

RESEARCH ARTICLE

AN ASSESSMENT OF POWER DISTANCE AND LEADERSHIP STYLES IN AGRO-BASED SMALL-MEDIUM ENTERPRISES IN SABARAGAMUWA PROVINCE, SRI LANKA

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ABSTRACT

Organizational culture is a key in developing traits and skills in business enterprises. Organizational culture affects employee performance thereby the business success. Amidst many other models, Geert Hofstede introduced a model to evaluate the cultural influence in business organizations over four dimensions, namely power distance, uncertainty avoidance, individuality, and masculinity. Despite many scholars have researched on organizational culture using this four-dimensional approach, an in-depth study has not been carried out in Sri Lanka, particularly on the relationship between power distance and employee performance. Thus, this study attempts to answer the question; how has the level of power distance influenced on employee performance in small-medium agro-based enterprises (SME) and the leadership styles? Agro-based SMEs over four product categories including dairy, tea, plant production (ornamental and timber plant), and agro-input supply in Sabaragamuwa Province, Sri Lanka were considered. Secondary data was obtained through published documents and primary data was gathered through a questionnaire survey, which elicited questions enveloping both quantitative and qualitative data. Simple random sampling technique was employed to draw a sample of 100 operational-level staff from 10 agro-based SMEs obtained from the lists of Sabaragamuwa Chamber of Commerce. Northouse leadership questionnaire was adopted to investigate the leadership styles. Every variable was rated at a five-point Likert scale from 1 to 5 (1- strongly agree and 5- strongly disagree). Democratic leadership style was prominent in all SMEs with moderate employee performance. Encouraged teamwork culture, collaborative problem solving, and high employee engagement, open discussions are noticeable. A modest power distance has been reported by all the entities in a range of 50-68 ($PDI_{dairy} = 68.71$; $PDI_{tea} = 50.52$; $PDI_{plant} = 66.21$; $PDI_{agro-input} = 50.24$). It indicates a harmonious relationship between superiors and workers. Despite Sri Lanka has been classified as a country with a high-power distance (80) in 2011, the findings reveal a moderate power distance (58.92) in agro-based SMEs in the Sabaragamuwa Province.

Keywords: Agro-industry, Employee performance, Hofstede dimensions, Leadership styles, Power distance index

INTRODUCTION

Organizational culture drives the organization's performance and employee satisfaction (Gallagher and Brown 2008; Hellriegel *et al.* 2001). Every organization has its own culture or set of values that interpret their culture differently (Allaire and Firsirotu 1984). Profoundly, organizational culture has been defined as shared values and ideas that

each individual at the organization shares (Abu-Jarad *et al.* 2010; Tharp 2009; Sun 2008). Traits depict the nature of the organizational culture (Denison and Mishra 1995) yet are unique to the organization (Weerathna and Geeganage 2014). Organizational traits are the general characteristics of an organization; for example, involvement, adaptability, mission and consistency are the mostly used traits to

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explain the organization's culture (Denison and Mishra 1995). Strong cultures attract in, keep and reward employees for fulfilling tasks and accomplishing goals with a high commitment and cooperation (Sun 2008; Van and Griffin 2006). In essence, the organizational culture is a common trait of successful businesses and what sets them apart from those considered unsuccessful and has a great impact on the realization of profits, efficiency and growth of companies (Gavric *et al.* 2016). Comfortable organizational culture offers cooperation, control, communication and commitment leading to the succession of the organization (Sun 2008). Having realizing the importance of the organization culture, which determines the long-term effectiveness of the business on both working environment and the people who work there (Singh 2007), it has been recognized as an important management tool (Schein 2010) through traditions, legends, symbols, and shared ideas (Tuan 2010).

Scholars have defined organizational culture in different ways over many studies. Hofstede defines organizational culture as *“the collective programming of the mind that distinguishes the members of one organization from another. This included shared beliefs, values and practices that distinguished one organization to another”* (1980: p 3). Schein (2010) defines organizational culture as set of values, beliefs and understanding shared by an organization's employees and it ranks among an organization's most powerful components. Organizational culture has also been viewed as an informal, shared way of perceiving life and membership in the organization that binds members together and influences what they think about themselves and their work (Groene *et al.* 2010). In general, values (Hofstede 1980), beliefs (Gavric *et al.* 2016), innovations (Wambugu 2014), and cumulative preferences (Ghosh and Srivastava 2014) are the key variables that define the organizational culture.

Being a crucial factor in employee performance and organizations' success, organizational culture is assessed and evaluated frequently. Walker and colleagues (1996) used Corporate Culture Questionnaire (CCQ) and Twenty Statements Test (TST) to measure the

organizational culture comparatively. CCQ was published by Saville and Holdsworth Limited (1993) is a self-completion survey instrument designed to provide reliable quantitative information about the culture of an organization with an efficient means. The Twenty Statements Test (TST) was originally developed by Kuhn and McPartland (2017) as an empirical method of assessing the self-attitude about an organization.

In contrast, a widely used model has been suggested by Geert Hofstede in the year 1984, which has been used in an array of research fields (Abu-jarad *et al.* 2010; Anna *et al.* . 2018; Zakour 2004). Accordingly, four dimensions have been used to explain the organizational culture namely, power distance (PD), uncertainty avoidance (UAD), individuality (IDV), and masculinity (MAS). These dimensions are presented next in detail.

Power distance (PD)

Power Distance (PD) refers to the degree to which employees and management maintain their relationship within the organization (Hofstede 2011). The acceptance of inequalities in power shapes views about how individuals with differing levels of power need to interact (Javidan and House 2001). Power distance has been identified as the most critical dimension among the four with a greater influence on the organization's culture (Robert *et al.* 2000). High power distance indicates unrestricted power and control over their employees and vice versa (Khatri 2009). Power distance varies upon individual, group, organizational, and societal levels (Javidan and House 2001). Power distance is measured by multiple variables including absenteeism, sensitivity to others, satisfaction with jobs and supervisors, perceived organizational justice, continuance commitment, normative commitment, trust, conformity, perceptions of directive leadership, openness to experience, and religiosity at both individual and group level (Taras *et al.* 2010). Besides, Dorfman and Howell (1988) adopted decision making power, interaction with managers and off-the-job social contact with managers as variables to measure power distance.

Individualism (IDV)

Individualism (IDV) means the degree to which people may create the difference between the interests of the organization and self-interest (Hofstede 2011). Individualism determines the relationship between the worker and the organization (Gundlach *et al.* 2006). Research has found that individualism is associated with resistance to teamwork (Kiffin-Petersen and Cordery 2003). Job security, sufficient time for personal life, timely promotions, social recognition and respect, and friendly working environment are the variables used to measure IDV. Value Survey Module (VSM) developed by Hofstede and Minkov (2013) is the common tool used to assess the IDV.

Uncertainty avoidance (UAD)

The level at which people are willing to mitigate uncertainty and tolerance of ambiguity has been referred as uncertainty avoidance (UAD) (Hofstede 2011). Thus, UAD is the extent to which society teaches its citizens to feel either comfortable or nervous in unstructured situations. Unstructured situations are unusual, unanticipated, and unexpected situations/conditions that deviate from the normal. In essence, societies with a high level of uncertainty avoidance favor norms and controlled situations where emotions are expressed in predictable ways. Every deviation from the norm is a challenge to the status quo. Furthermore, employees are more likely to stay with a company and they will stay with their current employer for a longer period (Love *et al.* 2008). Health status, feelings of nervousness/tension,

interaction with managers and rules of the organization are the commonly used variables in assessing UAD in the VSM.

Masculinity (MAS)

Masculinity (MAS) has not considered as an individual characteristic but refers to the organization- distribution of values between the genders, - which is another fundamental issue for any society (Hofstede 2011). Carlsson (2013) studied how to manage gender by absorbing the cultural definitions of men and women. Social schemas are visual representations of patterns observed in previous social interactions that help people to interpret social cues in the future (Kuhl *et al.* 2018). Variables of having pleasant people to work with, recognition for good performance, desirability to living area and possibility for promotion have been used in VSM 2013 module to measure MAS.

As stated by Robert and colleagues (2000), power distance is the most important dimension among the other three in determining organizational culture. Managers from high PD organizations demonstrate an autocratic and paternalistic decision-making style and are satisfied with the directive and persuasive superior. However, employees fear to disagree with their boss. In contrast, low PD cultures create a friendly environment with better communication. Hence, less afraid for disagreement with their bosses and most of the decisions are taken by consulting subordinates. Hofstede (1984) distinguishes high vs low power distance cultures as follows (Table 1).

Table 1: High vs Low power distance cultures

High power distance	Low power distance
<ul style="list-style-type: none"> Managers are viewed as dictatorial and paternalistic in decision-making. Managers are more satisfied with superiors who are directive and persuasive. Managers want to think of themselves as good decision-makers. Employees are afraid on disagreements with their bosses. 	<ul style="list-style-type: none"> Managers make choices after discussing with their subordinates. Managers are happier when their superiors participate in their work. Managers portray themselves as practical and systematic, and they acknowledge the assistance. Employees are less fearful of dissenting from their supervisor

(Source: Hofstede 2011)

Hofstede (1980) has specifically mentioned the prevalence of high-power distance in African countries and part of Asian nations, which differ from other countries due to deviations with respect to the position and age. Supportively, Jayasekara and Thilakarathna (2013) found that people in Sri Lanka are relatively unequal in terms of identity-based values including social class, ethnicity, language, and regional symbolic groups thus a societal origin and hierarchical system has well-established. Irfan (2016) described a significant power distance since pre-independence to date over the family, organization, political parties, and national level. Further, he mentioned high-power distance as the reason for low organizational performance in Sri Lanka, which has a substantial impact on organizational performance related to cultural dimensions. Consequently, many private enterprises have consistently preferred to have a balanced power distance while making profitable operations.

Leadership has emerged as a new successful technique for managing personnel and the business as a whole in recent years (Porter and Kramer 2019). It emphasizes the strategic integration of modern leadership styles into effective employee management and enhancement of employee performance (Jony *et al.* 2019). Organizations cannot succeed without efforts and loyalty of their managers and employees (Dobre 2013). Managers and their leadership styles are critical for the organization's success in achieving its goals and objectives (Mohammad and Hossein 2006) Small businesses, as well as the world's largest organizations, are affected by leadership styles in many ways (Northouse 2011). Balanced organizational culture is important because it increases employee engagement, decreases turnover, and elevates productivity (Taormina *et al.*1999). As noted by Dartey-Baah (2020), organizational leadership is an influencing process connecting, managing and directing the affairs of an organization of people towards the achievement of an objective. Further, he noted that employee performance in an organization is influenced by both leadership behavior and

organizational culture. Different leadership styles are used based on the degree of direction, empowerment, and decision-making power delegated (Northouse 2011). Moreover, an effective leader has a responsibility to provide direction and knowledge to motivate employees for their better performances while becoming experts in preserving quality.

Leadership styles

Leadership styles have been identified as autocratic, democratic, and Laissez-faire (liberal) (Lewin *et al.*1939). A brief explanation on each leadership style has given below.

The autocratic leadership style is rising with leader's power. Autocratic leaders make decisions based on their ideas and judgments and rarely take subordinates views in decision-making. Thus, an authoritarian control over the group has been exhibited (Cherry 2019). When there is a homogeneous workforce, smart leadership with a better understanding of the followers, autocratic leadership may be beneficial (Armstrong 2012). The Laissez-faire leadership style is characterized by a leader lacks confidence in his ability to supervise and sets unclear expectations for how the group will function, the group struggles to reach consensus and too much responsibility is placed on subordinates (Bass 1985).

A leader who practices democratic leadership involves subordinates in decision-making, goal-setting, method development, problem-solving, getting ideas and recommendations (Bjerke and Al-Meer 1993).

Leadership style has a considerable impact on employee performances (Paais *et al.* 2020). Correct leadership enhances job satisfaction with a secured environment to work and job protection (Porter and Kramer 2019). Tharp (2009) indicated that the ability of corporate leadership to affect individual and group performance, facility performance, organizational performance, and ultimately the important financial aspects of business performance may depend in assessing and

understanding organizational culture. According to Randeree and Chaudhry (2012) organizational culture can strongly influence the national culture which may determine the prevalent leadership style. Thus, the leadership style has a crucial role in determining organizational success (Boonyachai 2011). Employees are valuable than assets where they perform a critical role in both current and future operational success (Weerarathna and Geeganage 2014). In contrast, employees believe leaders as leaders as well as effective goal-oriented guides who steer the crew towards transformation while achieving higher performance (Kourdi 1999).

Employees in high power distance cultures accept hierarchical structure in which everyone has a place and no more justification is required and society is hierarchical (Dissanayake and Semasinghe 2015). This reflects inherent inequalities; centralization is popular; subordinates expect to be told what to do, and the ideal boss is a benevolent and challenges to the leadership are not well received. However, these researches indicated that in low power distance cultures managers rely on the experience of their team members because power is decentralized and workplaces have an informal culture with direct and engaging communication.

Having realizing the importance of power distance and leadership style that determines the organizational culture, this study has been designed to explore the level of power distance maintained in agro-based small-medium enterprises (SMEs) and its impact on the leadership style and employee performance. Most of agro-based enterprises in Sri Lanka fall under small-medium enterprises (Thrikawala 2011). SMEs are defined as the enterprises where the number of employees does not exceed 300 individuals and the annual revenue does not exceed 750 Million LKR (2.05 Million USD- at the exchange rate 1 USD = 366.42 LKR) (Jayasekara and Thilakarathna 2013). Yet SMEs make a significant contribution to the economy in a developing country like Sri Lanka (CBSL 2020). However, research has

shown that many firms suffer from low employee productivity as a result of the prevalent strict culture (Weerarathne and Geeganage 2014). In contrast, only a few researches on organizational culture and employee performance have been conducted in Sri Lanka. Focusing on the power distance dimension as the most important component among the cultural dimensions in the studies of leadership style and employee performance, this study was designed to assess the power distance and leadership styles in agro-based small-medium enterprises in Sabaragamuwa province, Sri Lanka.

MATERIALS AND METHODS

This study mainly focuses on organizational culture in relation to the leadership style, power distance between employee and employer, and how these have affected employee performance in SMEs in Sabaragamuwa province. SMEs data base, which is maintained by the Sabaragamuwa Chamber of Commerce and Industry (SCCI), was accessed to select 10 agro-based SMEs operating under dairy, tea, plant production, and agro-input supply sectors. Then, the operational level employees from each company were drawn randomly using the employees' registry available at the organization ($n = 100$). The sample composition is given in table 2.

Here, the dairy production enterprise means the enterprise engages in producing yogurt, ice-cream, flavored milk and distributing to the local market; tea manufacturers mean those who are engage in tea production focusing on export market; plant production means the enterprises engage in plant nurseries and sell all categories of plants including vegetables, ornamental and herbaceous plants; and the agro-input suppliers mean those who are engage in provision of good quality seeds, fertilizers, and equipment for agribusinesses. A questionnaire survey was designed to measure the leadership style of employers, employee performance, and power distance. The measuring instruments of the components are given in table 3. Concerning the numerous statements that measured the variables, the

Table 2: Sample composition of the study

Enterprise category	Number of enterprises	Number of employees
Dairy production	2	25
Tea manufacturers	3	25
Plant production	2	25
Agro-input supply	3	25

respondents were asked to rate each component on a five-point Likert scale (1- strongly agree, 5- strongly disagree). Mean values for each category of enterprises were calculated as follow. Statistical Package

for the Social Sciences (SPSS) was used for the inferential analysis of collecting primary data. Mean scores for leadership style and employee performance as follow.

Table 3: Measuring tools of the components

Component	Variables
Leadership style -measured based on Northouse leadership questionnaire (Northouse 2011)	<ul style="list-style-type: none"> • Tells others what they are supposed to do (L₁) • Acts friendly with others (L₂) • Sets performance standards for others (L₃) • Help others to feel comfortable (L₄) • Make suggestions on how to problem solving (L₅) • Responds favorably to suggestions made by others (L₆) • Make his perspective clear to others (L₇) • Treats others fairly (L₈) • Develop a plan of action for others (L₉) • Behaves in a predictable manner toward others (L₁₀) • Define roles and responsibilities for others (L₁₁) • Communicate actively with others (L₁₂) • Clarify his role within others (L₁₃) • Shows concern for the personal well-being of others (L₁₄) • Provides a plan for how the work is to be done (L₁₅) • Shows flexibility in making decisions (L₁₆) • Provides criteria for what is expected (L₁₇) • Discloses thoughts and feelings to others (L₁₈) • Encourage others to do quality work (L₁₉) • Help group members get along (L₂₀)
Employee performance -measured based on the instrument developed by Anitha (2013)	<ul style="list-style-type: none"> • The working environment (P₁) • Superior's leadership qualities (P₂) • Relationship between co-workers (P₃) • Training programs (P₄) • The compensation programs (P₅) • Company policies and procedures (P₆) • Workplace well-being (P₇)
Power distance -measured based on the value suvey module (VSM) (Hofstede and Minkov2013)	<ul style="list-style-type: none"> • Consultation by bosses (M₁) • Respectability for bosses (M₂) • Conflicting relationship with bosses (M₃) • interaction with superiors (M₄)

$$n_x = \sum (\text{LSR} \times \text{LSV}) \dots\dots\dots \text{Eqn 1}$$

$$m = \sum n_x / N \dots\dots\dots \text{Eqn 2}$$

n_x = Total value gained a variable by responses

LSR = Number of Likert Scale Responses

LSV = Likert Scale Value

m = Mean Value

N = Number of variables

Mean score was used to determine the leadership style as well as the employee performance (Table 4).

Table 4: Prevailing leadership style and employee performance level according to the mean values

Component	Mean value (m)	Category	Remarks
Leadership style	74-100	Autocratic leadership style	Unsatisfied with the Leadership
	46-74	Democratic leadership style	Moderately satisfied with the leadership
	20-46	Laissez-faire leadership style	Satisfied with the leadership
Employee performance level	26-35	High employee performance level	
	16-26	Medium employee performance level	
	7-16	Low employee performance level	

PDI Value calculation

The PDI was calculated by using the power distance index formula developed by Geert Hofstede and Michael Minkov (Hofstede *et al.* 2013).

$$\text{PDI} = 35(M_1 - M_2) + 25(M_3 - M_4) + C \text{ (pd)} \dots\dots\dots \text{Eqn 3}$$

35, 25 - Fixed values

M_1 - Mean score for consultation by bosses

M_2 - Mean score for respectability for bosses

M_3 - Mean score for the conflicting relationship with bosses

M_4 - Mean score for interaction with superiors

C (pd) - Constant value

Determination of C (pd)

Estimated value of PDI for Sri Lanka (80) was considered to calculate C (pd) value.

C (pd) = 80 – mean value of calculated PDI without constant value (for agro-based SMEs)

$$= 80 - 28.96$$

$$= 51.04$$

RESULTS AND DISCUSSION

The demographic characteristics of the sample are given in table 5. Except the plantation sector, female representation is higher in all other four sectors. An observable difference is reported in the plantation sector as 65 to 35 percent for male and female. Majority of the respondents are between 20-30 years for three sectors where majority of the employees in the tea manufacturing sector are in the 31 to 40 age group. In general, the sample consists with more female respondents and majority is below 41 years, who falls into the middle age career.

The leadership style and the employee performance of the selected SMEs are given in table 06. Accordingly, a democratic leadership style was performed by employers in all types of enterprises while employee performance is at moderate level.

Table 5: Demographic characteristics of the sample

Demographic characteristics	Dairy Production	Tea Manufacturers	Plant Production	Agro-input Supply
Gender (%)				
Male	44	48	65	45
Female	56	52	35	55
Age category/Years (%)				
20-30	25	43	62	60
31-40	32	48	32	22
41-50	15	9	6	18
Above 50	28			

Table 6: Leadership style and employee performance level in SMEs

Enterprise category	Mean value (Leadership style)	Leadership style	Mean value (Employee performance)	Employee performance level
Dairy production	66.58	Democratic	23.92	Moderate
Tea manufacturers	69.88	Democratic	25.44	Moderate
Plant production	70.83	Democratic	25.42	Moderate
Agro-input supply	71.06	Democratic	24.83	Moderate

Leadership style and employee performance level maintain by agro-based SMEs

A strong organizational culture fosters adaptation and improves employee performance by inspiring employees to work toward a common aim and objective; influencing and channeling employees' behavior towards the goal hence the goals and objectives of the firm have laid at the forefront of the operational and functional initiatives (Uddin *et al.* 2013). This study claimed that all organizations are thriving to acquire high-performing personnel to satisfy corporate objectives and gain competitive advantages. Employees are familiar on firm's past and current methods of operation, which directs the organization towards expected and acceptable goals, employee behavior, and standards (Avci 2016). The relationship established between employees and superior influences on his/her perception regarding the actions/reactions of the superior. It has an impact on his or her work attitudes and performance. Managers are perceived as making decisions autocratically and paternal-

istically, managers are more content with a directive and persuasive superior, managers enjoy viewing themselves as benign decision-makers, and employees are afraid to argue with their superior in high power distance cultures (Hofstede 1984). Employees are expected to perform at a high level by their employers. As Sri Lanka has a high estimated value on the power distance index, this may be the primary reason for low enterprise productivity.

Different types of relationships prevailing under different leadership styles and power distance based on a study conducted in the Thai hotel industry (Boonyachai 2011) (Table 7). There, the author has investigated a correlation between power distance and the leadership style where high-power distance is common under democratic leadership style and low power distance with autocratic leadership style. All types of agro-industries were operating democratic leadership style with low power distance between employees and superiors.

Table 7: Relationship of leadership style with Power distance dimension

Leadership	Themes	Power Distance
Transactional Leadership	Democratic Style	Low
Hybrid T/T Leadership		
Laissez-Faire Leadership	Authoritarian Style	High

Source: Boonyachai (2011)

Democratic leadership style has a significant positive impact on the organizational performance (Jony *et al.*2019). Leaders who have democratic style does not issue specific orders or assert power over his subordinates and encourages subordinates to schedule their job tasks and is known for facilitating and supporting participatory decision-making and teamwork (Puni *et al.*2014). Democratic leadership style is appropriate when an organization needs creative problem solving, the organization is conducting planning meetings for the department's working improvement, and the organization is training people for the efficient performance of the day-to-day organization tasks (Mohammad and Hossein 2006).

The employee performance level of each enterprise was categorized according to the mean values of the responses, similar to the way that the leadership style has been de-

finied. Results revealed that employee performance is moderate for all the categories of enterprises (Table 6). However, the employee performance is around 25.44 and 25.42 for tea manufacturers and plant production, which demarcates better employee performance, respectively. In fact, the enterprises with relatively lower employee performance have a greater potential for further improvements. However, deviations in cultural values have a significant impact on employee performance (Weerarathna and Geeganage 2014).

Power distance index (PDI) for agro-based SMEs

The power distance index was calculated based on the equation 03 for each enterprise categories.

$$PDI = 35(M_1 - M_2) + 25(M_3 - M_4) + C (pd)$$

The calculated PDI values by using equation 03 are given in Table 8.

Table 8: Calculated PDI values for enterprise categories

Enterprise Category	Calculation	PDI
Dairy production	$35(1.75-1.42) + 25(2.83-1.75) + 51.04$	68.71
Tea manufacturers	$35(1.67-1.28) + 25(3.22-2.94) + 51.04$	50.52
Plant production	$35(1.58-1.08) + 25(2.00-1.25) + 51.04$	66.21
Input supply	$35(1.44-1.22) + 25(2.28-1.78) + 51.04$	50.24
Overall PDI = $\sum(PDI_{dairy}, PDI_{tea}, PDI_{plant}, PDI_{agro-input}) / 4$		235.68 / 4 58.92

In 2010, Hofstede (2011) listed PDI scores for 76 countries. European, Latin, Asian and African countries tend to be higher for PDI while lower PDI for Germanic and English-speaking western countries. The given estimated values for those 5 dimensions are 80 for power distance, 45 for uncertainty avoidance, 35 for individualism, and 10 for masculinity for Sri Lanka (www.hofstede-insight.com). It indicates Sri Lanka has a high

-power distance. The findings of this study significantly from those estimated values of Hofstede. A similar contradictory finding has been reported from Thailand where Hofstede has indicated Thailand as a high-power distance country but research has found Thailand as a low power distance country, particularly in the hotel industry (Boonyachi *et al.* . 2011). Hofstede's cultural values scores may not be consistent over time and may vary by popula-

tion within a country (Ardichvili *et al.* 2002). Results indicated a moderate level of power distance within organizations (PDI 58.92). It indicates a harmoniousness of employees and their superiors within all enterprises. Moderate level of power distance enhances workers' confidence by letting them to organize and setting their task. Further, a strong working relationship between leaders and the subordinates enables better understanding of each other in order to accomplish goals effectively. Thus, this study claims that where ever there is a better cordial employer-employee relationship within organizations, it drives to improve the employee performance and to achieve the goals and objectives of the enterprises and vice versa. Having a considerable contribution to the national economy from SMEs (CBSL 2020), it is vital to confirm the sector performances to enhance their productivity and maximum labor turnover. In fact, future research can focus on SMEs while assessing the organizational culture, leadership styles, and employee performances in all types of enterprises including agriculture, industrial, and service sectors.

CONCLUSIONS

The aim of this study was to explore the level of power distance and the leadership style of superiors and the way it moderates employee performance in agro-based SMEs. Findings revealed a modest level of power distance (PDI 58.92) between superiors and the subordinates. The democratic leadership style adopted by the superiors indicate a harmonious relationship within the organization steering them to exhibit their best performance. Compared to the research carried out by Hofstede (2011), where the expected PDI score was 80, the calculated value is low. Hence, it is noted that the agro-based small and medium enterprises in Sabaragamuwa province exhibit modest level power distance and maintain harmonious relationships between superiors and the subordinates.

AUTHOR CONTRIBUTION

Thilakshana UPGKJ and Koralagama DN conceptualized and designed the study. Thilakshana UPGKJ conducted the field work un-

der the supervision of Koralagama DN. Thilakshana UPGKJ drafted the paper and was commented and improved by Koralagama DN. The final version of the manuscript was proof read by Koralagama DN.

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