjeh & Jaradat, 2018). Experimental methods explain the changes in variables through cause and effect (Abutabenjeh & Jaradat, 2018; Morgan, 2014). However, quasi-experimental models test causal hypotheses (Handley et al., 2018). Researchers use quasi-experimental designs to establish causal links between independent and dependent variables (Abutabenjeh & Jaradat, 2018). Saunders et al. (2016) noted that researchers should use correlational designs to assess the strength of the relationship between variables. Hence, experimental and quasi-experimental methods were not appropriate for this study because the research's focus did not involve causal or cause and effect determinations.

According to Omair (2015), the researcher determines the type of design to use by framing the research question. In this study, I answered the research question. I investigated the relationship between four independent variables and one dependent

variable, so a correlational design was the most appropriate design to achieve my study's goal.

Population and Sampling

The targeted population for this study included U.S. small business owners. The criteria for participation in the study included the following: (a) the participants must operate a small business in the United States, (b) the participants must have less than 500 employees, and (c) the participants' small business must still be operational. The BTPG and members from my professional network sample fit my study objective and included the target population required for the study. I used a nonprobability sampling, which consisted of the small business owners who met the criteria. Guest and Namey (2015) discussed the advantages and disadvantages of nonprobability and probability sampling and mentioned that random procedures are the difference between the two techniques.

The two standard sampling techniques used in research are nonprobability and probability sampling. According to Guest and Namey (2015), nonprobability sampling is cheap, requires fewer resources, and takes less time to complete. Most researchers conduct studies with nonprobability sampling when there is a need to target a population's specific characteristics (Guest & Namey, 2015). In contrast, a researcher would use probability sampling to allow the equal opportunity of any member of a population for selection in the study (Knechel & Wolf, 2019). Researchers also use probability sampling to avoid sampling error, even though probability sampling is expensive and complicated (Kaliyadan & Kulkarni, 2019; Knechel & Wolf, 2019). The

objective of the research determines the type of nonprobability or probability sampling methods used in the study.

Researchers can use nonprobability sampling methods, such as availability, purposive, quota, and snowball sampling, to conduct research. Researchers use availability sampling by selecting conveniently available participants (Knechel & Wolf, 2019). Guest and Namey (2015) and Knechel and Wolf (2019) noted that availability sampling is the weakest method because the sample probably does not represent the target population, causing a significant risk for sampling bias. On the other hand, researchers often use the purposive sampling method to select the target population based on a specific set of criteria. Researchers only include those participants who meet the sample (Guest & Namey, 2015; Kaliyadan & Kulkarni, 2019). Quota sampling involves choosing the population based on specific characteristics of fit with the inclusion/exclusion criteria (Guest & Namey, 2015; Knechel & Wolf, 2019). Snowball sampling involves members of the population, referring other participants to the researcher who fit the eligibility criteria (Knechel & Wolf, 2019).

In contrast, probability sampling methods include simple random, stratified, systematic, and cluster sampling. According to Guest and Namey (2015), in simple random and systematic sampling, the resulting sample may not correctly represent the intended target population due to selecting the participants. Stratified sampling has less sampling error than simple random sampling (Guest & Namey, 2015). The population estimates calculations may be too complicated during stratified sampling because the

researcher divides the population into subgroups (Guest & Namey, 2015; Kaliyandan & Kulkarni, 2019). Cluster sampling is similar to stratified sampling, but the key difference is that cluster sampling uses preexisting clusters of elements of the population (Kaliyandan & Kulkarni, 2019).

For this study, I chose a nonprobability sampling technique versus a probability sampling technique. A nonprobability sampling technique was the best sample design for my research based on the defined criteria needed for the sample. Probability sampling did not work for this study because I did not randomly select the participants required for the sample. The participants must meet the defined criteria for enrollment into the study (Sudheesh, Duggappa, & Nethra, 2016). Therefore, nonprobability sampling was the best fit for the research. I used the nonprobability sampling technique, which involved a purposive sampling method and included the BTPG and my professional network of small business owners who met the sample's requirements.

A purposeful sample of a minimum of 74 small business owners was appropriate for this study's sample size. According to Kaliyandan and Kulkarni (2019), researchers should calculate an accurate sample size to present valid conclusions and reduce the effect of sampling error. To calculate the appropriate sample size, I conducted a power analysis to support the study's appropriate sample size. Researchers can use power analysis to identify an adequate sample size and to evaluate the validity of the data from the study (Taylor & Spurlock, 2018). Statistical power analysis detects relationships between variables when those relationships exist (Taylor & Spurlock, 2018). Malone,

Nicholl, and Coyne (2016) noted that the appropriate sample size should enable a researcher to decide if the statistical result is correct and to detect a specified effect. I used the G*Power 3.1.9.4 software tool, a power analysis program for statistical tests (Faul, Erdfelder, Buchner, & Lang, 2009).

To calculate the sample size, I used a priori power analysis. The priori power analysis provided the required significance level α , the statistical power $1 - \beta$, and the effect size (Faul et al., 2009). The power analysis consisted of a medium effect size of $f^2 = 0.15$, $\alpha = 0.05$, a power level of 0.95, and four independent predictor variables, which resulted in a sample size of 74 (Appendix B). As demonstrated, I conducted a priori power analysis using G*Power 3.1.9.4 to determine the sample size. The G*Power 3.1.9.4, a minimum purposeful sample size of 74, was suitable for the study.

Ethical Research

Researchers must always follow the fundamental ethical principles of respect, beneficence, and justice when dealing with human subjects. According to Adashi et al. (2018), a researcher should follow moral conduct when dealing with human participants. For example, a researcher must protect a participant's rights, privacy, and confidentiality (Sudheesh et al., 2016). Corneli and Borasky (2015) noted that privacy and confidentiality are related to the ethical principles of respect and goodwill. A researcher must demonstrate privacy by discreetly selecting participants for a study (Corneli & Borasky, 2015).

An IRB exists to make sure that students follow ethical standards in research. According to Corneli and Borasky (2015), IRBs review and approve research with human subjects. To comply with the ethical principles when conducting research, I completed Walden University's IRB required training on human subjects (Appendix C). Hence, research involving human subjects requires those subjects' full consent to participate (Stang, 2015).

Informed consent is the foundation of ethics in human subjects' research (Corneli & Borasky, 2015; Kadam, 2017). The informed consent process consists of three key features, which include (a) information disclosure, (b) comprehension, and (c) voluntariness (Corneli & Borasky, 2015; Kadam, 2017). The informed consent process involves sending potential participants information about the study to decide whether they will participate (Kadam, 2017). The prospective participants must also understand the information disclosed to them (Corneli & Borasky, 2015). According to the beneficence principle, human subjects should volunteer to participate in the study (Bromley, Mikesell, Jones, & Khodyakov, 2015). Researchers must obtain informed consent from participants before administering any questionnaires, surveys, or interviews. Suppose a participant chooses to become a part of the study. In that case, the informed consent form becomes the document that documents the participant's agreement to participate in the study (Kadam, 2017).

After I established informed consent, proper protection of the participants took place. None of the participants' identity was known or revealed to protect their privacy.

To further protect the participants' rights, I will keep the electronic copies of the data collected from the participants for 5 years on a password-protected computer.

Data Collection Instruments

Quantitative researchers use various data collection instruments to determine if a relationship exists between the independent and dependent variables. Data collection tools such as surveys or questionnaires are often used in quantitative research to allow the researcher to discover how the variables relate to each other (McCusker & Gunyadin, 2015). The data collection instruments that I used in this study are the MLQ and the FCS. The following text includes a discussion of the data collection instruments included in the study, the tools' reliability and validity, and the time needed to complete the survey.

Multifactor Leadership Questionnaire (MLQ)

I used the MLQ (5X) to measure transformational leadership constructs in small business leadership (Appendix E). The MLQ is the most used assessment to measure transformational leadership behavior (Asrar-ul-Haq & Kuchinke, 2016; Bass & Riggio, 2006; Dimitrov & Darova, 2016; Northouse, 2016). Organizations also use MLQ to measure observed transactional and laissez-faire leadership styles (Asrar-ul-Haq & Kuchinke, 2016). Hanafi, Daud, and Baharin (2016) identified whether the MLQ is an appropriate instrument to measure a company's leadership traits. From the study results, the researchers discovered that the MLQ is successful at effectively capturing the transformational leadership theory (Hanafi et al., 2016).

The MLQ assesses nine leadership dimensions (Bass & Riggio, 2006). The MLQ measures the transformational leadership constructs of idealized influence (attributed charisma), idealized influence (behaviors), inspirational motivation, intellectual stimulation, and individualized consideration (Taylor, Psotka, & Legree, 2015). The MLQ also measures the transactional leadership components of contingent reward, management-by-exception (active), and management-by-exception (passive), as well as laissez-faire behaviors (Bass & Riggio, 2006; Taylor et al., 2015). The current version of the MLQ consists of 45 items that examine transformational, transactional, and laissez-faire leadership.

There are two forms of MLQ (Bass & Riggio, 2006). The first form is the *Leader Form*, which involves the leader rating their leader's behavior (Bass & Riggio, 2006). The second form is the *Rater Form*, which consists of the leader's employees or direct reports evaluating their leader's transactional and transformational behavior (Bass & Riggio, 2006). Zuraik and Kelly (2019) used the *Rater Form* to measure CEO transformational leadership. In the study, the researchers used employee ratings of 20 transformational leadership items from the MLQ, which included the MLQ (5X) where the followers answered the statements on a 5-point Likert scale that range from 1 (*never*) to 5 *almost always*; Zaech & Baldegger, 2017; Zuraik & Kelly, 2019). The *Rater Form* is the most used form to measure transactional and transformational leadership (Bass & Riggio, 2006). Moreover, Taylor et al. (2015) noted that the *Leader Form* could cause

doubt in its accuracy since the leader may not respond in a way that truly reflects his or her behavior.

Validity and reliability of the MLQ. Researchers have verified the reliability and validity of the MLQ (5X) in the literature (Zaech & Baldegger, 2017). In most studies, the researchers measured the internal consistency of the MLQ by the Cronbach Alpha (α) reliability analysis (Franco & Matos, 2015). When the internal scales yield an inner reliability alpha greater than 0.60 or higher, that means the instrument is reliable (Franco & Matos, 2015). For example, Franco and Matos (2015) measured the internal scales of transformational, transactional, and passive-avoidant leadership styles, which resulted in the reliability coefficients of $\alpha = 0.931$, $\alpha = 0.786$, and $\alpha = 0.603$, causing the MLQ to have excellent reliability in the study. Research has also shown consistent correlations between the constructs of transformational leadership. Furthermore, Bass and Riggio (2006) noted that idealized influence and inspirational motivation is highly correlated.

Moreover, Zaech and Baldegger (2017) used the MLQ to measure founder CEOs and their employees' leadership behavior. The researchers tested the internal consistency of the scales of the MLQ (5X) by using five dimensions of transformational leadership as indicators (Zaech & Baldegger, 2017). The aspects resulted in $\alpha = 0.918$, which indicated that the MLQ was valid and reliable due to the outstanding values received from the dimensions (Zaech & Baldegger, 2017). In another study, Dimitrov and Darova (2016) evaluated the factor structure of the MLQ (5X). The assessment of internal reliability

showed that the scales and subscales were correlation coefficients, which resulted in a positive indicator that the ranges included in the MLQ were significant. As a result, internal reliability and construct validity were present (Dimitrov & Darova, 2016).

Measurement of the independent variables. I measured the transformational leadership dimensions of each small business leader using the scales from the MLQ survey. The first scale measured identifies the variable of idealized influence (II), which includes measuring two subfactors of the MLQ, which are idealized attributes and idealized behavior (Bass & Riggio, 2006). A sample statement from the MLQ to measure idealized influence attributes is as follows: *My leader instills pride in me for being associated with him or her* (Bass & Riggio, 2006). A sample statement from the MLQ to measure the behavior dimension of idealized influence is as followed: *My leader specifies the importance of having a strong sense of purpose* (Bass & Riggio, 2006). II consists of a scale measured from a range of 0–4 (Northouse, 2016). The response options are 0 = *not at all*, 1 = *once in a while*, 2 = *sometimes*, 3 = *fairly often*, and 4 = *frequently if not always* (Northouse, 2016). The lower scores from the MLQ indicated a small business leader with lower levels of II, and higher scores indicated a small business leader with higher II levels.

The second scale measured identifies inspirational motivation. The inspirational motivation (IM) variable consists of items measured on a scale of 0–4. A sample statement for IM is *The leader articulates a compelling vision of the future* (Bass & Riggio, 2006). The lower scores from the MLQ indicated a small business leader with

lower levels of IM, and higher scores suggested a small business leader with higher IM levels. The inspirational motivation score can show how effective the leader is at building the follower's commitment to the company's goal (Bass & Riggio, 2006).

The third scale measured identifies intellectual stimulation. The intellectual stimulation (IS) variable consists of items measured on a scale of 0–4. A sample statement for IS *The leader gets others to look at problems from many different angles* (Bass & Riggio, 2006). The lower scores from the MLQ indicated a small business leader with lower levels of IS, and higher scores noted a small business leader with higher IS levels. For example, Orabi (2016) found a significant relationship between intellectual stimulation and organizational performance, which meant that the study leaders rated high in the area of intellectual stimulation.

The last scale measured identifies individualized consideration. The individualized consideration (IC) variable consists of items measured on a scale of 0–4. A sample item representing IC from the MLQ is that *the leader spends time teaching and coaching* (Bass & Riggio, 2006). The lower scores from the MLQ indicated a small business leader with lower levels of IC, and higher scores suggested a small business leader with higher IC levels.

Financial Capability Scale (FCS)

I assessed financial sustainability using a six-item Financial Capability Scale (FCS) developed by Collins and O'Rourke (2013; Appendix F). The FCS includes six survey questions that participants answer and two optional items to answer (Collins &

O'Rourke, 2013; Copur & Ruiz-Menjivar, 2018). One of the optional questions that participants can answer is: "Do you currently have at least one financial goal?" (Collins & O'Rourke, 2013). Depending on the participants' yes or no response, they may have to write-in their primary financial goal. The open text response allows a researcher to learn if the small business owner has a specific financial plan to achieve.

Researchers have assessed the reliability and validity of the FCS. Copur & Ruiz-Menjivar (2018) noted in their study that the FCS does not use objective values because reliability and validity would be challenging to obtain since savings or debt level values could offer insights into financial capability. Copur and Ruiz-Menjivar discovered that people who plan for the future receive a higher financial capability score. In Collins and O'Rourke (2013), the researchers tested the FCS's reliability and validity from data provided from four organizations that took the eight-question survey. The study results allowed the researchers to discover that others should use the six-question survey since it contains a higher alpha (Collins & O'Rourke, 2013).

I administered the FCS to participants on the Mind Garden's Transform System. After the participants completed the MLQ, then FCS questions populated. The participants took approximately 2 minutes to complete the scale.

Data Collection Technique

To discover if there is a relationship between transformational leadership and financial sustainability, I used a survey method to collect the data. I received permission from the publisher, Mind Garden, to administer the MLQ (Appendix D). I delivered the

MLQ to participants using Mind Garden's Transform System. The participants answered a 45-item questionnaire that included descriptive statements that the leader answered how frequently the statement fit the leader (Mind Garden, 2019). The survey took the participants approximately 13 minutes to complete.

Surveys allow the researcher to receive a large amount of data and investigate relationships between variables (Dawson, 2017; Morgan, 2014). I used an online survey method to answer the research question. Researchers assess online surveys on the internet, and some researchers refer to this type of survey as a web-based survey (Ruel, Wagner, & Gillespie, 2016). However, using online surveys in quantitative research provides more advantages than using mail surveys since mail surveys are self-administered (Ruel et al., 2016).

Handscomb, Hall, Shorter, and Hoare (2016) conducted a study using data collection methods of online surveys and mail surveys. The researchers were able to discover the advantages and disadvantages of online and mail surveys. One advantage of online surveys is that this method of examination helps researchers to avoid missed data. Handscomb et al. noted that participants who mailed in paper surveys included missing responses to questionnaire items. In contrast, participants who completed online surveys could not move to the next page until each statement was answered, which resulted in no missing data. Another advantage of online surveys is the lower cost to conduct the survey (Handscomb et al., 2016). Researchers often pay for postage when conducting mail surveys, resulting in a high postage cost for a quantitative study when there is a large

sample size. Another disadvantage of mail surveys is that the response rate is often low since people are less likely to return the survey (Ruel et al., 2016). Therefore, conducting an online survey was the most appropriate type of survey for my study.

In this study, I conducted an online survey that contained the MLQ instrument. To protect the participants' privacy, I did not request a consent signature. However, I included a statement of consent section on the consent form. After the participants read the consent section's statement, they acknowledged their consent to participate in the study if they clicked the survey link. Then the data collection process began.

After clicking on the survey link, the participants landed on the Transform portal. Transform is a survey hosting system provided by Mind Garden (Mind Garden, 2019). Using the web-based survey allowed the data collected to be stored electronically on the Transform's server, which reduced the need for manually entering the data collected (Ruel et al., 2016). There was an anonymous data collection. None of the participants' identity was known or revealed. Hence, I had an ethical duty to protect the participants' responses to the survey (Vogel, 2018).

Data Analysis

The purpose of this quantitative study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. Hence, exploring the relationship between the transformational leadership constructs and financial sustainability may help small business owners identify the

leadership style needed to sustain their businesses beyond 5 years. The research question and hypotheses used to guide the study follows.

Research Question

RQ: What was the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability?

Hypotheses

H_0 : There was no statistically significant predictive relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability.

H_1 : There was a statistically significant predictive relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability.

Multiple Linear Regression

In this study, I examined the relationship between four independent variables and one dependent variable. The study's independent variables were idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The dependent variable was financial sustainability. I used the interval scale of measurement to describe the relationship between the variables. Hence, to analyze the data included in

the study, I took a univariate approach. Mertler and Reinhart (2017) noted that researchers use univariate statistical analysis when a study contains one or more independent variables and one dependent variable. One type of univariate technique is multiple linear regression (Mertler & Reinhart, 2017).

I used the method of multiple linear regression to analyze the data of this study. Multiple linear regression is a statistical test used in research. Multiple linear regression analysis is a technique that quantitative researchers use to summarize the relationship between two or more independent variables and the dependent variable (Schroeder, Sjoquist, & Stephan, 2018).

Advantages of multiple linear regression. When analyzing data, researchers have to make sure that they use the appropriate statistical model. In multiple linear regression, the coefficient of determination determines the goodness of fit to the data (Pek, Chalmers, & Monette, 2016). Researchers express the coefficient of determination by R^2 (Pek et al., 2016; Schroeder et al., 2018). The R^2 measures how well the regression analysis's independent variables predict the dependent variable and show the relationship's strength (Green & Salkind, 2017). Hence, a high R^2 informs the researcher that there is better goodness of fit of the model to the data (Pek et al., 2016).

Alternative statistical tests. Other statistical analyses that researchers use are the t test and F test (Schumacker, 2015). Researchers use the t test to compare two groups' mean differences (Nishishiba, Jones, & Kraner, 2014; Schumacker, 2015). In contrast, researchers use the F test to examine the mean differences in three or more groups

(Schumacker, 2015). The t and F statistical tests were not appropriate for this study since the study's objective was to determine if a relationship existed between the transformational leadership constructs and financial sustainability. Therefore, multiple linear regression was the most suitable model for this study since I sought to discover a relationship between independent and dependent variables.

Data screening and cleaning. For the study, I collected data from one survey that included the MLQ and FCS instruments. Before analyzing the data, I screened the data for accuracy by looking for outliers. Data screening involves examining the data sets for errors, inconsistencies, or non-responses (Desimone, Harms, Desimone, 2015; Toepoel, 2016). After collecting the data, I checked for incomplete survey responses. According to Toepoel (2016), data cleaning should remove data errors, such as skip errors. Thus, I excluded any surveys found that contained missing data and eliminated the appropriate outliers from the data analysis.

Statistical Package for Social Sciences (SPSS)

I used the Statistical Package for Social Sciences (SPSS) version 25 to analyze the study's data. Both Green and Salkind (2017) and Secchi (2015) noted that SPSS is a straightforward statistical software for data analysis. Hence, I accessed the data assumptions of multicollinearity, outliers, normality, linearity, homoscedasticity, and independence of residuals in the SPSS software.

Assumptions. Multiple linear regression contains the assumptions of multicollinearity, outliers, normality, linearity, homoscedasticity, and independence of

residuals. Multicollinearity occurs when two continuous variables are highly correlated, resulting in a positive correlation (Knapp, 2018). I assessed multicollinearity by referring to the coefficients table in SPSS that details the correlation coefficients among the predictor variables. If the variance inflation column is less than five or equal to five, multicollinearity is not an issue for a variable (Knapp, 2018). In linearity, the independent and dependent variables are linear (Ernst & Albers, 2017). Saunders et al. (2016) noted that linearity is the degree to which the dependent variable's change is related to the independent variables' difference. I checked for linearity by examining the residual plots. Hence, Knapp (2018) recommends using scatterplots to assess violations of linearity. Outliers may violate linearity since they represent extreme values or one or more variables (Saunders et al., 2016).

However, with normality, each quantitative variable's errors are typically distributed at zero and results in the same amount for the mean, median, and mode (Ernst & Albers, 2017; Saunders et al., 2016). I created graphs in SPSS to assess normality. Uttley (2019) recommends that a researcher assess normality by completing a visual inspection of data's graphical representations. The homoscedasticity assumption contains the data values for the independent and dependent variables with equal variances (Saunders et al., 2016). While with the independence of residuals, the errors should be independent of one another, which allows the researcher to assess independence with a residual plot (Ernst & Albers, 2017).

I used bootstrapping to address the violation of assumptions. According to Osborne (2015), bootstrapping eliminates outliers' influence and provides a more accurate estimate of the population. Hence in SPSS, bootstrapping, using 2,000 samples, is a minimum requirement for multiple linear regression and enables combating the influence of assumption violations (Green & Salkind, 2017).

Study Validity

Validity and reliability are two critical measures used in quantitative research. According to Morse (2015) and Saunders et al. (2016), validity is an accurate measurement of the intended concept and demonstrates how well the research represents the actual phenomenon. Meanwhile, reliability measures the research instrument's accuracy by consistently having the same results on multiple occasions (Heal & Twycross, 2015). Hence, measuring validity and reliability in quantitative research allows for the appropriate inference of a construct to be made and the proper instrument (Cortina, 2019).

Internal Validity

Internal validity is concerned with cause-effect or causal relationships between variables (Edmonds & Kennedy, 2017). Thus, internal validity is the goal of experimental or quasi-experimental designs. This study included a nonexperimental design, and threats to internal validity were not applicable. However, there were concerns regarding the threats to statistical conclusion validity.

Threats to statistical conclusion validity. Statistical conclusion validity measures the degree to which the conclusions reached about the data relationships are reasonable (Trochim, 2020). Threats to statistical conclusion validity are conditions that reject the null hypothesis when it is accurate and accept the null hypothesis when it is false. The threats to statistical conclusion validity include the need: (a) reliability of the instrument, (b) data assumptions, and (c) sample size.

Reliability of the instrument. The instrument should demonstrate the properties of reliability. A tool is reliable if it yields consistent scores and is free of measurement error (Tang, 2015). To determine the reliability of the instrument, I used Cronbach's alpha. Tang (2015) noted that Cronbach's alpha between 0.70 and 0.05 is an excellent rating to measure the instrument's consistency. Therefore, an instrument's reliability is determined by examining repeated measurements for consistency (Dawson, 2017).

External Validity

External validity refers to how the findings can be generalized beyond the study (Siedlecki, 2020). Westreich, Edwards, Lesko, Cole, and Stuart (2019) noted that generalizability is the relationship between the study sample and the targeted population. According to McGregor (2018), an example of an external validity threat in quantitative research is the sampling size, which can comprise generalizing the study results. Hence, I can analyze my study's external validity because my research includes a correlational design and large sample size. Thus, I determined if the study's findings hold in situations outside of the study from the external validity.

Transition and Summary

The purpose of this quantitative correlational study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. I administered the MLQ and FCS surveys to collect data. Using data collected through surveys, I measured the relationship between transformational leadership and financial sustainability among small business owners. Section 2 included an explanation of the research method and design used in the study and the data collection and data analysis process of the study. The last Section 3 includes a presentation of the findings.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this quantitative correlational study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. The independent variables were (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, and (d) individualized consideration. The dependent variable was financial sustainability. I analyzed the present study based on 76 participants who were small business owners in Arkansas, California, Louisiana, Maryland, Texas, and Virginia. Idealized influence and inspirational motivation had significant correlations with financial sustainability. However, the analysis of the model as a whole showed that idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration did not significantly predict financial sustainability. Therefore, I accepted the null hypothesis and rejected the alternative hypothesis.

Presentation of the Findings

In this section, I discuss testing the assumptions, present descriptive statistics and inferential statistic results, provide a theoretical conversation about the findings, and conclude with a summary. I employed bootstrapping, using 2,000 samples to address the possible influence of assumption violations. Thus, I presented bootstrapping 95% confidence intervals when appropriate.

Tests of Assumptions

I evaluated assumptions of multicollinearity, outliers, normality, linearity, homoscedasticity, and independence of residuals. Bootstrapping, using 2,000 samples, enabled combating the influence of assumption violations.

Multicollinearity. I evaluated multicollinearity by viewing the correlation coefficients among the predictor variables included in the study. I also assessed the multicollinearity values as the predictor variables of the study (Table 2). If the variance inflation column is less than five or equal to five, then multicollinearity is not an issue (Knapp, 2018). All bivariate correlations were less than five. Therefore, the violation of the assumption of multicollinearity was not present. Tables 1 and 2 contain the correlation coefficients and the variance inflation factor (VIF) collinearity statistics.

Table 1

Correlation Coefficients Among the Study Variables

| Variable | II | IM | IS | IC | FS |
|----------|------|------|------|------|-------|
| II | 1 | .766 | .604 | .711 | .267* |
| IM | .766 | 1 | .483 | .616 | .226* |
| IS | .604 | .483 | 1 | .553 | .125 |
| IC | .711 | .616 | .553 | 1 | .123 |
| FS | .267 | .226 | .125 | .123 | 1 |

Note. $N = 76$. *II* = idealized influence, *IM* = inspirational motivation, *IS* = intellectual stimulation, and *IC* = individualized consideration, *FS* = financial sustainability.

*Correlation is significant at the 0.05 level (2-tailed).

Table 2

Collinearity Statistics

| Variable | Collinearity statistics | |
|----------|-------------------------|-------|
| | Tolerance | VIF |
| II | .294 | 3.402 |
| IM | .403 | 2.479 |
| IS | .604 | 1.655 |
| IC | .413 | 2.176 |

Note. $N = 76$. *II* = idealized influence, *IM* = inspirational motivation, *IS* = intellectual stimulation, *IC* = individualized consideration.

Outliers, normality, linearity, homoscedasticity, and independence of

residuals. I evaluated the outliers, normality, linearity, homoscedasticity, and independence of residuals by examining the Normal Probability Plot (P-P) of the Regression Standardized Residual (Figure 1) and the scatterplot of the standardized residuals (Figure 2). If there were a violation, the scatterplot would show an unexpected curve (Knapp, 2018). The examinations indicated there were no significant violations of these assumptions. However, I computed 2,000 bootstrap samples to combat any influence of assumption violations and 95% confidence intervals based upon the bootstrap samples and reported them where appropriate.

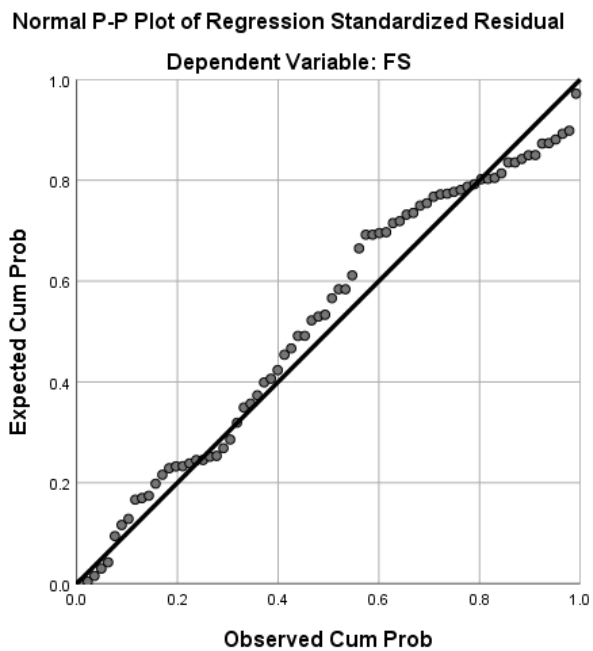


Figure 1. Normal probability plot of the standardized residuals. P-P = probability plot.

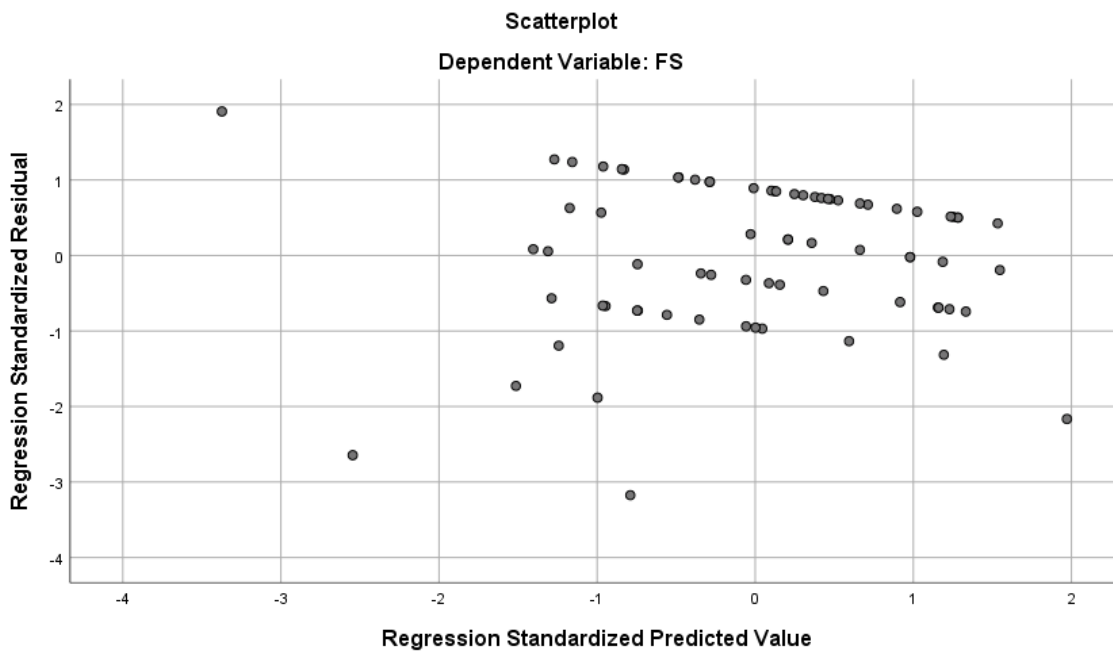


Figure 2. Scatterplot of the standard residuals.

Descriptive Statistics

In total, I received 93 surveys. I eliminated 17 records due to incomplete data, resulting in 76 records for the analysis. Table 3 contains the descriptive statistics for the study variables.

Table 3

Means and Standard Deviations for Quantitative Study Variables

| | <i>M</i> | <i>SD</i> | Bootstrap 95% Cis | |
|----|----------|-----------|-------------------|----------------|
| | | | <i>M</i> | <i>SD</i> |
| II | 3.19 | .540 | [3.07, 3.31] | [.442, .638] |
| IM | 3.36 | .575 | [3.22, 3.48] | [.449, .713] |
| IS | 3.00 | .667 | [2.85, 3.15] | [.572, .750] |
| IC | 3.29 | .635 | [3.14, 3.43] | [.522, .752] |
| FS | 6.58 | 1.643 | [6.20, 6.92] | [1.272, 1.980] |

Note. N = 76. *II* = idealized influence, *IM* = inspirational motivation, *IS* = intellectual stimulation, and *IC* = individualized consideration, *FS* = financial sustainability.

Inferential Results

Standard multiple linear regression, $\alpha = .05$ (two-tailed), was used to examine the effect of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration in predicting financial sustainability. The independent variables were idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The dependent variable was financial sustainability. The null hypothesis was that idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration would not significantly predict financial

sustainability. The alternative hypothesis was that idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration would significantly predict financial sustainability. I conducted preliminary analyses to assess whether the assumptions of multicollinearity, outliers, normality, linearity, homoscedasticity, and independence of residuals were met; I found no serious violations. The model as a whole did not predict financial sustainability, $F(4, 71) = 1.618, p = .179, R^2 = .084$. The R^2 (.084) value indicated that approximately 8% of financial sustainability variations are accounted for by the linear combination of the predictor variables (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration). As a whole, the final model was unable to predict financial sustainability ($p = .179$). Idealized influence ($p = .125$) was a more significant contributor to the model.

Table 4

Regression Analysis Summary for Predictor Variables

| Variables | <i>B</i> | <i>SE</i> | β | <i>t</i> | <i>p</i> | 95% CI bootstrapping |
|-----------|----------|-----------|---------|----------|----------|----------------------|
| Constant | 4.088 | 1.210 | | 3.379 | .001 | [.151, 6.650] |
| II | .989 | .637 | .325 | 1.552 | .125 | [-.426, 2.492] |
| IM | .224 | .511 | .078 | .439 | .662 | [-1.049, 1.693] |
| IS | -.081 | .360 | -.033 | -.224 | .823 | [-.859, .597] |
| IC | -.358 | .434 | -.138 | -.824 | .413 | [-1.442, .693] |

$N = 76$. *II* = idealized influence, *IM* = inspirational motivation, *IS* = intellectual stimulation, and *IC* = individualized consideration, *FS* = financial sustainability.

Analysis summary. The purpose of this study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. I used multiple linear regression to examine the ability of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration to predict financial sustainability. I assessed assumptions surrounding multiple linear regression with no serious violations found. The model as a whole was not able to significantly predict financial sustainability, $F(4, 71) = 1.618, p = .179, R^2 = .084$.

However, there was a significant relationship between idealized influence, inspirational motivation, and financial sustainability. The results presented in Table 1 show that the correlation between idealized influence and financial sustainability was significant, $r(74) = .267, p < .05$. There was also a significant correlation between inspirational motivation and financial sustainability, $r(74) = .226, p < .05$. The correlations between intellectual stimulation and individualized consideration were not significant to financial sustainability.

Theoretical discussion on findings. This study's findings extend the knowledge of the relationship between the transformational leadership components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. The multiple linear regression model results showed that the transformational leadership components were not statistically significant ($p = .179$) with financial sustainability. This study aligns with several studies that found that

transformational leadership was not significant with financial sustainability, but specific transformational leadership dimensions positively affect financial performance.

Amisano and Anthony (2017) found that ethical leadership was not significant with financial sustainability in small businesses. However, Amisano and Anthony proposed that a small business owner must possess transformational leadership attributes to influence financial performance. Moreover, Brandt et al. 2016 found that transformational leadership did not affect a firm's financial performance due to the transformational leadership dimensions' low coefficients. However, the findings from Flanigan et al. 2017, showed that transformational leadership as a whole was positively associated with financial performance. While the studies conducted by Maina and Gichinga (2018) and Strukan et al. (2017) revealed that only the dimensions of idealized influence and individualized consideration showed the most significant impact on financial performance. A more recent study found significant associations between inspirational motivation, intellectual stimulation, and financial performance (Jensen, Potocnik, & Chaudry, 2020). Thus, this study aligns with recent literature. The transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration did not predict financial sustainability in small businesses. Still, idealized influence and inspirational motivation did significantly correlate with financial sustainability.

Applications to Professional Practice

The purpose of this correlational study was to examine the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. Small business owners might apply this study's findings using specific transformational leadership components to maintain financial sustainability. In this study, the transformational leadership components of idealized influence and inspirational motivation correlated with financial sustainability. Connecting these two behaviors may provide small business leaders with a leadership style that increases financial sustainability.

Research has shown that possessing a transformational leadership style in small businesses has led to long-term sustainability (Despin, 2017; McKinnon Russell, 2015; Peters, 2019; Shafique & Beh, 2017). This study's findings indicate that leaders who possess the transformational leadership attributes of idealized influence and inspirational motivation may achieve financial sustainability. With idealized influence, a leader has a high level of impact that results in followers attaining long-term goals. Using inspirational motivation, the leader can provide followers with a vision for the future, resulting in a commitment from the followers to achieve the organization's future goals. Thus, small business leaders may want to develop idealized influence and inspirational motivation to influence their followers to increase financial sustainability.

Implications for Social Change

A transformational leadership style is essential for small business owners to maintain financial sustainability. Transformational leadership can positively influence sales performance and profit, critical factors for financial sustainability (Jensen et al., 2020). Transformational leadership contains vital elements for small business success (Flanigan et al., 2017; Ng et al., 2016). The findings from this study suggest that small business owners should develop transformational leadership behaviors of idealized influence and inspirational motivation to increase small businesses' financial sustainability.

Financial sustainability positively influences the local community. When a small business is financially sustainable, companies can remain open and provide jobs to the community. A small business is financially sustainable when it has enough profit to last into the future (Castro-Pardo, Fuente-Cabrero, Laguna-Sánchez, & Santero-Sánchez, 2019). Small business owners must maintain financial sustainability to avoid going out of business (Swab, Gold, & Reiner, 2019). Financial sustainability could provide positive social change by small businesses providing job stability to the community.

Recommendations for Action

This study's findings demonstrated that financial sustainability is vital for small businesses to remain open, and small business owners should possess transformational leadership behaviors to maintain financial sustainability. The results also indicated that transformational leadership behaviors of idealized influence and inspirational motivation

correlated with financial sustainability. Based on this study's conclusions, I recommend that small business leaders and owners incorporate transformational leadership in their organizations and take financial management training. Financial management training may help business owners develop the financial literacy skills needed to monitor financial performance. Furthermore, obtaining financial management training may help business leaders and owners take the necessary actions to overcome financial challenges that may interfere with the business's survival.

I plan to share this study's results at leadership seminars with business owners in my network and scholarly business journals. Financial sustainability is an essential aspect of business survival, and business leaders need to know how to monitor financial performance. Sharing the results of this study may help business owners adopt leadership behaviors that lead to increased sustainability.

Recommendations for Further Research

The participants in this study rated their leadership style using the MLQ. Future researchers may want the organization's employees to access their leader's leadership style using the rater form of the MLQ. Researchers may wish to expand this research topic by examining how other leadership styles impact small businesses' financial performance. Last, future researchers can discover strategies that improve financial performance by conducting a qualitative study.

Reflections

The DBA doctoral study process was an enlightening experience. Based on my past interactions with small business owners and my experience as a small business owner, I believed that leadership played a significant role in financial sustainability. However, this study's findings showed that the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration were not significant to financial sustainability. Still, idealized influence and inspirational motivation did correlate with financial sustainability. I still believe that leadership is essential to business sustainability. After completing this study, I learned that the business owner's financial literacy is another crucial factor in sustainability.

Conclusion

Effective leadership is critical for the survival of a business. Transformational leadership has been vital for companies surviving longer than 5 years. This study focused on the relationship between the transformational leadership style components of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and financial sustainability. The results of this study indicated that idealized influence and inspirational motivation correlated with financial sustainability. However, the transformational leadership components as a whole were not able to predict financial sustainability.

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Appendix A: Permission Letter to Recruit Participants

RE: Permission to Recruit Members of the BetterTaxPrep Group for a Research Study

Hello XXXXXXXXXXXX,

I am a 16-year Tax Preparation Franchisee. I am also a doctoral student at Walden University. I am writing to request permission to recruit U.S. small business owners from your BetterTaxPrep Group for participation in my research study. The study is entitled – *“Relationship between Transformational Leadership Style and Financial Sustainability.”*

The information obtained from the study may have a positive impact on small businesses by providing small business owners with tools to sustain their business. The study could be significant to business practice as it may equip business owners with a transformational leadership style needed to keep their business successful. The findings of the study could promote positive social change as small business sustainability influences the local community.

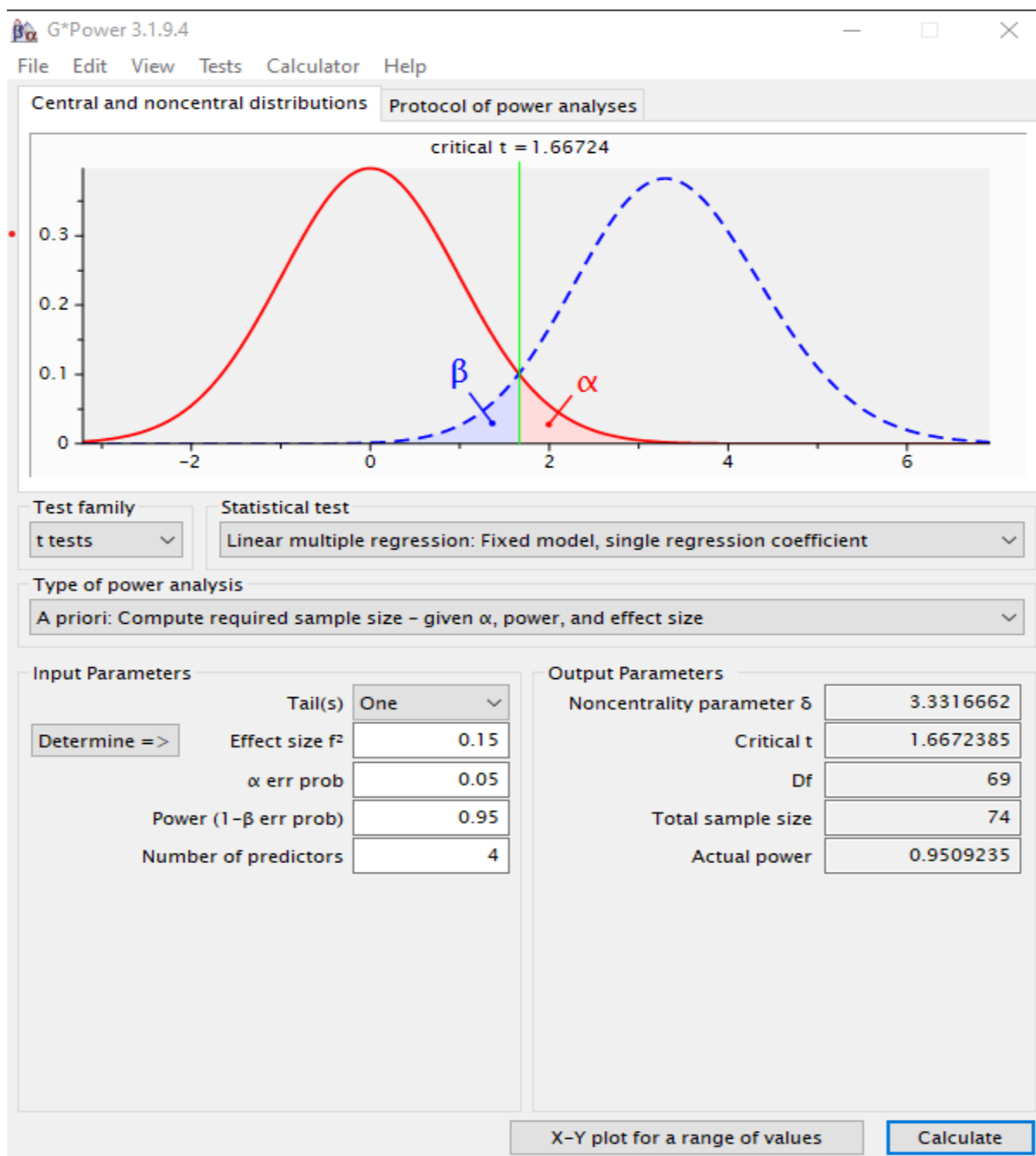
The eligibility requirements for participants interested in volunteering to participate in the survey include (a) the participants must operate a small business in the United States, (b) the participants must have less than 500 employees, and (c) the participants’ small business must be operational. All of the information obtained from the participants is confidential.

I appreciate any assistance that you can provide regarding the approval of accessing the BetterTaxPrep members for my study. If you have any questions or require additional information, you can reach me at [REDACTED] or by email at [REDACTED]. Thank you in advance for your support.

Sincerely,

Tameika Campbell
Doctor of Business Candidate
Walden University
[REDACTED]

Appendix B: G*Power Calculation



Appendix C: Human Subjects Protection Certificate

| | | |
|--|--|--|
|  |  | Completion Date 08-Nov-2019 Expiration Date N/A Record ID 34159759 |
| This is to certify that: | | |
| Tameika Campbell | | |
| Has completed the following CITI Program course: | | |
| Student Researchers (Curriculum Group) Student Researchers (Course Learner Group) 1 - Basic Course (Stage) | | |
| Under requirements set by: | | |
| Walden University | | |
|  | | |
| Verify at www.citiprogram.org/verify/?wbe7da38b-6c39-4e46-b55b-cdceeee84f13-34159759 | | |

Appendix D: Permission to Administer the MLQ

Permission for Tameika Campbell to reproduce

1 copy within one year of November 27, 2019

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Online administration and scoring of the Multifactor Leadership Questionnaire is available from Mind Garden (<https://www.mindgarden.com/16-multifactor-leadership-questionnaire>). Mind Garden provides services to add items and demographics to the Multifactor Leadership Questionnaire. Reports are available for the Multifactor Leadership Questionnaire.

If your research uses an online survey platform other than the Mind Garden Transform survey system, you will need to meet Mind Garden's requirements by following the procedure described at [mindgarden.com/mind-garden-forms/58-remote-online-use-application.html](https://www.mindgarden.com/mind-garden-forms/58-remote-online-use-application.html).

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Appendix E: Multifactor Leadership Questionnaire Leader Form

For use by Tameika Campbell only. Received from Mind Garden, Inc. on November 27, 2019

MLQ Multifactor Leadership Questionnaire™ Leader Form (5x-Short)

My Name: _____ Date: _____
 Organization ID #: _____ Leader ID #: _____

This questionnaire is to describe your leadership style as you perceive it. Please answer all items on this answer sheet. **If an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank.**

Forty-five descriptive statements are listed on the following pages. Judge how frequently each statement fits you. The word "others" may mean your peers, clients, direct reports, supervisors, and/or all of these individuals.

Use the following rating scale:

| Not at all | Once in a while | Sometimes | Fairly often | Frequently, if not always |
|------------|-----------------|-----------|--------------|------------------------------|
| 0 | 1 | 2 | 3 | 4 |

- | | | | | | | | | | |
|-----|--|---|--|--|--|--|--|--|--|
| 1. | I provide others with assistance in exchange for their efforts..... | 0 | | | | | | | |
| 2. | I re-examine critical assumptions to question whether they are appropriate | 0 | | | | | | | |
| 3. | I fail to interfere until problems become serious | 0 | | | | | | | |
| 4. | I focus attention on irregularities, mistakes, exceptions, and deviations from standards | 0 | | | | | | | |
| 5. | I avoid getting involved when important issues arise..... | 0 | | | | | | | |
| 6. | I talk about my most important values and beliefs | 0 | | | | | | | |
| 7. | I am absent when needed..... | 0 | | | | | | | |
| 8. | I seek differing perspectives when solving problems | 0 | | | | | | | |
| 9. | I talk optimistically about the future..... | 0 | | | | | | | |
| 10. | I instill pride in others for being associated with me..... | 0 | | | | | | | |
| 11. | I discuss in specific terms who is responsible for achieving performance targets | 0 | | | | | | | |
| 12. | I wait for things to go wrong before taking action | 0 | | | | | | | |
| 13. | I talk enthusiastically about what needs to be accomplished | 0 | | | | | | | |
| 14. | I specify the importance of having a strong sense of purpose | 0 | | | | | | | |
| 15. | I spend time teaching and coaching..... | 0 | | | | | | | |

Continued =>

For use by Tameika Campbell only. Received from Mind Garden, Inc. on November 27, 2019

| | Not at all | Once in a while | Sometimes | Fairly often | Frequently, if not always |
|---|------------|-----------------|-----------|--------------|------------------------------|
| | 0 | 1 | 2 | 3 | 4 |
| 16. I make clear what one can expect to receive when performance goals are achieved..... | 0 | 1 | 2 | 3 | 4 |
| 17. I show that I am a firm believer in "If it ain't broke, don't fix it." | 0 | 1 | 2 | 3 | 4 |
| 18. I go beyond self-interest for the good of the group | 0 | 1 | 2 | 3 | 4 |
| 19. I treat others as individuals rather than just as a member of a group..... | 0 | 1 | 2 | 3 | 4 |
| 20. I demonstrate that problems must become chronic before I take action..... | 0 | 1 | 2 | 3 | 4 |
| 21. I act in ways that build others' respect for me..... | 0 | 1 | 2 | 3 | 4 |
| 22. I concentrate my full attention on dealing with mistakes, complaints, and failures..... | 0 | 1 | 2 | 3 | 4 |
| 23. I consider the moral and ethical consequences of decisions..... | 0 | 1 | 2 | 3 | 4 |
| 24. I keep track of all mistakes..... | 0 | 1 | 2 | 3 | 4 |
| 25. I display a sense of power and confidence | 0 | 1 | 2 | 3 | 4 |
| 26. I articulate a compelling vision of the future..... | 0 | 1 | 2 | 3 | 4 |
| 27. I direct my attention toward failures to meet standards..... | 0 | 1 | 2 | 3 | 4 |
| 28. I avoid making decisions..... | 0 | 1 | 2 | 3 | 4 |
| 29. I consider an individual as having different needs, abilities, and aspirations from others..... | 0 | 1 | 2 | 3 | 4 |
| 30. I get others to look at problems from many different angles | 0 | 1 | 2 | 3 | 4 |
| 31. I help others to develop their strengths | 0 | 1 | 2 | 3 | 4 |
| 32. I suggest new ways of looking at how to complete assignments | 0 | 1 | 2 | 3 | 4 |
| 33. I delay responding to urgent questions | 0 | 1 | 2 | 3 | 4 |
| 34. I emphasize the importance of having a collective sense of mission..... | 0 | 1 | 2 | 3 | 4 |
| 35. I express satisfaction when others meet expectations..... | 0 | 1 | 2 | 3 | 4 |
| 36. I express confidence that goals will be achieved..... | 0 | 1 | 2 | 3 | 4 |
| 37. I am effective in meeting others' job-related needs..... | 0 | 1 | 2 | 3 | 4 |
| 38. I use methods of leadership that are satisfying | 0 | 1 | 2 | 3 | 4 |
| 39. I get others to do more than they expected to do..... | 0 | 1 | 2 | 3 | 4 |
| 40. I am effective in representing others to higher authority | 0 | 1 | 2 | 3 | 4 |
| 41. I work with others in a satisfactory way | 0 | 1 | 2 | 3 | 4 |
| 42. I heighten others' desire to succeed | 0 | 1 | 2 | 3 | 4 |
| 43. I am effective in meeting organizational requirements..... | 0 | 1 | 2 | 3 | 4 |
| 44. I increase others' willingness to try harder..... | 0 | 1 | 2 | 3 | 4 |
| 45. I lead a group that is effective | 0 | 1 | 2 | 3 | 4 |

Appendix F: Financial Capability Scale

Financial Capability Scale (FCS)

1. Do you **currently** have a personal budget, spending plan, or financial plan?

- Yes
 No

2. How **confident** are you in your ability to achieve a financial goal you set for yourself today?

- Not at all confident
 Somewhat confident
 Very confident

3. If you had an **unexpected expense** or someone in your family lost a job, got sick or had another emergency, how **confident** are you that your family could come up with money to make ends meet within a month?

- Not at all confident
 Somewhat confident
 Very confident

4. Do you **currently** have an automatic deposit or electronic transfer set up to put money away for a future use (such as savings)?

- Yes
 No

5. Over the **past month**, would you say your family's spending on living expenses was **less than** its total income?

- Yes
 No

6. In the last **2 months**, have you been charged a late fee on a loan or bill?

- Yes
 No



Source: Collins, J. Michael, and Collin O'Rourke. (2013) Financial Capability Scale (FCS), University of Wisconsin Madison, Center for Financial Security. doi: 10.5281/zenodo.57102
For more information, please visit <http://fyi.uwex.edu/financialcoaching/measures>