

# Leadership Paradoxes: Effects of Leadership Styles on Family Small Enterprises Continuity in Ituri Province

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## ABSTRACT

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This paper addresses the contradiction between theoretical expectations and observed leadership styles in Ituri, creating a contextual leadership paradox in leadership studies. Given this paradox, little empirical research has examined how leadership styles relate to the continuity of family businesses in this region. This paper aimed to analyze the leadership paradoxes in Ituri Province, focusing on the relationship between leadership styles and continuity in family-owned small businesses. The study adopted a quantitative research approach within a positivist philosophy and a cross-sectional survey design. Data were collected from a sample of 346 founders and successors, where the founders of the businesses had either deceased or retired. When both successors and founders could not be reached, a key family or non-family manager was used. Data were analyzed using Ordinary Least Squares (OLS) Regression Analysis with SPSS V 25 software. The findings showed that the autocratic leadership style was significantly related to the continuity of family small enterprises, indicated by  $\beta = .305$ ;  $p = .001$ . The democratic leadership style was not significantly related to continuity, with  $\beta = .128$ ;  $p = .591$ . Laissez-faire style also did not show a significant relationship, with  $\beta = .172$ ;  $p = .458$ . Conversely, transformational leadership had a positive and significant relation with continuity, with  $\beta = .226$ ;  $p = .005$ . The study highlighted a contextual leadership paradox in an unstable environment, where two leadership styles—namely, autocratic and transformational—enhance family small enterprise continuity, while democratic and laissez-faire styles do not. These findings emphasize the context-dependent effectiveness of leadership styles and contribute to family business and leadership theory by challenging universal assumptions. Further research is needed to deepen the understanding of the leadership paradoxes observed in this study in Ituri Province, possibly through qualitative or mixed methods approaches suited for contextual analysis.

**Key Words:** *Leadership Styles, Paradoxes, and Family Small Business Continuity*

## Introduction

The purpose of several studies is to identify key parameters that can predict organizational performance, survival, or growth across economic sectors, thus ensuring business intergenerational continuity. To do this, scholars mainly focused on internal and external organizational capabilities that explain performance, development, or continuity. Leadership adopted by leaders is identified as a predictor of organizational performance, development, and continuity. For example, in strategic leadership, it is emphasized that organizations reflect their top-level leaders (Hambrick & Mason, 1984, cited in Oladele et al., 2013). Top executives influence organizational performance through their leadership (Molero et al., 2007; Phipps & Burbach, 2010, cited in Oladele et al., 2013). Leadership style is the art of mobilizing subordinates to achieve shared organizational goals. It is defined as the capacity or ability of someone to influence, control attitudes, and guide members in a way that encourages them to take responsibility and make decisions to accomplish pre-established objectives within an organization (Fries et al., 2021; Onifade, 2023).

While existing literature and most studies have analyzed leadership effectiveness in global contexts, Ituri Province, DRC, appears underexplored and has revealed a different overview. Global and regional studies emphasized that successful organizations often flourish under transformational and transactional leadership styles; transformational leadership has now become the standard (Onifade, 2023). According to the same source, transformational leaders are vital in inspiring followers to pursue organizational success beyond expectations. Motivating and inspiring employees to develop and innovate to support future organizational growth is central to this leadership style.

Conversely, scholars have identified detrimental effects associated with autocratic leadership. For instance, Oladele et al. (2013) found that autocratic or commanding styles, though useful for achieving short-term goals, negatively impact employee motivation and efficiency. Empirical evidence suggests that transformational and autocratic styles appear as opposites and contradictory; however, in some contexts, both can positively and significantly be correlated to firm performance, with autocratic style predicting insignificant performance as compared to transformational style in the regression models (Setiawan et al., 2021).

However, Setiawan et al. (2021), in analyzing autocratic, democratic, transactional, and disruptive leadership styles in relation to employee performance, found in contrast that autocratic models often have a negative relation to employee results. Yet, real-world observations in northeast DRC, particularly in Ituri Province, suggest differently.

Over the past twenty years, leaders, especially economic operators, have wielded absolute power, leaving little room for employees to question decisions. There was also a lack of trust in managers with academic backgrounds, who are often feared for embezzling business capital. This management style resembles autocratic leadership, where authority is centralized, and subordinate initiative is limited (Sultanah & Park, 2021). Interestingly, despite negative views of autocracy, this leadership approach has contributed positively to the growth of these institutions for decades, revealing a paradox in the region.

However, when it comes to intergenerational transfer, autocratic leadership has reached its limit. It has led to the collapse of several family businesses, such as businesses founded in Aru areas by founders such as ATANDELE, SILA, EDOUARD, ENGA, VOLVO, ABHUKI, SEKU, and ONZI, following their unexpected deaths, negatively affecting various stakeholders (Federation of Enterprises of Congo, 2024). The changing business environment and technological advances have made the capabilities and perceptions associated with autocratic leadership outdated, prompting leaders and founders to involve family members implicitly as successor managers and non-family managers in leadership roles and other family members as employees.

A recent empirical study conducted outside the country supports this, showing that modern leadership styles are emerging due to rapid technological development, increased bureaucracy, longer work hours, and changing work methods, all of which influence work and career development (Onifade, 2023). These new trends are better addressed by transformational style through which the leader inspires a shared vision among employees, challenges employees to innovate, mentor, support the team and communicate optimism about the future of the business and some other styles, such as democratic through which the leader encourages employees to participate in the decision-making process, promotes open discussions, values team members' inputs before making decisions, which can foster long-term goals like business cross-generational continuity.

For example, transformational leadership improves the absorptive capacity of an organization, which enables the organization to transfer knowledge in a better way, thus improving organizational performance and continuity (Choudhary et al., 2013). However, these styles are still in their infancy in the study region, due to cultural barriers and delegation's negative side, such as the fear of delegating power, authority, and leadership, and involving direct family members in the business, which hinders their current contribution toward leadership transition across generations.

In Ituri Province, where stability is threatened by ongoing insecurity, no empirical research has been found on how leadership practices relate to family small business continuity under these changing leadership paradigms. It was urgent to provide scientific evidence able to build our understanding of the issue and tackle the challenges related to the smooth transition of business in this prevailing unstable context in Ituri

Province.

Therefore, the main issue of this study was to investigate the contradiction between theoretical expectations and observed leadership styles in Ituri. It aimed to examine how leadership styles related to the continuity of family small businesses in Ituri Province, Democratic Republic of Congo. Specifically, the study investigated the individual influence of four leadership styles, namely autocratic, democratic, laissez-faire, and transformational, on the continuity of family small enterprises in the region.

## Literature review

This section critically analyzes the existing literature related to the influence of adopted leadership styles on the continuity of the family small business in several settings and contexts. Furthermore, it highlights the statement of the problem that constitutes the core issue of this study, and later it shows the gaps that the paper sought to address. Especially, the literature on relationships and the contributions of leadership styles like transformational, transactional, autocratic, democratic, laissez-faire, and business continuity was reviewed, and the key gaps were highlighted.

### Leadership Styles and Continuity of Family Small Business

The influence of leadership styles on the continuity of family small businesses has been studied in existing literature, with researchers reporting varied findings across different sectors and regions, leaving room for further investigation (Choudhary et al., 2013; Njiru, 2022; Oladele et al., 2013). For instance, while Njiru (2022) and Oladele et al. (2013) agree that there is a positive relationship between transactional, transformational, and laissez-faire leadership and succession planning in private telecommunication companies in Nairobi County, Kenya, as well as supportive, inspirational, and commanding leadership and the development of small and medium enterprises in Nigeria, they did not examine how these styles affect organizational sustainability or other family businesses in Nigeria and Kenya.

This creates a gap in the literature and limits how applicable these findings are to new contexts, such as family small businesses in the unstable Ituri Province in the Democratic Republic of the Congo. Additionally, a key limitation of Njiru's (2022) study was the constraints related to respondents' time, availability, and accessibility. Since most respondents worked from home and preferred online surveys, the generalizability of the findings was limited. While these studies support Choudhary et al. (2013), who found that both transformational and servant leadership positively impact organizations, with transformational leadership having a greater effect on performance, they differ from Njiru (2022) and Oladele et al. (2013) by emphasizing that organizational learning strongly influences performance, as shown by regression analysis.

Furthermore, these studies faced limitations related to sector focus, dependent variables, and primarily targeted managers and leaders in the corporate sector, which limits their broader application to family businesses, as addressed in this research. The researchers called for additional studies to examine how these leadership styles are applied in sectors such as trade, service, and manufacturing across various settings.

Building on these limitations, this paper shifts the focus to explore how leadership styles relate to the continuity of family small businesses in Ituri Province, DRC. Specifically, it investigates the relationships between autocratic, democratic, laissez-faire, and transformational leadership styles and business continuity. The review emphasizes the need for further research to close existing gaps in the literature. While positive

trends are evident, sectoral, geographic, and contextual differences, the variety of leadership styles examined, and the common focus on performance rather than continuity all hinder efforts to generalize findings, especially in unstable regions like Ituri.

## **Autocratic Leadership and Continuity of Family Small Business**

A body of literature has examined the relationship or impact of autocratic leadership on firm performance, with limited focus on family small enterprises (Akkaya, 2020; Beatrice et al., 2023; Oladele et al., 2013; Puni et al., 2014; Wei & Vasudevan, 2022). Scholars across various studies and settings primarily highlighted the negative aspects of autocracy, with few reporting positive results. For example, several researchers found a strong negative relationship between autocratic style and innovation, adaptation, and capabilities of agro firms in Rivers State, where organizational culture significantly influenced the relationship between autocratic leadership techniques and organizational resilience, as noted by Beatrice et al. (2023). While autocratic leadership can be effective for achieving short-term goals, it was also shown to negatively affect employee motivation and efficiency in Nigerian SMEs (Oladele et al., 2013). These authors failed to study the continuity of family small enterprises in their respective contexts. Similar results appeared in the banking sector outside Nigeria, with Puni et al. (2014), where by studying different dependent variables rather than continuity, leadership styles studied, such as autocratic, democratic, and laissez-faire, had all an insignificant impact on the financial performance of two banks, with democratic leadership explaining more variance in financial performance than autocratic and laissez-faire styles, thus indicating the relative weakness of autocratic versus democratic leadership, as well as in the Chinese context, with Wei and Vasudevan (2022) noting that dictatorial, paternalistic, autocratic, and laissez-faire styles had insignificant correlations with company performance, while democratic leadership was significantly associated with better performance. Interestingly, Akkaya (2020) contradicted these findings by suggesting a slightly positive link between a firm's dynamic capabilities and hubristic and autocratic leadership, highlighting the conflicting results among scholars. Overall, the reviewed literature across various settings outside the country mainly confirms the negative and insignificant influence of an autocratic style on achieving organizational goals. Although scholars acknowledge its effectiveness for short-term gains, its overall influence tends to be negative across different studies and contexts. Nevertheless, observations in northeast DRC, particularly in Ituri Province, suggest a different scenario, highlighting an urgent need for empirical research to understand this contextual paradox.

## **Democratic Leadership and Continuity of Family Small Business**

Several studies have explored the links between democratic leadership and the continuity of family small businesses (Puni et al., 2014; Setiawan et al., 2021; Wei & Vasudevan, 2022). However, gaps remain, including geographical, literature, methodological, and knowledge gaps. For example, although Puni et al. (2014) and Setiawan et al. (2021) agree on the significant contribution (regression results) of democratic and collaborative leadership styles to financial performance and employee efficiency, suggesting that these styles improve productivity and financial results, they disagree on the strength of the correlations. Puni et al. (2014) found an insignificant correlation, whereas Wei & Vasudevan (2022) reported a significant relationship between democratic leadership style and company performance in the Chinese context. These studies have not examined democratic leadership in relation to family small enterprises within continuity settings. The review emphasizes the positive influence of democratic leadership but also notes its insignificant correlation with financial performance. Additionally, there is a lack of empirical research linking democratic leadership

specifically to continuity, rather than focusing solely on outcomes like financial performance, employee efficiency, and productivity. The contradiction between theoretical expectations and real-world results, such as those observed in leadership styles in Ituri, creates a contextual leadership paradox in leadership studies. This warrants an investigation of democratic leadership in the context of Ituri Province to ensure theoretical completeness and to determine whether similar contradictions exist compared to other regions outside the country.

## **Laissez-faire Leadership and Continuity of Family Small Business**

The relationship between laissez-faire leadership and firm performance, growth, development, and continuity has been sufficiently examined by scholars. However, further studies are needed to confirm or challenge the existing findings due to their fragmented nature across different regions. For example, while Puni et al. (2014) in Ghana and Wei & Vasudevan (2022) in China did not include mediators or moderators in their respective models, they concur that laissez-faire accounted for less variance in financial performance than autocratic and democratic styles in Ghana, and it was insignificantly correlated with company performance in China. This indicates a need for additional research in other settings to compare findings. Accordingly, Jamali et al. (2022) found mixed results but concluded that organizational culture enhanced the impact of transformational leadership while diminishing that of laissez-faire leadership. The existing literature confirms that laissez-faire leadership is generally weak in addressing organizational goals across different environments, especially outside stable countries or settings. This suggests that the leadership vacuum created by laissez-faire can be harmful to achieving organizational outcomes like continuity. However, in underdeveloped and unstable regions such as Ituri Province, a new perspective emerges that calls for further empirical research using nuanced methods, such as qualitative or mixed methods, to compare results with those from more stable contexts.

## **Transformational Leadership and Continuity of Family Small Business**

Existing studies have examined the link between transformational leadership styles and firm development, growth, performance, and continuity from various perspectives and contexts, but their findings remain inconclusive among scholars (Akkaya, 2020; Onifade, 2023; Sudaryanto et al., 2014). While Akkaya (2020) in Wersten, Turkey, and Choudhary et al. (2013), using respectively qualitative and quantitative methods, agree on the positive influence of transformational leadership on firms' dynamic capabilities and organizational performance, Choudhary et al. (2013) did not include any mediating or moderating variables in their model. Meanwhile, Akkaya (2020) employed qualitative methods such as content analysis and MAXMaps within top-down and bottom-up confirmation approaches, with data analysis combining SPSS and MAXQDA programs. The differing methodologies in these studies suggest the need for further research in different contexts. Accordingly, Jamali et al. (2022) in Pakistan's higher education institutions introduced organizational culture as a moderating factor and supported the strongest positive influence of transformational leadership in fostering autonomy, trust, and creativity. Similarly, Onifade (2023) concluded that transformational leadership has now become the standard. The existing literature provides strong empirical evidence of transformational leadership's effectiveness in achieving organizational goals across various settings, especially outside the country in stable environments, suggesting the influence of contextual factors (contingency theory). However, observations in northeast DRC, particularly in an underexplored and hostile region such as Ituri Province (Okapi, 2021; Ruba, 2022; UNICEF, 2023), suggest otherwise. This creates a paradoxical context for leadership styles, highlighting an urgent need for empirical research to understand this phenomenon.

In summary, the review of the literature has clearly revealed that the link between leadership styles and continuity of family businesses is still overlooked among scholars both in Ituri Province and outside the country. Studies have mainly focused on succession planning, business performance, development, and growth; however, no empirical studies were found among scholars addressing the predictors of continuity, such as leadership styles. More specifically, a context-specific study based on leadership paradoxes observed in Ituri Province, DRC, is lacking, leaving behind a critical gap that the present study sought to fill.

Despite this, transformational, transactional, and democratic leadership styles are globally accepted as the ideal models to ensure the firm's growth and performance, thereby ensuring continuity (Choudhary et al., 2013; Molero et al., 2007; Onifade, 2023). A paradox is observed in Ituri, where historically an autocratic style has supported successful outcomes. Yet, this model has failed during leadership transitions in several businesses, causing several businesses to collapse in the region, affecting the livelihood of the communities of the region (FEC, 2020; Timothee et al., 2025).

However, there is a lack of empirical research on how leadership styles influence the continuity under leadership paradoxes and changing leadership paradigms in Ituri, creating a significant research gap that this paper sought to fill. The study aimed to investigate the influence of leadership styles on the continuity of family small businesses in Ituri Province, Democratic Republic of Congo. Specifically, the study analyzed the influence of autocratic, democratic, laissez-faire, and transformational styles on the continuity of family small businesses in Ituri Province. The following section presents the conceptual framework that explains the relationship between the leadership styles and the continuity of family small enterprises.

#### Conceptual Framework

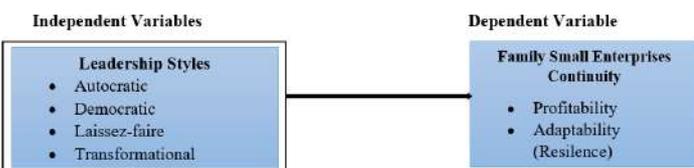


Figure 1: Study Conceptual Model of Leadership Styles and Family Small Enterprises Continuity

Source: Researcher's design, 2025

This conceptual framework illustrates how leadership styles (LS) influence the continuity of family small enterprises (FSEs) in Ituri Province, DRC. LS included autocratic, democratic, laissez-faire, and transformational styles (Chanchotiyana & Asavanant, 2020; Munagapati & Rao, 2019; Oyeladun, 2020). FSE continuity, the dependent variable, was measured by profitability, adaptability, or resilience (Akani, 2015; Olalekan et al., 2021).

## Methodology

The study was underpinned by a positivist paradigm. The positivist philosophy derives its stance from the natural sciences. It embraces objectivist epistemology and claims that the social realities are external to social actors; they are observed, atomistic events (Flick, 2018; Melnikovas, 2018, cited in Ruba, 2022). The positivist philosophy is well-suited for quantitative study because it allows for a thorough data analysis, leading to a more objective and reliable interpretation and presentation of the results, hence minimizing the likelihood of errors and subjectivity (Ariaka & Miencha, 2021; Ariaka Sabho & Okudra Avinyi, 2021; Iyobhebhe Itohan1, 2024). Therefore, the study employed a quantitative research approach. Quantitative methods such as statistical or mathematical approaches were used to analyse data collected (Ariaka & Miencha, 2021; Timothee et al., 2025). Furthermore, the study adopted a cross-sectional survey design. The cross-sectional studies allow the researcher to collect data from various

business organisations, different locations in a short time (Adadevoh et al., 2024; Musoke, 2020; Timothee et al., 2025). The survey is a process of collecting primary data using the questionnaire as a data collection instrument. The choice of positivist philosophy, quantitative approach, and cross-sectional design in this paper was dictated by the need to understand the statistical conclusions, theoretical and practical insights hidden under the observed Leadership Paradoxes and business continuity in Ituri Province. The positivist research philosophy helped to analyze how leadership practices affect family small business continuity under changing leadership paradigms without the influence of the researcher. While the adoption of the quantitative approach helped vigorously to provide an adequate quality of findings (Timothee et al., 2025). Lastly, the cross-sectional survey design was found suitable for this paper, because it provides findings using primary data collected from small family enterprises spread across three distinctive areas, namely Aru, Mahagi, and Bunia town of Ituri in a short time (Adadevoh et al., 2024; Musoke, 2020; Timothee et al., 2025).

Moreover, the study employed the survey method to collect data from the field. The survey method was used to collect primary data; it enabled the researcher to collect a lot of data in a relatively short time and was less expensive than other methods, such as the interview method. This method also works very well with literate populations who can easily complete questionnaires on their own (Asenahabi Bostley, 2019; Taherdoost, 2021). Therefore, following these authors, since the DRC is a French-speaking country, the questionnaires were translated from English to French and filled out by family small enterprise founders, successors, or managers, all with a French background, involved in succession planning dynamics in these businesses. The choice of a questionnaire in the French version was justified by the fact that respondents could read and write, and enabled them to respond to the study questions, sometimes with the researcher's help, because of the low financial literacy of some respondents who were not educated. That is why the French version of the questionnaire was a researcher-administered questionnaire. The targeted population of the study consisted of 2,537 physical entities obtained from the report (2023) of the Revenue Authority named " Direction Générale des Impôts of Ituri Province". A sample of 346 family businesses was calculated using Yamane's formula from the entire study population. Then, a single respondent by firm comprising a designated successor where the business's initial founders had deceased or retired, the alive and active founders with an ongoing succession preparation, and where both successors and founders could not be reached, the key family or non-family managers were included in the sample to provide needed information for the analysis. The response rate was established at 72 %. This response was considered sufficient for data analysis and attaining the desired results to answer the intended study objectives (Mugenda wa Mugenda, 2003). The statistical analysis was performed using Ordinary Least Squares (OLS) Regression Analysis through options of software such as SPSS V25 to reveal the study findings (Ruba, 2022). The data used to provide these findings were collected through a structured questionnaire constructed using a Likert scale with 5 points ranging from 1=strongly disagree to 5=strongly agree (Aremu & Lawal, 2023; Ariaka & Miencha, 2021) from family small enterprises spread across three areas, including Aru, Mahagi, and Bunia town in Ituri Province, Democratic Republic of the Congo.

## Results and discussion

This section is a very important part of this paper. It presented the key results as detailed in Table 1 below, following the study-specific objectives discussed in the above literature review section. At the end of the section, the Ordinary Least Squares (OLS) Regression Analysis results are presented as well.

## Leadership Styles and Family Small Enterprise Continuity

This section addresses the research objectives by depicting inferential analysis and discussion of the findings. It presents the quantitative findings of the study, showing the influence of leadership styles on the continuity of small family businesses in Ituri Province, DRC. The main idea was to reveal the degree of association of variables through regression analysis, and then the multiple regression analysis was computed to assess the links between each leadership style and firm continuity in the region.

The regression analysis results showed that leadership styles were related to the continuity, with 12.1% ( $R^2 = .121$ ) of the total variance in the continuity, suggesting a weak explanatory power, probably caused by the research design, the sample size, the number of regressors, and the type of data. However, a high level (87.9 %) of variance was unexplained in this model. These findings are in line with findings obtained by Reisinger (1997), who stressed that the larger the sample size and the smaller the number of regressors in a study, the smaller is  $R^2$ ; while time-series studies achieve higher values for  $R^2$  than cross-sectional studies, and studies using secondary data achieve higher values for  $R^2$  than studies with primary data. This implies that the family business continuity is multidimensional phenomenon that cannot be explained only by the four leadership styles included, suggesting the need for additional explanatory variables to better explain the continuity of these firms. Furthermore, the value of  $F$  (8.362,  $p < .000$ ) indicated the statistical significance of the model. The finding is in line with Ruba's (2022) statistical model significance, which showed  $F$ 's value was significant ( $p < .000$ ), indicating that the study model was satisfactory for statistical prediction in the Ituri context within manufacturing sectors. This implies that, statistically and in a significant manner, higher levels of the set of leadership were collectively observed alongside higher Family Small Enterprises continuity in the region. The following Table 1 presents the summary of the regression analysis of the leadership styles and the family small enterprises continuity.

**Table 1: Coefficients**

IV	R <sup>2</sup>	F	Df1; Df2	DW	p-value	B (regression coefficient)	t	p-value	Collinearity Statistics	
									Tolerance	VIF
ALS						.305	3.312	.001	.428	2.337
DLS	.121	8.362	4;243	1.600	.000	.128	.537	.591	.064	15.563
LFLS						.172	.744	.458	.068	14.786
TLS						.226	2.829	.005	.567	1.763

DV – FAMILY SMALL ENTERPRISE CONTINUITY

Source: Primary data, 2025

### Autocratic Leadership Style and the Family Small Enterprise Continuity

Table 1 above indicates a significant influence of autocratic leadership style on the Family Small Enterprise Continuity, shown by  $\beta = .305$ ;  $p = .001$ . This finding disagrees with previous studies carried out in stable contexts, whereby autocratic styles often shows a negative outcomes. For instance, Oladele et al. (2013) focused on Nigerian SMEs and assessed the impact of strategic leadership styles like supportive, inspirational, and commanding (autocratic). Their study showed a strong strategic style-SME performance relationship, with autocratic leadership, while useful for achieving short-term goals, was found to negatively affect employee motivation and efficiency. However, this finding aligned with the statement that authoritarian leadership can work properly in an environment marked by uncertainty or crisis which calls to a quick decision-making. The study theorized that the cultural authority structures coupled with the high hostility and ongoing insecurity that threaten business and institutional environments' stability in Ituri Province (Okapi, 2021; Ruba, 2022; UNICEF, 2023) may explain why the autocratic leadership revealed a positive and significant influence on

the continuity of these institutions. In such kind of settings, centralized decision-making and clear authority may mitigate internal family conflicts and ensure stability, quick responses, and resource control, crucial for the continuity of businesses. This implies that the context matters more (contingency theory perspective) regarding the effectiveness of leadership theories, as fragile and hostile business and institutional environments, such as Ituri Province, suggest that autocratic leadership may support the continuity of family businesses that operate within such a context.

### Democratic Leadership Style and the Family Small Enterprise Continuity

Table 1 above indicates a non-significant influence of democratic leadership style on the Family Small Enterprise Continuity, revealed by  $\beta = .128$ ;  $p = .59$ . This finding disagreed with both the existing theory of leadership and some empirical evidence. For instance, this result contradicts participative leadership theories but may reflect the limited applicability of democratic processes in family enterprises where decision authority is traditionally centralized. While from an empirical standpoint, Setiawan et al. (2021) offered a different view by assessing the democratic leadership effect on employee efficiency. Their regression results confirmed that democratic and collaborative leadership improves employee productivity, highlighting the value of empowerment in SME management. The study theorized that the non-significant effect reflects a paradox whereby participative decision-making, typically viewed as beneficial, may reduce effectiveness in family small enterprises characterized by strong family hierarchies, limited managerial skills, and urgent decision requirements. By challenging the universality of democratic leadership models, this finding highlights the need for context-sensitive leadership frameworks in family business research.

### Laissez-faire Leadership Style and the Family Small Enterprise Continuity

Table 1 above indicates a non-significant influence of autocratic leadership style on the Family Small Enterprise Continuity, revealed by  $\beta = .172$ . The result is in line with studies on leadership that emphasized the high ambiguity, weaknesses, and limited accountability characterizing the laissez-faire style. For instance, Jamali et al.'s (2022) empirical results on laissez-faire leadership showed mixed results, whereby organizational culture enhanced transformational leadership's impact but weakened that of laissez-faire. Therefore, this study theorized that the leadership vacuum within family small enterprises weakens coordination and strategic direction, crucial for survival in volatile environments. This result confirms that the lack of leadership or leadership vacuum is harmful for the continuity of small businesses, mostly operating in fragile and informal settings.

### Transformational Leadership Style and the Family Small Enterprise Continuity

As illustrated in Table 1 above, transformational leadership shows a positive and significant influence, with a coefficient value of  $\beta = .226$ ;  $p = .005$ , indicating that transformational leadership practices enhance enterprise continuity. This result is in line with empirical literature on vision building, innovation, motivation, and resilience in relation to organizational durability. For instance, Jamali et al. (2022) examined how laissez-faire, transformational, and transactional leadership styles affect faculty performance in Pakistan's higher education institutions. They introduced organizational culture as a moderating factor. Transformational leadership had the strongest positive impact, promoting autonomy, trust, and creativity. The co-occurrence of effective authoritarian and transformational leadership indicates a hybrid leadership logic, whereby the continuity within a fragile context, such as Ituri, is driven by authority coupled with long-term vision building.

## Preliminary Diagnostic Tests

Furthermore, to ensure the quality of the foregoing results and the accuracy of statistical conclusions, the ordinary least squares (OLS) assumptions, such as the tests for normality, outliers, multicollinearity, the homogeneity of variances, and the tests of independence, were performed as well (Ruba, 2022). The section below and the subsections present the various test results.

## Ordinary Least Squares (OLS) Assumptions

Before performing the descriptive and inferential analyses, various regression diagnostic tests were performed to check for data quality and the presence of any errors in the data set. OLS assumptions are important to ensure the quality of findings and the accuracy of the statistical conclusions. These tests included tests for normality, outliers, multicollinearity, the homogeneity of variances, and the test of independence (Ruba, 2022).

### Data Normality Tests

The data normality test is one of the OLS assumptions; it ensures that the errors of the model are normally distributed. The assumption is tested to assess the distribution of the model residuals. This can be done using techniques such as quantile-quantile (QQ) and probability-probability (PP) plots, and formal statistical tests such as the Shapiro-Wilk test to determine whether the model's errors are normally distributed (Ruba, 2022). The researcher used the PP plot of the normality test to assess the normality of residuals. PP is a graphical technique to check the extent to which two sets of data, specifically the observed data and the expected data, match (Mishra, Pandey, Singh, Gupa, Sahu & Keshri, 2019, cited in Ruba, 2022). The technique can show if the data comes from either a normal distribution or not. If the plot shows a fairly straight line, there is a case of normal distribution. Then, the absence of normality in the errors can be seen via a deviation in that straight line (Ewuzi, Aku & Nkwankpa, 2021, cited in Ruba, 2022). The PP plot used to check the normality of residuals in this study showed that the errors of the model were normally distributed.

### Outlier Diagnostic

Outlier diagnostics can be defined as data points that are scattered far from the majority of other data points and deviate from the logical trends (Kwak & Kim, 2017; Zou & Djokic, 2020, cited in Ruba, 2022). Statisticians use techniques such as the observed univariate distribution to identify extreme observations in the dataset for each variable independently, as well as multivariate outlier detection methods that focus on both distance-based techniques and lower-dimensional projection-based methods (Sunderland et al., 2019, cited in Ruba, 2022). The researcher used Cook's distance ( $D_i$ ) to assess outliers diagnostically. The analysis showed the absence of outliers in the dataset, with the maximum Cook's distance being .053, which is less than 1, indicating that all data points had probabilities associated with  $D_i < 1$  (Ruba, 2022). The SPSS findings of outlier diagnostics for this study showed that the data met the OLS assumption.

### Multi-Collinearity Diagnostics

When in a regression model there is a high correlation between independent variables, it is a sign of the existing multicollinearity that can increase the degree of sensitivity of coefficients to some changes in the model, resulting in a reduced estimated coefficient level (Ruba, 2022). Therefore, it is highly recommended that the researcher verify the existence of such a problem in the database before proceeding with any further analysis. Scholars often use the Variance Inflation Factor (VIF) to perform this kind of diagnostics. The rule of thumb is that all VIFs should be less than 10 to confirm the absence of multicollinearity. In this study, the coefficients table below shows that, regarding the attributes of leadership styles, two leadership styles, namely autocratic and transformational, showed a VIF less than the threshold of 10, indicating the absence of multicollinearity. However, two remaining

styles, including democratic and laissez-faire, showed VIF values of 15.563 and 14.786, respectively, which exceed the acceptable threshold of 10, indicating high multicollinearity associated with a high negative correlation between the two styles, as highlighted in the coefficient correlation tables ( $r = -0.891$ ) in the regression space. This is probably because in real-world leadership practices in family businesses, democratic and laissez-faire styles may overlap, as leaders often use flexible, informal management styles. Since multicollinearity affects the stability of the regression, standard errors, and the ability to interpret the individual contributions of independent variables to the dependent variable, it does not invalidate the model. To avoid introducing omitted variable bias in the findings, the researcher included all leadership styles to preserve the conceptual completeness and interpreted the results with caution. The global significance of the model was not affected and provided results that remained robust for academic contribution and practical recommendations.

### Homogeneity of Variances

Known as homoscedasticity, the homogeneity of variances can be checked by comparing standardized residuals versus standardized predicted values (Ruba, 2022). This assumption can be checked using the plot of residual and predicted values. In the context of the current study, the data did not show a pattern in the residuals, and the assumption was met in the model. Across the range of fitted values, it was seen that the model's fitted values plot shows approximately equal variance. Otherwise, all the residuals are equally spread around the line as prescribed in the literature (Welham, Gezan, Clark & Mead, 2015, cited in Ruba, 2022). The results of the study revealed that the test of Homogeneity of variances was achieved.

### Test of Independence

The autocorrelation of the regression residuals is one of the main statistical assumptions in OLS regression analysis (Nimon, 2012, cited in Remoc, 2024). According to Remo, in conventional analyses such as OLS regression, where independence of the observations is recommended, autocorrelation can create a problem in affecting the reliability of the model if not diagnosed and handled earlier. The Durbin-Watson Test is a suitable method used by scholars to analyse the residual correlation. The researcher relied on the DW test to check this assumption of OLS regression, and the statistic of the test was 1.600, which is a value that fell within the threshold values of 1.5 and 2 (Doryab & Salehi, 2018, cited in Ruba, 2022), indicating the absence of autocorrelation between residuals.

## Conclusion

This paper addressed the contradiction between theoretical expectations and observed leadership styles in Ituri, creating a contextual leadership paradox in the field of leadership studies. The core concern of the study was that existing studies in the field of business management have mainly focused on succession planning, business performance, development, and growth; however, no empirical studies were found among scholars addressing the predictors of continuity, such as leadership styles. More specifically, a context-specific study based on leadership paradoxes observed in Ituri Province, DRC, was lacking, leaving behind a critical gap that the present study filled. Broadly, the study underscored a contextual leadership paradox in an unstable context, whereby two leadership styles, namely, autocratic and transformational leadership styles, boost family small enterprise continuity, while two other leadership styles, including democratic and laissez-faire, in turn failed. These findings emphasize the context-oriented nature of leadership styles' efficacy and contribute to family business and leadership theory by challenging the universalistic assumptions. Furthermore, the study contributes to the field of leadership studies by theorizing leadership paradoxes in family small enterprises operating in fragile institutional contexts. Specifically, the following conclusions were provided:

First, the study findings showed an empirical paradox in which the

authoritarian leadership style was positively and significantly associated with family small enterprises continuity in Ituri Province. This finding highlights that autocratic leadership may support the continuity of family businesses that operate within volatile and fragile settings and contributes to family business and leadership theory by challenging universalistic assumptions.

Second, findings revealed an empirical paradox regarding the democratic leadership-continuity relationship. A positive and non-significant association was supported between democratic leadership and continuity in Ituri. The context-sensitive leadership frameworks in family business studies were highlighted by this finding, and the universality of democratic leadership models was challenged when considering a fragile setting like Ituri Province or other similar settings within or outside the country.

Third, findings showed that a positive and non-significant association was found between laissez-faire style and the Family Small Enterprise Continuity. This finding supported the argument that leadership absence is particularly detrimental in small and informal business contexts and contributes to family business and leadership theory by confirming the weakness always associated with laissez-faire across both stable and unstable settings within or outside the country.

Fourth, study outputs revealed that transformational leadership showed a positive and significant connection with continuity, indicating that transformational leadership practices enhance enterprise continuity. The emergence of the perspective that transformational leadership can cohabit (hybrid leadership logic) with centralized authority in family enterprises was supported by this study's finding, and has contributed to family business and the theory of leadership by confirming the strength of transformational leadership style in achieving organizational long term goals such as continuity.

Beyond this empirical contribution, the leadership theory was expanded as the study's findings indicated that effective leadership in fragile settings relies strongly on formal authority structures and transformational leadership rather than on participative and laissez-faire leadership. These results highlight that dominant leadership models built in stable settings may need contextual recalibration when applied to fragile environments.

Furthermore, from a policy standpoint, the study's findings emphasize the need for family SME support frameworks that integrate leadership development, institutional trust-building, and flexibility in regulatory enforcement, particularly in post-conflict economies.

## Recommendations

The study, in line with the confirmed empirical data on the contextual leadership paradoxes in Ituri Province, recommends the following:

- i. Business founders and successors should endeavour to adopt and develop more elaborate leadership styles and practices, such as participative and transformational (which are still in their infancy stage), that theoretically and through empirical findings outside the region have proved their effectiveness in improving the absorptive capacity of an organization. Such leadership styles enable the organization to transfer knowledge in a better way, thus improving organizational performance and continuity (Choudhary et al., 2013).
- ii. Despite the paradoxes observed in the findings, any effort made by the business owners and successors in seeking to ensure the business continuity after their exit from the business in the region needs to consider the strong, significant, positive influence of the transformational leadership in the model.
- iii. Further investigations are needed to provide more and better understanding of leadership paradoxes observed in the findings of the study in Ituri Province, using, for example, a qualitative or mixed method approach, suitable for ensuring contextual interpretations. Based

on the weak explanatory power of assessed leadership styles, new explanatory variables for future studies could incorporate, for example, factors such as successors' preparedness, founders' and successors' individual factors, such as age, gender, education level, founders and successors' satisfaction with the succession process, organization culture and governance, and environmental factors such as the effect of ongoing conflict as mediator or moderator.

iv. At the institutional level, policymakers should undertake significant intervention regarding institutional areas of weakness that enhances resilience of family SME to navigate smoothly intergenerational transition in fragile settings.

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