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## Asian leadership styles, entrepreneurial firm orientation and business performance

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**Abstract:** This paper analyses the connection between leadership style of senior management, entrepreneurial orientation of the firm, and business performance. The data are for 209 small and medium sized companies in the Greater Bandung Area. When looking at different leadership styles, we establish that transformational leadership has a strong positive effect on sales growth, but only in the context of the entrepreneurial firm. Through structural equation estimation, we establish the direct and indirect effects of transformational leadership on firm performance and find that it has mainly indirect effects mediated by entrepreneurial orientation. Hence, the positive effects of transformational leadership are contextual in the Asian context. We also find evidence that traditional leadership styles that stress liberal laissez faire attitudes are more effective than transformational leadership.

**Keywords:** transformational leadership; entrepreneurial orientation; innovation; business performance.

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