

THE ROLE OF LEADER-FOLLOWER RELATIONSHIPS ON EMPLOYEE INNOVATIVE BEHAVIOUR IN SMES IN NAIROBI CITY COUNTY, KENYA

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Abstract

In this study, we investigated and explored the role of leader-follower relationships on employee innovative behaviour in SMEs in Nairobi City County, Kenya. Based on Social Cognitive Theory and other leadership theories, we followed an explanatory research approach and collected data from 266 respondents using structured questionnaires. We conducted correlation and regression analyses to examine the relationship between the variables in the research. We found a strong and significant positive relationship between employee innovative behaviour and leader-follower relationships ($R = 0.729$, $R^2 = 0.532$) and we found that good relationships between leaders and followers promote trust, communication, collaboration, and creativity in employees. It thus suggests that SME managers strengthen positive relationships with employees so that an environment of innovation is created.

Keywords: Leader-Follower Relationships; Employee Innovative Behaviour; Small and Medium Enterprises (SMEs); Social Cognitive Theory; Leadership; Innovation; Nairobi City County.

Introduction

Employee innovative behaviour is increasingly important for organisational competitiveness, adaptability, and sustainability. It involves employees' intentional efforts to generate, promote, and implement new ideas and solutions in the workplace. Globally, research shows that supportive relationships between leaders and employees can encourage trust, autonomy, psychological safety, and creativity, thereby promoting innovative behaviour (Wu & Li, 2023; Zagar, 2025).

In developing economies, leader-follower relationships have also been linked to employee innovation. Iqbal, Latif, and Ahmad (2020) found that positive leadership exchanges strengthen employees' involvement in innovative activities, while Opoku, Choi, and Kang (2019) established that leader-member exchange positively influences employee innovative behaviour through increased employee engagement.

In Kenya, Kanake et al. (2020) found that positive leader-follower relationships enhance employee engagement and promote innovative workplace behaviour. Similarly, Kiptoo et al. (2024) reported that supportive organisational practices contribute to innovative work behaviour. However, limited attention has been given to the role of leader-follower

relationships specifically within small and medium furniture manufacturing enterprises.

Small and medium furniture enterprises in Nairobi City County operate in challenging environments characterised by limited finance, high production costs, inadequate technology, shortages of skilled labour, and strong competition (Mohammed & Bunyaminu, 2022; Zulu-Chisanga et al., 2023). In such settings, positive relationships between leaders and employees can promote trust, communication, support and the sharing of innovative ideas. Thus this research aims to explore how leader-follower relationships contribute to employee innovation in SMEs in Nairobi City County and how good leadership relations can aid creativity, problem solving and innovation.

Statement of the problem

Small and Medium Enterprises (SMEs) are significant contributors to the development of the economy, job creation, poverty reduction and industrial development in Kenya. Recent Economic Surveys reveal that SMEs are still a major source of employment with about 85 per cent and almost 90 per cent of the 848,200 and 782,300 jobs created in 2023 and 2024 respectively (KNBS, 2024; KNBS, 2025). Yet despite their impact

on the economy, many SMEs are facing challenges in terms of competitiveness, productivity, innovation and long-term survival. In 2024, nearly 95,000 MSME loans worth Ksh 8.8 billion were written off and around 2.2 million companies were at risk of closing in five years. These challenges raise concerns about the ability of SMEs to remain competitive and sustain their operations. The furniture industry has similar issues. The wood furniture industry contributes about 1% of annual value addition, indicating low productivity and innovation in this sector (Ototo & Vlosky, 2023). The small and medium furniture production businesses in Nairobi City County operate in an environment of low resources, competition, technology challenges, and changing customer needs. This forces employees to continuously come up with ideas, promote and implement them. But many enterprises rely on existing market trends and competitor designs, which restricts the possibilities of new ideas to flourish, and employees cannot participate in innovative behaviour (Ototo & Vlosky, 2023). Therefore, ideas that could be quite useful are not created, shared or implemented well. One of the factors that can be a cause for this problem is the relationship between leaders and employees. In SMEs, poor communication, lack of trust, lack of interaction, lack of managerial support and low employee involvement may prevent the employees from expressing ideas, taking initiative and attempting new ideas. In contrast, positive leader-follower relationships characterised by trust, open communication, mutual respect, support, and constructive interaction may create a conducive environment for employees to share ideas and participate in innovation. The quality of interaction between leaders and followers may therefore play an important role in determining employees' willingness and ability to engage in innovative behaviour.

Previous studies have established that organisational support and positive workplace relationships are associated with employee innovative behaviour (Ghlichlee & Larijani, 2024; Zhu & Zhang, 2019). However, limited empirical attention has been given to the specific role of leader-follower relationships in influencing employee innovative behaviour within small and medium furniture manufacturing enterprises in Nairobi City County. Most existing studies have focused on broader organisational settings, leaving a

contextual and empirical gap regarding how leader-follower relationships shape employees' innovative behaviour in the furniture manufacturing SME sector.

Therefore, the problem addressed by this study was the limited understanding of how leader-follower relationships influence employee innovative behaviour in small and medium furniture manufacturing enterprises in Nairobi City County. The study consequently sought to examine the role of leader-follower relationships on employee innovative behaviour in SMEs in Nairobi City County, with a view to providing empirical evidence that can assist SME leaders in strengthening workplace relationships and creating an environment that encourages creativity, idea generation, knowledge sharing, and implementation of innovative practices.

Theoretical Framework

This study is anchored on Leader-Member Exchange (LMX) Theory, developed from the work of Dansereau, Graen, and Haga (1975) and later advanced by Graen and Uhl-Bien (1995). The theory explains leadership based on the quality of relationships developed between leaders and individual followers. High-quality relationships are characterised by trust, mutual respect, support, open communication, and reciprocal interaction, while low-quality relationships involve limited interaction and formal exchanges.

LMX theory is relevant to this research because it explains how leader-follower relationships affect the behaviour of employees in innovative ways. Positive relationships help employees feel valued, supported, and trusted so that they share ideas, take initiative, solve problems and experiment with new approaches. Strong relationships in SMEs between leaders and employees can help foster creativity and innovation. Similar studies have linked positive leader-follower relationships with employee innovative behaviour. Opoku, Choi and Kang (2019) suggest that leader-member exchange positively impacts employee innovative behaviour and Kanake et al. (2020) found that positive leader-follower relationships promote employee engagement and innovative workplace behaviour. Kiptoo et al. (2024) also found that supportive leader-member relationships can promote innovative work behaviour. LMX theory has been criticised because differences in leader-member relationships may create perceptions of favouritism

and unequal treatment among employees. Despite this limitation, the theory provides an appropriate foundation for this study because it directly explains how trust, communication, mutual respect, and support between leaders and employees can encourage the generation, sharing, and implementation of innovative ideas in SMEs in Nairobi City County.

As it was developed by Robert K. Greenleaf in 1970, Servant Leadership Theory is based on the idea that good leaders prioritize the needs, development and well-being of their followers. Service, listening, support, trust, collaboration and personal and professional development are the core of the theory. Servant leaders want to provide an environment where employees feel valued, supported and encouraged to contribute to the goals of the organisation (Jonker et al., 2025; Quan et al., 2025). Leadership behaviour of leaders is of primary interest in this study, and they have an impact on the quality of relationships that they build with their followers. Leaders who listen to employees, are open, empathetic and supportive are more likely to develop relationships that are based on trust and mutual respect. Such relationships can help employees to speak openly, share knowledge, present new ideas and be involved in their work. These are the conditions for promoting innovative behaviour in the workplace (Quan et al., 2025). For SMFMEs in Nairobi City County, positive leader-follower relationships are important in the context of small and medium furniture manufacturing businesses (SMFMEs) because employees and leaders often collaborate with one another to achieve organisational objectives and work together. The resource constraints and competitive nature of the furniture manufacturing sector require the employees to be creative, flexible and willing to create new products, designs, processes and solutions to the market and to work with them, and that the staff are open to new ideas, new products, designs and new processes, as well as innovation. Supportive leader-follower relationships enable employees to experiment and to provide a social and psychological environment where they might be able to do so with confidence and safety and are able to learn and contribute to innovation (Jonker et al., 2025). Servant leadership also emphasizes listening and persuasion as opposed to excessive use of authority. Leaders learn from the experiences and challenges of employees, and through active listening and

constructive communication, they can understand the people they are working for and their ideas. This leads to sharing of knowledge and collaboration with those people who are followers. If leaders respect the views of their employees and listen to them and share them on their ideas, then they will be more willing to contribute to the development of new ideas. So the quality of leadership-employee interaction becomes an important pathway through which leadership can influence innovative behaviour (Quan et al., 2025). The theory also contends that supportive and trust-based relationships will foster creativity and initiative in employees. Servant leaders who care deeply about their people and give direction and encouragement will make it easier for employees to propose and try new ideas and work out new ways of doing things. Recent research indicates that servant leadership is associated with intrinsic motivation, meaningful work and proactive behaviour, which are key conditions for employee innovation (Quan et al., 2025). But Servant Leadership Theory has some challenges. The focus on serving the employees may be difficult to translate into practice where leaders have to deal with financial pressures and work productivity as well as other corporate priorities. In addition, servant leadership may also depend on organisational culture, employee expectations, and whether leaders are willing to truly support their followers. However, research has shown that servant leadership can be associated with positive outcomes for employees in terms of creativity, commitment and well-being (Jonker et al., 2025). For this reason, Servant Leadership Theory supports this study with the ideas that leaders' focus on listening, empathy, support, trust and employee development can lead to positive leader-follower relationships that can foster a supportive atmosphere that encourages employees to come up with, share and implement new ideas. This theory therefore offers a helpful perspective to understand the effects of leader-follower relationships to promote innovation in SMEs in Nairobi City County.

Empirical studies indicate that good leader-follower relationships impact employee innovative behaviour through trust, psychological safety, motivation and knowledge sharing. Stoyanova-Bozhkova, Paskova and Buhalis (2019) found that positive relationship-building behaviours lead to employee satisfaction and motivation and contribute to a work environment that

allows creativity. Similarly, Kang and Jang (2021) found that good leader-member exchange can significantly improve employee innovative behaviour through self-efficacy and organisational support. Li et al. (2022) also found that good social relationships and workplace friendship drive innovative behaviour through innovative identity. However, these studies were mainly conducted outside Africa and in contexts distinct from SMEs, making them not applicable to Kenyan furniture manufacturing businesses. Other international studies also show the importance of relational leadership. Ahmad et al. (2020) found that ethical leadership promotes employee innovative behaviour through trust and psychological safety, while Zhao and Zhou (2021) established that leadership-supported knowledge sharing and intrinsic motivation enhance innovative work behaviour. Rosing et al. (2022) similarly found that supportive leadership environments create psychological safety that encourages experimentation and creativity. However, most of these studies focused on large organisations, technology firms, or specialised teams rather than SMEs.

In Africa, Opoku et al. (2019) found that servant leadership positively influences innovative behaviour among manufacturing employees in Ghana, while Mensah and Asiedu (2021) reported that servant leadership significantly predicts employee creativity in Ghanaian SMEs. Malinga et al. (2022) also showed that supportive organisational conditions and employee voice contribute to innovative work behaviour. Although these studies provide evidence of the importance of leadership and relational factors, they were conducted in different national and organisational contexts, leaving limited evidence concerning Kenyan furniture manufacturing SMEs.

In Kenya, Onyango (2021) found that relationship management was an important predictor of innovative work behaviour among academic staff in technical institutions. Mutonyi et al. (2021) also established a significant relationship between supportive leader-employee relationships and innovative behaviour in the manufacturing sector. However, these studies focused on educational institutions and senior management rather than employees in SMEs. Wanjiku and Kamau (2022) further found that positive leadership practices enhance employee creativity and

problem-solving in Nairobi-based SMEs, although their study focused on service-oriented enterprises.

Overall, existing research demonstrates that positive leader-follower relationships characterised by trust, communication, support, and mutual respect can encourage employee innovative behaviour. However, limited empirical evidence exists on this relationship among small and medium furniture manufacturing enterprises in Nairobi City County. This study therefore seeks to fill this contextual and empirical gap by examining the role of leader-follower relationships in promoting employee innovative behaviour within this sector.

Knowledge Gaps

Although previous studies have established that positive leader-follower relationships can enhance employee innovative behaviour, several gaps remain that justify the present study.

Contextual Gap: Existing studies have examined leader-follower relationships and employee innovative behaviour in various contexts, including hospitality, technology firms, educational institutions, and general manufacturing organisations (Stoyanova-Bozhkova et al., 2019; Kang & Jang, 2021; Onyango, 2021; Mutonyi et al., 2021). However, limited attention has been given to small and medium furniture manufacturing enterprises, where employees operate under unique conditions involving resource constraints, intense competition, changing customer preferences, and the need for continuous creativity. Therefore, there is inadequate evidence on how leader-follower relationships influence innovative behaviour specifically within furniture manufacturing SMEs.

Geographical Gap: Most existing empirical studies have been conducted outside Kenya, including South Korea, China, Malaysia, Ghana, and other international contexts (Kang & Jang, 2021; Li et al., 2022; Ahmad et al., 2020; Zhao & Zhou, 2021; Opoku et al., 2019). Although some studies have been conducted in Kenya, they have mainly focused on educational institutions, manufacturing organisations, and service-oriented SMEs (Onyango, 2021; Mutonyi et al., 2021; Wanjiku & Kamau, 2022). Consequently, there is limited empirical evidence on leader-follower relationships and employee innovative behaviour among SMEs in Nairobi City County, particularly furniture manufacturing enterprises.

Methodological Gap: Previous studies have employed different methodological approaches, including qualitative interviews, cross-sectional surveys, longitudinal surveys, hierarchical regression, and structural equation modelling (Stoyanova-Bozhkova et al., 2019; Kang & Jang, 2021; Ahmad et al., 2020; Rosing et al., 2022). However, differences in research designs, samples, sectors, and analytical techniques make it difficult to establish consistent findings that can be applied to furniture manufacturing SMEs in Nairobi City County. There is therefore a need for empirical research using a quantitative approach to specifically examine the relationship between leader-follower relationships and employee innovative behaviour within the selected SME context.

Theoretical Gap: Previous studies have explained employee innovative behaviour using different theoretical perspectives, including social exchange, leadership, psychological safety, and social capital perspectives. However, limited attention has been given to Leader-Member Exchange (LMX) Theory as a direct theoretical explanation of how the quality of leader-follower relationships influences employee innovative behaviour in SMEs. LMX Theory specifically focuses on the quality of exchanges between leaders and followers, including trust, mutual respect, support, communication, and reciprocal interaction. Applying this theory to furniture manufacturing SMEs in Nairobi City County can therefore provide a clearer theoretical explanation of how leader-follower relationships encourage employees to generate, share, and implement innovative ideas.

Overall, the identified contextual, geographical, methodological, and theoretical gaps demonstrate the need for further investigation. So this study aims to fill these gaps by examining the role of leader-follower relationships in employee innovative behaviour in SMEs in Nairobi City County and specifically in the furniture manufacturing domain.

Research Paradigm

The positivist research paradigm is based on the fact that reality is independent of the researcher and can be objectively measured through systematic observation and empirical study. According to Positivism, quantitative methods (e.g., hypothesis testing, statistical analysis) are used to establish relationships

between variables and produce findings that can be generalized to the general population (Saunders, Lewis, & Thornhill, 2019). This method was suitable for the study as it aimed to objectively investigate the relationship of leader-follower relationships to employee innovative behaviour in SMEs in Nairobi City County. The positivist paradigm informed the study to explore whether leader-follower relationships have a statistically significant influence on employee innovative behaviour. The analysis was based on the assessment of leader-follower relationships and employee innovative behaviour on structured questionnaires. As Creswell and Creswell (2018) say, positivist-based quantitative research is appropriate when researchers seek to measure variables objectively and test relationships via statistical methods. The positivist paradigm was also applicable since the study was based on Leader-Member Exchange (LMX) Theory, which states that the quality of relationships between leaders and followers influences employee attitudes and behaviours. Good leader-follower relationships (trust, caring, respect, sharing, and mutual support) can lead to employees generating, promoting, and implementing new ideas. The positivist paradigm also allowed the researcher to empirically test the findings of the theory in SMEs in Nairobi City County. The study used quantitative data to test the null hypothesis and determine the direction and magnitude of the relationship between leader-follower relationships and employee innovative behaviour. Statistical analysis was used for the statistical proof of the relationship because of the objective results and not subjective interpretations. This approach is also a reliable, objective, and reproducible approach to research results (Saunders et al., 2019). The positivist perspective of the results also helped to make the research more general. By collecting data from the employees of selected SMEs and using appropriate statistical methods to analyse this data, the research was able to gain insightful insights into how leader-follower relationships impact employee innovative behaviour amongst SMEs in Nairobi City County. The positivist research paradigm was appropriate for the study as it was quantitative in nature, explained research design, hypothesis testing, and objective measurement of study variables.

Research Methodology

The study used an explanatory research method to assess the role of leader-follower relationships on employee innovative behaviour in SMEs in Nairobi City County. The design allowed the researcher to test the study hypothesis and establish the relationship between the study variables via statistical analysis (Saunders et al., 2019). The target group included 200 small and medium-sized furniture manufacturing enterprises in Nairobi City County registered with the Kenya Association of Manufacturers (KAM, 2024) with individual employees as the basis of analysis. The sample was composed of 200 registered SMEs from the KAM database (Casteel & Bridier, 2021). The sample size was determined using Yamane's (1967) formula and included 133 SMEs within a margin of error of 5%. Two respondents (one manager and one employee) were selected from each SME to reach a total of 266 respondents. Purposive sampling was done to select respondents that know about leader-follower relationships and employee innovative behaviour. Key data were collected using structured questionnaires, which were drop-off and pick-up (Kuphanga, 2024). The researcher obtained NACOSTI approval and an introductory letter from the Catholic University of Eastern Africa before data collection was conducted (Salmons, 2021). Respondents were informed about the purpose of the study and assured of confidentiality (Salmons, 2021). The collected data were checked, coded and analysed using SPSS version 30. Descriptive statistics, such as those of frequencies, percentages, means and standard deviations, were used to summarise the data and were presented in tables and charts (Kombo & Tromp, 2006). Spearman's rank correlation was used to assess the strength and direction of the relationship between leader-follower relationships and employee innovative behaviour; regression analysis was applied to assess the role of leader-follower relationships in employee innovative behaviour.

RESULTS**Descriptive Statistics**

Table 4.5 shows the respondents' perception of leader-follower relationships and their relevance to employee innovative behaviour in SMEs in Nairobi City County. The average mean of 2.97 and the standard deviation of 0.78 indicate that the respondents have a somewhat

positive view of leader-follower relationships, though some of the respondents were neutral on several statements. This suggests that in general the leaders and workforce interaction is good but may be enhanced to create a more supportive environment for employee innovation. According to the results, communication and interpersonal interaction were very important in the leader-follower relationship. For example, 50.8% of respondents agreed that their supervisors were good listeners (both from a general perspective and from the point of view of understanding and sharing of information), while 44.1% felt that supervisors encouraged open communication. Similarly, 50.4% of the respondents said that managers took a win-win approach during negotiations. Based on these results, communication, listening and constructive interaction are generally well established in SMEs in our studies, but we can see that communication, listening and good working environments have been well established. Working together has a reputation for trust and open communication and employees are more likely to share ideas and take part in problem-solving. Stronger and supportive relationships are also shown in the survey results. More than half of the respondents (52.3%) said managers promoted cooperation and collaboration in the workplace and 43.8% said managers were in favor of teamwork. Additionally, 51.6% of managers also said they supported change and change management. This is significant, because employee innovation seems to be often based on collaboration, sharing of information and willingness to accept new ways of doing things. When the people of the organization feel that their leaders are supportive and helpful, for example, they are more likely to feel encouraged to contribute and take part in the improvement process. The results are consistent with previous empirical work in leader-member relationships and innovative behaviour. Khan et al. (2021) found that positive leader-member exchange was associated with higher innovative work behaviour, particularly where employees experienced supportive job conditions. Similarly, research by Dar, Kundi, and Soomro (2023) established a significant positive relationship between leader-member exchange and employee innovative work behaviour, with job crafting helping to explain how high-quality leader-member relationships translate into innovation.

The findings are also supported by Jung, Ullah, and Choi (2021), who found that leader-member exchange contributes to employees' innovative behaviour and that organisational learning conditions can strengthen this relationship. Their findings suggest that positive exchanges between leaders and employees can create an environment in which employees are more willing to engage in innovative activities. Choi, Kang, and Choi (2021) similarly identified leader-member exchange as an important factor in explaining innovative behaviour, alongside self-efficacy and organisational support.

Further support comes from Mustafa et al. (2023), who found that leader-member exchange was positively associated with innovative work behaviour among project employees, with employee engagement partly explaining the relationship. The study suggests that positive exchanges between leaders and employees facilitate the sharing of knowledge and ideas, which are important for innovation.

Overall, the findings of Table 4.5 demonstrate that leader-follower relationships in the surveyed SMEs were generally positive, particularly in relation to communication, cooperation, teamwork, support for change and interpersonal interaction. However, the relatively high neutral responses on some items indicate that these positive relationships were not experienced consistently by all employees. The findings therefore suggest that SMEs can strengthen employee innovative behaviour by developing high-quality leader-follower relationships characterised by effective communication, mutual understanding, trust, cooperation, support and teamwork. The findings are consistent with the Leader-Member Exchange (LMX) Theory, which proposes that high-quality relationships between leaders and followers create favourable conditions for positive employee attitudes and behaviours, including innovative work behaviour.

Table 4.5: Leader-Follower Relationships and Employee Innovative Behaviour

Statement	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev
My supervisor is a good listener, focuses on mutual understanding and embraces information sharing with staff	10 (3.9)	50 (19.5)	130 (50.8)	66 (25.8)	2.99	0.79
My supervisor encourages open communication with employees at work	8 (3.1)	69 (27.0)	113 (44.1)	66 (25.8)	2.93	0.81
My manager negotiates through a win-win approach when negotiations are required among parties	4 (1.6)	51 (19.9)	129 (50.4)	72 (28.1)	3.05	0.74
My supervisor persuades staff skilfully to ensure objectives are achieved	5 (2.0)	57 (22.3)	112 (43.8)	82 (32.0)	3.06	0.79
My supervisor has good communication skills	10 (3.9)	70 (27.3)	125 (48.8)	51 (19.9)	2.85	0.79
Regardless of status, I take the initiative to lead when called upon	6 (2.3)	64 (25.0)	103 (40.2)	83 (32.4)	3.03	0.83
I hold people accountable while directing their performance	3 (1.2)	63 (24.6)	123 (48.0)	67 (26.2)	2.99	0.75
I lead by example	10 (3.9)	65 (25.4)	119 (46.5)	62 (24.2)	2.91	0.81
My supervisor builds strong networks in the organization	2 (0.8)	75 (29.3)	128 (50.0)	51 (19.9)	2.89	0.72
My manager supports change and change management	1 (0.4)	49 (19.1)	132 (51.6)	74 (28.9)	3.08	0.71

My manager promotes cooperation and collaboration at work	8 (3.1)	50 (19.5)	134 (52.3)	64 (25.0)	2.99	0.78
My manager supports teamwork at the workplace	5 (2.0)	75 (29.3)	112 (43.8)	64 (25.0)	2.92	0.78
Average					2.97	0.78

Correlations Analysis

Pearson correlation analysis was conducted to establish the strength and direction of the relationship between leader-follower relationships and employee innovative behaviour among employees in SMEs in Nairobi City County. The findings revealed a strong, positive, and statistically significant relationship between leader-follower relationships and employee innovative behaviour ($r = .729$, $p < .001$). These findings suggest that employees with more positive and good relationships with their leaders are more likely to act innovatively by coming up with new ideas, sharing ideas, making new ways of doing things, and implementing useful improvements in their work. With such a high correlation, leader-follower relationships are important for the employee innovative behaviour of the sampled SMEs. The result is in line with Dar, Kundi and Soomro (2023), who found a significant positive relationship between leader-member exchange and employee innovative work behaviour among banking employees in Pakistan. Their study also noted that job crafting helped explain how good leader-member relationships translated into innovative behaviour. This supports the present finding by demonstrating that positive exchanges between leaders and employees can create conditions that encourage employees to take initiative, redesign aspects of their work, and engage in innovative activities.

Similarly, a study by Mustafa et al. (2023) found that leader-member exchange was positively associated with innovative work behaviour among information technology project employees. The study reported that employee engagement mediated the relationship, suggesting that positive relationships with leaders can increase employees' involvement and willingness to contribute beyond routine job requirements. This finding is relevant to the present study because employees in SMEs may become more willing to

introduce and implement new ideas when they feel supported, trusted, and valued by their leaders.

The present finding is also supported by Modliba (2024), who examined how leader-member exchange translates into innovative work behaviour and highlighted the importance of creative self-efficacy and team support for innovation. The study reinforces the argument that high-quality leader-follower relationships can provide employees with the confidence and supportive environment required to transform ideas into innovative actions. Thus, the strong correlation found in the present study may reflect the importance of supportive interpersonal relationships in enabling employees to participate actively in innovation.

Further support comes from Khasanah and Izzati (2021), who used Pearson product-moment correlation and found a positive and significant relationship between leader-member exchange and innovative work behaviour ($r = .550$, $p < .05$). Although their correlation was lower than the $r = .729$ obtained in the present study, both findings point in the same direction. The stronger relationship observed in the current study may suggest that close leader-employee interactions are particularly important within SMEs, where organizational structures are relatively smaller and employees often interact directly with owners, managers, or supervisors.

The finding is further consistent with research by Atitumpong and Badir, which found that leader-member exchange was positively related to employees' innovative work behaviour in the manufacturing sector, with creative self-efficacy helping to explain the relationship. This is particularly relevant to the present research because the study focuses on furniture manufacturing SMEs. It suggests that when employees have positive relationships with their leaders, they may develop greater confidence in their ability to generate and apply creative solutions to workplace problems.

In addition, Ratnasari and Wulansari (2019) found that leader-member exchange had a positive and significant effect on innovative work behaviour among employees in a plywood manufacturing organisation, with work engagement mediating the relationship. This finding has strong contextual relevance to the present study because plywood and furniture manufacturing both involve production activities in which employee creativity, problem-solving, process improvement, and adaptation can contribute to organizational performance.

However, the strength of the present correlation should not be interpreted as proof that leader-follower relationships alone cause employee innovative behaviour. Pearson correlation establishes association rather than causation. Other organizational and individual factors may also influence innovative behaviour. Nevertheless, the strong positive correlation of .729 provides substantial empirical support for the argument that the quality of relationships between leaders and followers is closely associated with employees' willingness and ability to engage in innovative behaviour.

The finding therefore provides empirical support for Leader-Member Exchange (LMX) Theory, which proposes that high-quality relationships between leaders and followers are characterized by trust, mutual respect, support, communication, and reciprocal interaction. Such relationships can make employees feel valued and psychologically supported, thereby encouraging them to share ideas, take initiative, experiment with new approaches, and participate in workplace innovation.

Overall, the results demonstrate that leader-follower relationships play an important role in employee innovative behaviour among SMEs in Nairobi City County. The strong positive and statistically significant correlation suggests that strengthening trust, communication, mutual respect, support, and constructive interaction between leaders and employees may create a more favourable environment for innovation. The finding is therefore consistent with the broader empirical evidence showing that high-quality leader-member relationships are positively associated with innovative work behaviour across different organizational contexts.

Table:4.11Leader-Follower Relationships and Employee Innovative Behaviour

Variable	Pearson Correlation	Significance (2-tailed)	N
Leader-follow relationship and employee innovative behaviour	.729, p	.001	256

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

Regression Analysis:Model Summary of Leader-Follower Relationships and Employee Innovative Behaviour

The results presented in Table 4.11 indicate a strong positive relationship between leader-follower relationships and employee innovative behaviour, as shown by the correlation coefficient (**R = .729**). The coefficient of determination (**R² = .532**) indicates that leader-follower relationships explain **53.2% of the variation in employee innovative behaviour** among employees in the sampled SMEs. The adjusted R² of **.530** indicates that, after adjusting for the predictor in the model, leader-follower relationships still explain approximately **53.0% of the variance** in employee innovative behaviour. The remaining **47.0%** of the variation may be explained by other factors not included in the model. The Durbin-Watson value of **1.861** suggests that the residuals are reasonably independent.

Table : Model Summary of Leader-Follower Relationships and Employee Innovative Behaviour

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729	.532	.530	.425431.861

Note:

Predictor: Leader-Follower Relationships
Dependent Variable: Employee Innovative Behaviour

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The study concludes that leader-follower relationships play an important role in promoting employee innovative behaviour among SMEs in Nairobi City County. The findings indicate that positive relationships between leaders and employees, characterised by open communication, active listening, mutual understanding, trust, cooperation, support, and constructive interaction, create a favourable environment for employees to generate, share, and implement innovative ideas. Workers are more likely to be more creative and innovative when they feel valued, trusted, supported and are able to talk to their leaders. The inferential results also show that these leader-follower relationships have a positive and statistically significant impact on employee innovative behaviour. As a result, the regression results ($B = 0.330$, $\beta = 0.340$, $p = 0.001$) show that the better the quality of leader-follower relationships to an employee, the more innovative behaviour is achieved. And the research thus rejects the null hypothesis that leader-follower relationships do not influence employee innovative behaviour, and concludes that the quality of the interactions between leaders and employees is very important to innovation in SMEs. In conclusion, the study indicates that the better the quality of leader-follower relationships, the better the employee innovative behaviour will be. SME leaders should cultivate trust, good communication, respect, collaboration, and supportive working relationships and build up their relationship to support employees to implement new ideas. This conclusion is in line with Leader-Member Exchange Theory, which states that good communication among leaders and followers will promote positive employee attitude, initiative and innovation.

Recommendations

Based on the findings and conclusions of the study, we make the following recommendations. SME leaders should encourage open communication with employees as an open mechanism in which employees can express their ideas and concerns without fear of criticism or rejection. Meeting regularly, feedback sessions, and active listening should be promoted to increase communication and information sharing. SME leaders should build trust and mutual respect

with employees by treating them fairly, recognizing their contributions and paying attention to their opinions and abilities. A trusting relationship in their workplace can get employees to take initiative and to confidently propose and implement new ideas. SMEs must foster supportive leader-follower relationships. Managers and supervisors must support and assist employees with innovative ideas and then support those innovative ideas to be encouraged and supported by other managers and supervisors. All employees should also be encouraged to try different methods and learn from mistakes. Leaders should encourage employee participation and collaboration in the decision-making process and problems that affect them in their work. Teamwork and collaboration should be encouraged because the interaction of the employees helps to exchange ideas and to help create the ideas that can be used to do new things. SME leaders should give positive feedback and recognize innovative work. Employees who provide useful suggestions and do better in their jobs should be rewarded. These kinds of practices can strengthen leader-follower relationships and motivate employees to continue to do the right thing. SME owners and managers need to develop leadership skills for good relationships. Training in communication skills, active listening, conflict management, emotional intelligence, trust building, and employee support should be the focus. Those skills can be used by leaders to develop good working relationships with employees to foster a good working atmosphere and innovation. SMEs should have mechanisms where employees can get ideas shared and implement new ones. Suggestion systems, team discussions, innovation meetings, and simple feedback are a good way for employees to get their ideas to management and to have the best results.

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