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Entrepreneurial Leadership and Performance of Small and medium Enterprises (SME): The role of organizational innovation Capability and Government Support

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Abstract

This study aimed to examine the effect of entrepreneurial leadership on performance of SMEs, as well as the mediating effect of organizational innovation capabilities and the moderating effect of government support programs. Stratified random sampling was used to select sample respondents, and 380 SME owner/managers from Sheger city Administration were selected and participated in the survey. An explanatory and descriptive research design was employed in this study. Data analysis was conducted using SPSS and AMOS software version 21. Statistical analysis results indicate that entrepreneurial leadership has a significant and positive effect on the performance of SMEs. The results also show a positive and significant effect of organizational innovation capabilities on the performance of SMEs, and that organizational innovation capabilities partially mediate the relationship between entrepreneurial leadership and SMEs' performance. On the other hand, the finding shows government support have statically significant and negative moderating effect in the association between entrepreneurial leadership and organizational innovation capabilities. This study is grounded based on Resource based view and Institutional theory to offer a comprehensive framework for understanding the combined effects of internal capabilities and external support on SME performance. To better understand the influence of entrepreneurial leadership on the performance of SME and contextual factors affecting innovation capability, future studies would concentrate on a qualitative study, firm-specific nuances, and a longitudinal study. The study will provide a clearer understanding of the mechanisms through which leadership influences performance and will provide useful guidance for policymakers and government agencies to enhance the effectiveness of SMEs.

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