



Searching Effective Leader to Improve SME Performance: A Literature Review of Leadership Style

Abdu Alifah^a, Anggraini Sukmawati^b

^aDepartment of Management, Faculty of Economics and Management, IPB University,
abdualifahalifah@apps.ipb.ac.id

^bDepartment of Management, Faculty of Economics and Management, IPB University,
anggrainism@apps.ipb.ac.id

Abstract

Empirically, previous studies found effective leadership style is critically important in improving small and medium enterprises (SME) performance in both developing and developed countries. However, many SME leaders face some problems related to leadership style due to the lack of understanding of which leadership style is appropriate. Hence, this study attempted to review various leadership styles associated with SME performance and variables that possibly mediate-moderate in-betweens. We explore in-depth 46 empirical research articles related to the leadership style and SME performance published between 2012-2021 through various reputable journal indexing sites. We found and categorized six different leadership styles that effectively improve SME performance containing transformational-transactional, entrepreneurial, sustainable, strategic, servant, as well as ethical and Islamic leadership. Among all the above leadership styles, transformational and entrepreneurial leadership are the most studied and empirically found effective in improving overall SME performance. Limitations and directions for future research are discussed further.

Keyword: leadership style, SME performance, effective leadership, transformational leadership, entrepreneurial leadership

1. INTRODUCTION

Scholars, government, and organizations involved in world economy development (World Bank, ILO, SME Finance Forum, UN and OECD, etc.) agreed on the significant role of small and medium enterprises (SME) in developed and developing countries. The 2019 SME Finance Forum Report showed that the number of SMEs (involving micro-scale) in 176 countries was up to 90% of the entire company and contributed more than 50% of the global gross domestic product (GDP). SMEs also absorbed more than 66% of the workforce or 2/3 of the total work. Another report from the World Bank in 2017 confirmed that the amount of SMEs are more than 90% and absorbed the workforce around 60-70%, especially in developing countries (Kumar, 2017). Meanwhile, the 2020 Global State of Small Business Report stated that SMEs increased economic growth by 50-60% in several high-income countries. SMEs play an essential role in boosting economic growth both in developing and developed countries

(Ng et al., 2019). Therefore, in the last decades, many countries focused on developing SMEs to boost their economic growth (Imran & Aldaas, 2020).

Table 1
Amount of MSME Worldwide per-Region

Region	Amount of MSME
East Asia and the Pacific	102,289,112
South Asia	75,924,258
Sub-Saharan Africa	48,185,712
Europe and Central Asia	35,027,833
North America	33,729,168
Latin America and the Caribbean	17,217,911
Middle East and North Africa	10,066,801

Source: SME Finance Forum (2019)

Due to the globalization and industrial revolution 4.0 era, SMEs nowadays face various challenges of increasingly striving competition (Ur Rehman et al., 2019; Sawaeen & Ali, 2020b; Feranita et al., 2020; Kautsar et al., 2019). SMEs are demanded to be more adaptive and flexible in responding to an increasingly rapidly changing environment and full of uncertainty (Purwati et al., 2020). Besides, SMEs are also required to be more responsive in making accurate decisions for any changes to survive and compete with competitors (Mui et al., 2018). Husti & Mahyarni, (2019) argued that SMEs are likely to possess more flexible and adaptive characteristics in responding to changes compared to large-scale businesses. However, the fact showed SMEs' level of success and sustainability in response to changing environment are relatively low (Imran & Aldaas, 2020). According to the 2020 Global State of Small Business Report, 26% of SMEs closed their businesses from January to May 2020 due to the Covid-19 pandemic. In some countries, such as Ireland and Bangladesh, this number has increased to more than 50% of the total. For instance, SMEs' sales rate had decreased to 62% in the last 30 days in the time of the survey conducted (May 2020).

One of the most determining factors causing SMEs' failure in maintaining business sustainability is lack of managerial skills and leadership (Imran & Aldaas, 2020; (Ur Rehman et al., 2019; Sandybayev, 2019; Madanchian et al., 2016; Sheshi & Kërçini, 2017; Feranita et al., 2020). Previous studies showed that many SMEs suffered in enhancing their organizational performance due to the wrong implementation of leadership style and ultimately lead to leadership ineffectiveness (Nazarian et al., 2017; Fayaz & Shah, 2017; Kashif Imran et al., 2018). An ineffective leader led the organization's run in slow and stagnated movement and loss of direction vision (Burawat, 2019). On the other hand, effective leadership can encourage

organizational performance while facing various novel challenges and lead to organizational change (Franco & Matos, 2015; Kautsar et al., 2019). Besides, Feranita et al. (2020) argued that effective leadership could encourage organizations to constantly adapt to changes and lead innovation creation to achieve competitive advantage. Leadership played a vital role for SMEs, and therefore the implementation of an effective leadership style is critical to positively influence organizational performance (Hisham et al., 2020; Sethibe, 2018; Widiyanto & Harsanto, 2017).

However, due to the large body of empirical research related to leadership style and organizational performance in SMEs, it is hard to identify effective leadership models in leading SMEs. To the best of the authors' efforts in literature searching on various reputable journal indexing sites, we found 46 empirical research results related to several leadership styles concerning in improving SMEs' performance. The researcher then categorized the articles into six different leadership styles: transformational-transactional leadership, entrepreneurial leadership, sustainable leadership, strategic leadership, servant leadership, ethical leadership, and Islamic leadership. In this research context, each leadership style has various attributes, approaches, and processes in enhancing organizational performance. Therefore, SMEs need to adopt the leadership style appropriate to the organization's needs to maximize their performance (Paudel, 2020; Sethibe, 2018; Fayaz & Shah, 2017; Madanchian et al., 2016).

To the best of the author's knowledge, no literature study explored the leadership models related explicitly to SMEs' performance. Hence it is crucial to conduct research based on literature review to fill up these theoretical gaps, as well as guide for SME leaders in implementing appropriate leadership styles. Furthermore, this research discusses the influence of leadership styles in improving SMEs' performance and factors mediating-moderating in between.

2. METHOD

We explored 46 articles based on empirical research related to leadership style and SMEs' performance published between 2012-2021 through various reputable journal indexing sites such as Scopus, Science Direct, Proquest, and Google Scholar. We utilized the main keywords "leadership," "leadership style," and "SME performance," or a combination of them. In the first round of literature searching, we found 134 articles and categorized them based on leadership styles. Then we re-searched more profound literature related to each leadership style by utilizing keywords referred to each leadership style in the next round. At this early

step, we downloaded 97 articles assumed relevant to the focus of this study. To ensure the articles' quality, we conducted a selection process rigorously through the journal's reputation. We dropped out the articles not indexed by Scopus, Web of Science, DOAJ, Proquest, or EBSCO. Besides, we also preview meta-data of articles to confirm relevancy with this study. Finally, 46 selected articles classified based on leadership style consisting of 22 articles related to transformational-transactional leadership, 13 articles related to entrepreneurial leadership, 5 articles related to sustainable leadership, 2 articles related to strategic leadership, 2 articles related to servant leadership, and 1 article each for ethical and Islamic leadership. 46 articles that we reviewed in this study are empirical-based research. The articles detail are below:

Table 2
Detail of Articles based on Leadership Style

Leadership Style	Amount of Articles	Construct Related to Leadership Style and SME Performance
Transformational-Transactional Leadership	22	Innovation (İşcan et al., 2014; Feranita et al., 2020; Afriyie et al., 2019; Sethibe, 2018) Integrative Negotiation Strategy (López-Lemus et al., 2016) Entrepreneurial Orientation (Paudel, 2020; Baysak & Bozkurt, 2020; Muchiri & McMurray, 2015; Widiyanto & Harsanto, 2017) Organizational Learning (Tong, 2020; Yulianeu et al., 2020; Imran et al., 2018) Knowledge Sharing (Sulistiyani et al., 2018) Green HRM (Singh et al., 2020) Green Innovation (Singh et al., 2020) Entrepreneurial Competence (Ng et al., 2016) Innovativeness (Ng et al., 2019) Innovative Culture (Imran et al., 2018) Organizational Support (Tajasom et al., 2015) Teamwork Flexibility (Yulianeu et al., 2020)
Entrepreneurial Leadership	13	Organizational Innovation (Paudel, 2019) Environmental Dynamism (Paudel, 2019) Financial Self-Efficacy (Kautsar et al., 2019) Entrepreneurial Orientation (Hayat et al., 2019) Social Capital (Purwati et al., 2020) Innovation Capability (Purwati et al., 2020) Organizational Support (Imran & Aldaas, 2020) Learning Orientation (Sawaeen & Ali, 2020a) Innovation Capacity (Sawaeen & Ali, 2020a) Total Quality Management (Sawaeen & Ali, 2020b) Good Governance (Usman et al., 2020) Business Management Process (Usman et al., 2020) Competitive Advantage (Phangestu et al., 2020) Business Model Innovation (Phangestu et al., 2020)
Sustainable Leadership	5	Organizational Learning (Iqbal, et al., 2020) Psychological Empowerment (Iqbal et al., 2020a; Iqbal et al., 2020b) Psychological Safety (Iqbal, et al., 2020) Lean Manufacturing (Burawat, 2019)

Strategic Leadership	2	Management Strategic (Kim, 2020)
Servant Leadership	2	Narcissism (Peterson et al., 2012) Founder Status (Peterson et al., 2012) Organizational Identification (Peterson et al., 2012)
Ethical & Islamic Leadership	2	Innovation (Husti & Mahyarni, 2019) Competitive Advantage (Husti & Mahyarni, 2019)

3. RESULTS AND DISCUSSION

3.1. Transformational-Transactional Leadership & SME Performance

Transformational and transactional leadership are bounded to each other and hard to be separated even they showed contradictory behaviors, including their influence on SMEs' performance (Feranita et al., 2020; Paudel, 2020; İşcan et al., 2014). Most studies (Feranita et al., 2020; Ur Rehman et al., 2019; Sethibe, 2018; Paudel, 2020; İşcan et al., 2014) measured transformational in concert with transactional leadership using Bass & Avolio's (1985) multifactor leadership questionnaire-MLQ. But some studies found only examined transformational without involving the transactional construct due to its ineffectiveness in improving SMEs' performance (Baysak & Bozkurt, 2020; López-Lemus et al., 2016). İşcan et al., (2014), for instance, found that transformational leadership improves SME performance effectively, but not for transactional leadership. However, several studies also found that transformational and transactional leadership simultaneously improve SME's performance. Although statistically, transformational leadership's effect remains more dominant (Tong, 2020; Feranita et al., 2020; Ur Rehman et al., 2019; Paudel, 2020). It is natural since the two leadership styles are implemented simultaneously in leading SMEs depend on the situation and condition.

Several scholars examined the effect of transformational leadership on the performance of SMEs directly. Transformational leadership was empirically found effective in enhancing SMEs performance whether in developed countries such as Australia (Muchiri & McMurray, 2015), China (Tong, 2020), Mexico (López-Lemus et al., 2016), United Emirates Arab (Singh et al., 2020), and Thailand (Burawat, 2019) or developing countries such as Malaysia (Ng et al., 2019), Indonesia (Feranita et al., 2020), Turkey (Baysak & Bozkurt, 2020), Philippines (Paladan, 2015), Nepal (Paudel, 2020), Albania (Sheshi & Kërçini, 2017), Ghana (Afriyie et al., 2019), Amman (Mkheimer, 2018), South Africa (Sethibe, 2018) and Bosnia (Palalic, 2017). Research related to transformational leadership styles and SMEs' performance mainly conducted in developing countries. Besides, some of the studies above tested

transformational leadership along with transactional leadership, but there are also several other leadership styles such as charismatic (Mkheimer, 2018), participatory (Feranita et al., 2020), and Laissez-faire (Paladan, 2015).

Meanwhile, several studies examined transformational leadership in influencing SMEs' performance through mediating variables. López-Lemus et al., (2016) found SME performance is influenced by transformational leaders who can apply integrated negotiation strategies in the business transaction process. Other studies also examined the mediating role of entrepreneurial orientation in relation to transformational-transactional leadership and SME performance (Paudel, 2020; Muchiri & McMurray, 2015; Baysak & Bozkurt, 2020). The entrepreneurial orientation encouraged innovative, proactive behavior and high risk-taking of SME leaders or managers could effectively mediate the relationship of transformational leadership and SME performance, but not of transactional leadership and SME performance (Paudel, 2020). On the other hand, Widiyanto & Harsanto (2017) found that entrepreneurial orientation mediated transformational leadership and organizational culture with organizational performance in SMEs' context.

Attributes related to innovation, in particular, were also found to mediate transformational leadership with SME performance. For instance, innovative behavior (Ng et al., 2019), product, process, and organizational innovation (Feranita et al., 2020), innovation climate, radical and incremental innovation (Sethibe, 2018), as well as innovation culture (Ur Rehman et al., 2019). Sethibe, (2018) found that transformational leadership is disabled to increase SME innovation directly and significantly. Still, it can be improved by the mediation of organizational climate that supported the innovation process and further inflated overall SME performance's effectiveness. Through different perspectives, Afriyie et al., (2019) showed that transformational leadership positively moderated business innovation, including product, process, marketing, and organizational innovation, toward SME marketing performance. Thus, the effectiveness of business innovation's influence on SME marketing performance can be more enhanced by applying effective transformational leadership.

Furthermore, research conducted by Tajasom et al., (2015) examined all dimensions of transformational leadership and innovation performance in SMEs context moderated by perceived organizational support (POS). All dimensions of transformational leadership, except inspirational motivation, showed a positive and significant effect on SMEs' innovation performance. It indicates that inspiring and motivating subordinates is not strong enough to foster SME innovation performance. Hence, other transformational leadership such as idealized influence, intellectual stimulation, and individualized consideration are needed. On

the other hand, Tajasom et al., (2015) also found that organizational support effectively increases only the influence of idealized influence and inspirational motivation in improving innovation performance. Another interesting study conducted by Singh et al., (2020) showed that green transformational leadership positively affected green HRM practice, green innovation, and finally, improved SME environmental performance.

Organizational learning is also an essential construct in the relationship between transformational leadership and SME performance. Transformational and transactional leadership simultaneously affected SME performance's effectiveness both from the financial and growth aspects through the mediation of the organizational learning process, including learning commitment, sharing goals, and openness (Tong, 2020). The study conducted by Ur Rehman et al., (2019) showed similar results. In comparison, (Yulianeu et al., 2020) found that transformational leadership can more effectively improve SMEs' performance through an organizational learning process supported by flexible work teams. Finally, transformational leadership can also improve SMEs' creative performance through knowledge-sharing mediation (Sulistiyani et al., 2018). Thus, SMEs must apply transformational leadership to enhance employees' learning climate and further improve SMEs' overall performance.

3.2. Entrepreneurial Leadership & SME Performance

Entrepreneurial leadership is one of the most widely applied leadership styles in SMEs' context. Conceptually, entrepreneurial leadership developed from two different concepts between leadership and entrepreneurship, which genuinely are studied separately (Al Mamun et al., 2018). However, due to the critical role of leadership in entrepreneurship, scholars defined a new concept related to entrepreneurial leadership (Paudel, 2019). Empirically, previous studies state that entrepreneurial leadership effectively increased overall SME performance effectiveness, consisting of financial, operational, productivity, growth, and business sustainability (Maladzhi, 2016; Sawaeen & Ali, 2020a; Sandybayev, 2019; Paudel, 2019; Kautsar et al., 2019). Several studies examined the effect of entrepreneurial leadership on SME performance by including other relevant variables such as financial self-efficacy (Kautsar et al., 2019), social capital (Purwati et al., 2020), learning orientation (Sawaeen & Ali, 2020b), good governance (Usman et al., 2020), and competitive advantage (Phangestu et al., 2020).

Similar to transformational leadership, innovation also played an important role in mediating the relationship between entrepreneurial leadership and SME performance. Phangestu et al., (2020) found that innovation capacity mediates the relationship between entrepreneurial leadership and organizational performance in SMEs' context. Research by

Purwati et al., (2020) confirmed the same results by examining the mediation of innovation capability. Meanwhile, Paudel (2019) examined the mediating factors of organizational innovation and environmental dynamism and found that entrepreneurial leadership effectively encouraged organizational innovation, and further improve SMEs' performance in Nepal. However, Paudel (2019) research showed interesting results related to the business environment's moderation effect, which has negative implications. It indicated that mostly SMEs in developing countries such as Nepal are not ready to adapt to an environment that tended to change and full of uncertainty.

Sawaeen & Ali (2020a) found that Entrepreneur leadership and SME performance are mediated by total quality management (TQM) practice. SMEs leaders or managers who apply entrepreneurial leadership can encourage organizations to continue developing quality and focusing on customer satisfaction as part of TQM practices. Further, TQM can effectively improve SMEs' financial and operational performance (Sawaeen & Ali, 2020a). However, TQM effectiveness depended on leaders or top management commitment in implementing TQM practice (Sawaeen & Ali, 2020a). Some studies also reviewed entrepreneurial leadership as a mediating variable between entrepreneurial orientation and business performance (Hayat et al., 2019) as well as perceived of organizational support and organizational performance in SMEs' context (Imran & Aldaas, 2020). Thus, entrepreneurial leadership represented a vital role in how entrepreneurial orientation and organizational support increased SME performance effectiveness.

Al Mamun et al., (2018) and Nor-Aishah et al., (2020) specifically showed that entrepreneurial leadership affects SMEs' sustainability. Al Mamun et al., (2018) examined responsibility, accountability, analytical thinking, and emotional intelligence as part of the entrepreneurial leadership dimension on sustainability performance through organizational performance. They showed that all of these dimensions, except accountability, proved effective in improving SMEs' sustainability. Meanwhile, research Nor-Aishah et al., (2020) reviewed SMEs sustainability performance based on the triple bottom line (TBL) theory, which consists of profit or economically sustainable performance (ECSPF), people or socially sustainable performance (SOSPF) and planet or environmentally sustainable performance (ENSPF). These studies indicate that transformational leadership effectively improved ENSPF and SOSPF, except on ECSPF. It is natural since financial benefits in businesses that applied sustainability principles are likely not obtained in a short period (Nor-Aishah et al., 2020).

3.3. Sustainable Leadership & SMEs' Sustainability Performance

Issues related to sustainable development are one of the global challenges nowadays, including its implementation on SMEs. Responding to this issue, sustainable leadership emerged as an effective leadership style that can drive sustainability practices in organizations and communities to achieve commonweal (Iqbal, et al., 2020). Studies concerning this leadership style are limited due to its recent emergence, especially in SMEs' context. However, several studies are recorded discussing sustainable leadership in relation to SME sustainable performance conducted by Iqbal & Ahmad (2021), Iqbal, Ahmad, Nasim, et al., (2020); Iqbal, Ahmad, & Halim (2020) in the context of SMEs in Malaysia, Indonesia, Brunei Darussalam and Pakistan, as well as conducted by Suriyankietkaew & Avery (2016) and Burawat, (2019) in Thailand SMEs.

Based on the Resource-Based View (RBV theory), dynamic capability theory, and Job-demand Resource (JD-R model), Iqbal, Ahmad, & Halim, (2020) found that sustainable leadership can improve SMEs sustainability performance by encouraging organizational learning through psychological empowerment. Iqbal, Ahmad, Nasim, et al., (2020) further examined the mediating role of psychological safety and found that sustainable leadership improved sustainable performance significantly. The psychological empowerment based on the JD-R model also positively moderated the relationship between those variables. Another study by Iqbal & Ahmad (2021) tested the mediating role of organizational learning based on a natural resource-based view (NRBV) and dynamic capability theory and found the same results as previous research. Therefore, developing practices that can encourage learning in organizations and psychological empowerment are essential for SMEs to improve their sustainability performance.

Suriyankietkaew & Avery (2016) proposed an integrated model that connected sustainable leadership practices and financial performance in SMEs, which adopted a sustainable business model. Suriyankietkaew & Avery (2016) argued that amicable labor relations, valuing employees, social responsibility, and strong and shared vision significantly improved financial performance for a long-term period. Meanwhile, Burawat (2019) indicated that sustainable leadership drove sustainability performance in SMEs (manufacturing sector) by implementing a lean manufacturing strategy.

3.4. Strategic Leadership & SME Performance

Although studies related to strategic leadership in SMEs' performance context are hard to find, it is urgently needed in SMEs nowadays. A strategic leader can provide fast and accurate decisions to respond to complex, challenging, and unpredictable environments in

business competitions (Mui et al., 2018). Unfortunately, we only found two research related to strategic leadership and SMEs' performance. One is a study conducted by Kim (2020) on SMEs in South Korea, and another was study by Mui et al. (2018) on SMEs in Muar, Malaysia. Kim (2020) found that strategic leadership, which consists of strategic direction, strategic supervision, maintaining appropriate organizational culture, ethical management, and developing human resource competencies, affected strategic management and further improved SMEs' financial and growth. Meanwhile, Mui et al. (2018) examined strategic leadership dimensions, which consist of the leader's vision, strategic direction, core competencies, human resource development, and innovation capabilities in enhancing SME performance. Still, the result indicated that only the innovation capability significantly affected business performance. Mui et al. (2018) argued that this occurred due to the fact that most SMEs leader or manager in Malaysia ignored a long-term vision, too focused on daily operational tasks instead of strategic ones, lacked managerial skills (core competencies), and focused on maintaining business instead of increasing human resources.

3.5. Servant Leadership & SME Performance

The servant leadership style is seen to be promising for organizations in the future. Servant leadership likely focused on people's growth and well-being than on self-interest (Hisham et al., 2020). Although recent studies related to servant leadership and SME performance are scarce, Hisham et al., (2020) stated it could be one of the best leadership styles for SME, considering that SME leader or manager exhibited a vital role in employee engagement. Hisham et al., (2020) examined attributes of servant leadership on SME performance, respectively. The results showed that only three attributes, including emotional healing, wisdom and organizational stewardship, were significant in enhancing SMEs' performance. Simultaneously, the other two, i.e. altruistic calling and persuasive mapping were insignificant. Hisham et al., (2020) argued that too focused on employee interests over the organization's needs caused the business imbalance. Besides, SME employees are required to be more agile instead of waiting for leader instruction. Furthermore, Peterson et al., (2012) examined the relationship between narcissistic, founder status, organizational identification with servant leadership and SMEs' performance in the technology industry sector. The results concluded that CEOs who possessed a low narcissism and status as founders likely to exhibit servant leadership behavior.

3.6. Ethical & Islamic Leadership in SME Performance

Ethical and Islamic leadership are two leadership styles that we found in the literature related to SMEs' performance. These two leadership styles are new concepts and unpopular.

However, we consider involving them in this discussion since SMEs are influenced by different cultures in certain countries. We found one article on each leadership style, i.e. study by Amisano, (2017) related to ethical leadership in Florida and Husti & Mahyarni (2019) related to Islamic leadership in Indonesia. Ethical leadership emerged as a response to consumer perception of unethical business practices during the 2008 recession Amisano, (2017). Hence, ethical leadership becomes a model of how a business leader exhibited ethical behavior in the workplace. Amisano, (2017) examined the relationship between ethical leadership and business sustainability, including ECSPF, SOSPF and ENSPF, and found that ethical leadership has a significantly strong relationship with SOSPF and ENSPF, but not with ECSPF. Amisano, (2017) stated that ethical leadership only affected financial performance through the mediation variables of ethical climate, procedural justice and OCB. Similarly, Husti & Mahyarni (2019) found that Islamic leadership effectively enhanced SMEs' performance through the mediation of innovation and competitive advantage.

4. CONCLUSION AND IMPLICATIONS

Effective leadership is one of the most determinant factors of SMEs sustainability in responding to complex, changing, and unpredictable business environment. Therefore, implementing an appropriate leadership style is critical in improving organizational performance. This literature study found six different leadership styles, including transformational-transactional, entrepreneurial, sustainable, strategic, servant, ethical and Islamic leadership. Each leadership style has various attributes, approaches, and processes in enhancing organizational performance. Among all the above leadership styles, transformational and entrepreneurial leadership are the most studied and empirically found effective in improving overall SME performance. Meanwhile, although paired with transformational, transactional leadership was less effective in enhancing SMEs' performance. Furthermore, sustainable leadership effectively improved SMEs sustainability performance. Strategic, servant, ethical, and Islamic leadership are also found effective in increasing overall SMEs' performance. Unfortunately, studies related to these leadership styles are limited, so further research is urgently needed.

This research has several limitations. Most research reviewed in this literature study suffered methodological limitations, such as cross-sectional designs, single data sources, self-report-based assessment, and lack of samples. We recommended future research to implement the longitudinal or experimental design to understand the causality between constructs better. Some studies suggested considering triangulation methods to validate

quantitative findings or unstructured interviews to view the result holistically. Future research is expected to consider the number of samples in each SME to reduce self-confirmation bias and get a more valid result. Several studies suggest involving whole stakeholders from both internal and external.

To the best of our knowledge, studies based on comparative study designs are rare to be found. It is essential to compare leadership styles and how they relate to SMEs' performance in several countries to provide a more comprehensive understanding. In addition, considering that many studies related to particular leadership style, it is also necessary for further scholars to review other styles that hardly studied, such as strategic, servant, ethical and Islamic or even different leadership styles that have never been investigated, such as authentic leadership and E-leadership. Finally, although we have tried our best to control articles' quality through reputable journal indexing sites, there are still some low-quality articles. For example, the article has no explanation of the managerial implications or limitations, making it difficult for readers to implement the results and improve future research. Besides, some articles also have weak argumentation to explain the findings, making it hard to build a logical framework of how one construct can affect others.

REFERENCES

- Afriyie, S., Du, J., & Ibn Musah, A.-A. (2019). Innovation and marketing performance of SME in an emerging economy: the moderating effect of transformational leadership. *Journal of Global Entrepreneurship Research*, 9(1). <https://doi.org/10.1186/s40497-019-0165-3>
- Al Mamun, A., Ibrahim, M. D., Yusoff, M. N. H. Bin, & Fazal, S. A. (2018). Entrepreneurial leadership, performance, and sustainability of micro-enterprises in Malaysia. *Sustainability (Switzerland)*, 10(5), 1–23. <https://doi.org/10.3390/su10051591>
- Amisano, D. (2017). The Relationship Between Ethical Leadership and Sustainability in Small Business. 161.
- Bass, B. M., & Avolio, B. J. (1985). TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL CULTURE.
- Baysak, B., & Bozkurt, S. (2020). the Relationship Between Transformational Leadership , Firm Performance and the Role of Entrepreneurship Orientation *. 353–371.
- Burawat, P. (2019). The relationships among transformational leadership, sustainable leadership, lean manufacturing and sustainability performance in Thai SMEs manufacturing industry. *International Journal of Quality and Reliability Management*, 36(6), 1014–1036. <https://doi.org/10.1108/IJQRM-09-2017-0178>
- Facebook, OECD, & Bank, W. (n.d.). Global State of Small Business Report. M.
- Fayaz, M., & Shah, S. M. A. (2017). Relationship between Entrepreneurial Orientation and Firm Performance: Mediation of Transformational Leadership in the Context of Pakistani SMEs. *Journal of Managerial Sciences*, 11, 469–484.

- Feranita, N. V., Nugraha, A., & Sukoco, S. A. (2020). Effect of transformational and transactional leadership on SMEs in Indonesia. *Problems and Perspectives in Management*, 18(3), 415–425. [https://doi.org/10.21511/ppm.18\(3\).2020.34](https://doi.org/10.21511/ppm.18(3).2020.34)
- Forum, S. F. (2019). ANNUAL SME FINANCE FORUM 2019.
- Franco, M., & Matos, P. G. (2015). Leadership styles in SMEs: a mixed-method approach. *International Entrepreneurship and Management Journal*, 11(2), 425–451. <https://doi.org/10.1007/s11365-013-0283-2>
- Hayat, A., Latif, A., Humayon, A. A., Ahmed, M., & Azeem, M. (2019). The Mediating Role of Entrepreneurial Leadership in the Relationship between Entrepreneurial Orientation and Firm Performance of ICTs SMEs. *Journal of Multidisciplinary Approaches in Science*, 5(1), 16–23.
- Hisham, R. R. I. R., Ismail, S. A., Manan, E. A., & Ramli, M. R. (2020). An Empirical Study of Servant Leadership on the Performance of Small and Medium-sized Enterprises in Malaysia. 19(2).
- Husti, I., & Mahyarni, M. (2019). Islamic Leadership, Innovation, Competitive Advantages, and Performance of SMEs in Indonesia. *East Asia*, 36(4), 369–383. <https://doi.org/10.1007/s12140-019-09325-7>
- Imran, R., & Aldaas, R. E. (2020). Entrepreneurial leadership: a missing link between perceived organizational support and organizational performance. *World Journal of Entrepreneurship, Management and Sustainable Development*, 16(4), 377–388. <https://doi.org/10.1108/WJEMSD-10-2019-0077>
- Iqbal, Q., & Ahmad, N. H. (2021). Sustainable development: The colors of sustainable leadership in learning organization. *Sustainable Development*, 29(1), 108–119. <https://doi.org/10.1002/sd.2135>
- Iqbal, Q., Ahmad, N. H., & Halim, H. A. (2020). How Does Sustainable Leadership Influence Sustainable Performance? Empirical Evidence From Selected ASEAN Countries. *SAGE Open*, 10(4). <https://doi.org/10.1177/2158244020969394>
- Iqbal, Q., Ahmad, N. H., Nasim, A., & Khan, S. A. R. (2020). A moderated-mediation analysis of psychological empowerment: Sustainable leadership and sustainable performance. *Journal of Cleaner Production*, 262, 121429. <https://doi.org/10.1016/j.jclepro.2020.121429>
- İşcan, Ö. F., Ersarı, G., & Naktiyok, A. (2014). Effect of Leadership Style on Perceived Organizational Performance and Innovation: The Role of Transformational Leadership Beyond the Impact of Transactional Leadership – An Application among Turkish SME's. *Procedia - Social and Behavioral Sciences*, 150, 881–889. <https://doi.org/10.1016/j.sbspro.2014.09.097>
- Kashif Imran, M., Aslam, U., & Rahman, U. U. (2018). Organizational learning through transformational leadership. <https://doi.org/10.1108/TLO-09-2015-0053>
- Kautsar, A., Asandimitra, N., & Aji, T. S. (2019). Financial Self-Efficacy and Entrepreneurial Leadership on SME Performance. *International Journal of Academic Research in Business and Social Sciences*, 8(12), 1806–1816. <https://doi.org/10.6007/ijarbss/v8-i12/5326>
- Kim, M. J. (2020). A Study on the Impact of Management's Strategic Leadership and Management Strategy on Organizational Performance: Focusing on Small and Medium Venture Companies. *International Journal of Advanced Smart Convergence*, 9(1), 121–131. <http://dx.doi.org/10.7236/IJASC.2020.9.1.121>
- Kumar, R. (2017). Targeted SME Financing and Employment Effects. *Targeted SME Financing and Employment Effects*, 3. <https://doi.org/10.1596/27477>

- López-Lemus, J. A., De la Garza Carranza, M., & Zavala Berbena, M. A. (2016). The Leadership Influence of Entrepreneurs in the Results of SMEs. *International Journal of Business and Social Science*, 7(11), 40–50.
- Madanchian, M., Hussein, N., Noordin, F., & Taherdoost, H. (2016). The Relationship between Ethical Leadership, Leadership Effectiveness and Organizational Performance: A Review of Literature in SMEs Context. *European Business & Management*, 2(2), 17–21. <https://doi.org/10.11648/j.ebm.20160202.11>
- Maladzhi, W. R. (2016). Impact of risk-taking leadership on organisational performance and sustainability in SMEs. *IEEE International Conference on Industrial Engineering and Engineering Management*, 2016-Janua(July), 1752–1756. <https://doi.org/10.1109/IEEM.2015.7385948>
- Mkheimer, I. (2018). The impact of leadership styles on business success : A case study on SMEs in Amman. *Arabian Journal of Business and Management Review*, 8(2), 1–10.
- MSME Economic Indicators | SME Finance Forum. (n.d.). Retrieved March 30, 2021, from <https://www.smefinanceforum.org/data-sites/msme-country-indicators#field-data-sites-tabs-tab-4>
- Muchiri, M., & McMurray, A. (2015). Entrepreneurial orientation within small firms: a critical review of why leadership and contextual factors matter. *Small Enterprise Research*, 22(1), 17–31. <https://doi.org/10.1080/13215906.2015.1017076>
- Mui, H. K. Y., Basit, A., & Hassan, Z. (2018). The Impact of Strategic Leadership on Organizational Performance of Small Medium Enterprises (SME) in Malaysia. *Journal of Leadership and Management*, 13(September), 154–166.
- Nazarian, A., Soares, A., & Lottermoser, B. (2017). Inherited organizational performance? The perceptions of generation Y on the influence of leadership styles. *Leadership and Organization Development Journal*, 38(8), 1078–1094. <https://doi.org/10.1108/LODJ-05-2016-0119>
- Ng, H. S., Kee, D. M. H., & Ramayah, T. (2016). The role of transformational leadership, entrepreneurial competence and technical competence on enterprise success of owner-managed SMEs. *Journal of General Management*, 42(1), 23–43. <https://doi.org/10.1177/030630701604200103>
- Ng, H. S., Kee, D. M. H., & Ramayah, T. (2019). Examining the mediating role of innovativeness in the link between core competencies and SME performance. *Journal of Small Business and Enterprise Development*, 27(1), 103–129. <https://doi.org/10.1108/JSBED-12-2018-0379>
- Nor-Aishah, H., Ahmad, N. H., & Thurasamy, R. (2020). Entrepreneurial leadership and sustainable performance of manufacturing SMEs in Malaysia: The contingent role of entrepreneurial bricolage. *Sustainability (Switzerland)*, 12(8), 3100. <https://doi.org/10.3390/SU12083100>
- Paladan, N. N. (2015). Transformational Leadership: The Emerging Leadership Style of Successful Entrepreneurs. *Journal of Literature and Art Studies*, 5(1), 64–72. <https://doi.org/10.17265/2159-5836/2015.01.008>
- Palalic, R. (2017). The phenomenon of entrepreneurial leadership in gazelles and mice: A qualitative study from Bosnia and Herzegovina. *World Review of Entrepreneurship, Management and Sustainable Development*, 13(2–3), 211–236. <https://doi.org/10.1504/WREMSD.2017.083026>
- Paudel, S. (2019). Entrepreneurial leadership and business performance: Effect of organizational innovation and environmental dynamism. *South Asian Journal of Business Studies*, 8(3), 348–369. <https://doi.org/10.1108/SAJBS-11-2018-0136>
- Paudel, S. (2020). Leadership Style and Business Performance in Nepali SMEs: The Mediating Role of Entrepreneurship Orientation. *Journal of Business and Management Research*, 3(1–2), 1–17. <https://doi.org/10.3126/jbmr.v3i1.31971>

- Peterson, S. J., Galvin, B. M., & Lange, D. (2012). Ceo servant leadership: Exploring executive characteristics and firm performance. *Personnel Psychology*, 65(3), 565–596. <https://doi.org/10.1111/j.1744-6570.2012.01253.x>
- Phangestu, J., Kountur, R., & Prameswari, D. A. (2020). The Moderating Effect of Entrepreneurial Leadership and Competitive Advantage on the Relationship Between Business Model Innovation and Startup Performance. *Journal of Business & Retail Management Research*, 14(03). <https://doi.org/10.24052/jbrmr/v14is03/art-06>
- Purwati, A. A., Budiyanto, Suhermin, & Hamzah, M. L. (2020). The effect of innovation capability on business performance: the role of social capital and entrepreneurial leadership on smes in indonesia. *Accounting*, 7(2), 323–330. <https://doi.org/10.5267/j.ac.2020.11.021>
- Sandybayev, A. (2019). Impact of Effective Entrepreneurial Leadership Style on Organizational Performance: Critical Review. *International Journal of Economics and Management*, 1(1), 47–55.
- Sawaeen, F. A. A., & Ali, K. A. M. (2020a). The impact of entrepreneurial leadership and learning orientation on organizational performance of SMEs: The mediating role of innovation capacity. *Management Science Letters*, 10(2), 369–380. <https://doi.org/10.5267/j.msl.2019.8.033>
- Sawaeen, F. A. A., & Ali, K. A. M. (2020b). The mediation effect of TQM practices on the relationship between entrepreneurial leadership and organizational performance of SMEs in Kuwait. *Management Science Letters*, 10(4), 789–800. <https://doi.org/10.5267/j.msl.2019.10.018>
- Sethibe, T. G. (2018). Towards a comprehensive model on the relationship between leadership styles, organisational climate, innovation and organisational performance. *International Journal of Innovation Management*, 22(2), 1–19. <https://doi.org/10.1142/S1363919618500214>
- Sheshi, A., & Kërçini, D. (2017). The role of Transactional, Transformational and Participative Leadership in performance of SME's in Albania. *Albanian Journal Agricultural Sciences*, 285–292.
- Singh, S. K., Giudice, M. Del, Chierici, R., & Graziano, D. (2020). Green innovation and environmental performance: The role of green transformational leadership and green human resource management. *Technological Forecasting and Social Change*, 150(October 2019), 119762. <https://doi.org/10.1016/j.techfore.2019.119762>
- Sulistiyani, E., Udin, & Rahardja, E. (2018). Examining the effect of transformational leadership, extrinsic reward, and knowledge sharing on creative performance of Indonesian SMEs. *Quality - Access to Success*, 19(167), 63–67.
- Suriyankietkaew, S., & Avery, G. (2016). Sustainable leadership practices driving financial performance: Empirical evidence from Thai SMEs. *Sustainability (Switzerland)*, 8(4), 1–14. <https://doi.org/10.3390/su8040327>
- Tajasom, A., Hung, D. K. M., Nikbin, D., & Hyun, S. S. (2015). The role of transformational leadership in innovation performance of Malaysian SMEs. *Asian Journal of Technology Innovation*, 23(2), 172–188. <https://doi.org/10.1080/19761597.2015.1074513>
- Tong, Y. (2020). The Influence of Entrepreneurial Psychological Leadership Style on Organizational Learning Ability and Organizational Performance. *Frontiers in Psychology*, 11(July), 1–12. <https://doi.org/10.3389/fpsyg.2020.01679>
- Ur Rehman, S., Bhatti, A., & Chaudhry, N. I. (2019). Mediating effect of innovative culture and organizational learning between leadership styles at third-order and organizational performance in Malaysian SMEs. *Journal of Global Entrepreneurship Research*, 9(1), 1–24. <https://doi.org/10.1186/s40497-019-0159-1>

- Usman, I., Hartani, N. H., & Sroka, M. (2020). Operational performance of sme: The impact of entrepreneurial leadership, good governance and business process management. *Polish Journal of Management Studies*, 21(1), 408–418. <https://doi.org/10.17512/pjms.2020.21.1.30>
- Widianto, S., & Harsanto, B. (2017). The Impact of Transformational Leadership and Organizational Culture on Firm Performance in Indonesia SMEs. *The Palgrave Handbook of Leadership in Transforming Asia*, 1–614. <https://doi.org/10.1057/978-1-137-57940-9>
- Yulianeu, A., Ferdinand, T., & Purnomo, R. (2020). The Analysis of Transformational Leadership Models in Improving the MSME's Performance in the East Priangan-West Java Indonesia. *Talent Development & Excellence*, 12(3s), 3268–3288.