



SYSTEMATIC REVIEW: LEADERSHIP STYLE IN MAINTAINING BUSINESS SUSTAINABILITY IN THE MSME INDUSTRY

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ABSTRACT

Leadership style is the way a leader chooses to direct or coordinate the work that will be given to his subordinates. The leadership style chosen by a leader depends on the goals of the organization or company, who is being led, and the type of business led by the leader. Systematic review using the Google Scholar database. Search results using the keyword "leadership style in maintaining business continuity in the MSME industry" using the Google Scholar electronic data base. After carrying out an analysis based on a complete composition, namely 5 articles used in this article. The results of this research show that there are many types of leadership styles, but the choice of leadership style depends on the situation and conditions of the organization or business being led. The types of leadership styles include democratic leadership style, authoritarian leadership style and leadership styles that are appropriate to current conditions, namely transactional and transformational. MSMEs are a type of small business that also requires a leadership style that is appropriate to the type of business and the goals of the business to maintain the stability or sustainability of the business. Leadership style is a method or tactic used by a leader to direct and coordinate activities in an organization so that organizational goals are expected to be achieved.

Keywords: business stability; leadership style; MSMEs

INTRODUCTION

Indonesia is a developing country with an increase in various business economic sectors, including micro, small and medium enterprises (MSMEs). Micro, small and medium businesses are being loved by industry activists amidst the limited conditions currently in the economic recovery period after the Covid-19 pandemic. MSMEs are one of the most important parts that influence the movement of the Indonesian economy, contributing most of the Gross Domestic Product and absorbing a lot of labor. As many as 99% of the role of MSMEs in Indonesia's economic growth is from all business units, with a GDP contribution of 60.5% and labor absorption of 96.9% of the total national labor absorption. The government has also provided policies regarding the development of MSMEs to upgrade and modernize so that they are ready to compete with competitors, both national and international, in the global market. For this reason, it is necessary to increase productivity, efficiency, effectiveness and performance of MSME players (Triyanti, 2019).

Productivity and performance are closely related to human resources, where human resources are the actors who drive the organization in an MSME so that the goals of the MSME organization are achieved. Quality resources will enable an organization or company to be able to adapt against local, national and global competition with various developments and innovations until the business is said to survive and be in a stable condition (Astuti & Iverizkinawati, 2019). Through good and quality resources, it is hoped that they will be able to provide quality performance. The quality of work shown by employees in an organization is the employee's performance. The better the quality of employee work, the better the employee's

performance will be so that the goals of the organization can be achieved. A healthy business will provide prosperity and comfort to the resources within it so that it will further increase the enthusiasm and quality of these resources in working. Apart from that, another factor that influences the performance of actors or human resources in an organization, namely leadership style (Irjanto & Setiawan, 2016).

Success in MSME organizations is also inseparable from the role of a leader in leading and mobilizing its members with varying styles from one business leader to another, especially since MSMEs are small businesses where there is closeness between the leader and those led in the organizational structure. Usually the leader will determine the goals of the business, and employees will follow instructions from their superiors. So it is very important for a leader to have a leadership model or style that can motivate his employees to work well (Kurniyati, 2018). Leadership style is the style used by leaders to influence the members they lead both in decision making and in every action in the organization. Each leader will apply a different leadership style even though the business sector they lead is the same, but there will be differences in situations and conditions that require leaders to apply different models. (Putra, 2015).

METHOD

The subject of this systematic review research is the leadership style applied by a leader as an effort to maintain business continuity in the MSME industry. The method used is searching for related articles, through several stages, namely the initial search stage, then article extraction, then finally article analysis. Articles to be accepted must first meet the inclusion and exclusion criteria. The inclusion criteria for articles that will be used are articles that explain the leadership style applied by MSME business leaders which can indirectly maintain the stability or sustainability of the business being led, articles written in Indonesian, published articles that have complete sections, and published at least 2013. The exclusion criteria for articles that were not included in the analysis were articles that discussed leadership styles in industry in general and articles that only presented abstract results. The search was carried out using the Google Scholar data base using the keyword "leadership style in maintaining business continuity or stability in the MS

ME industry". The articles that appear are then sorted so that no articles with the same title are found. Next, the articles are sorted based on predetermined inclusion and exclusion criteria. Articles that only include an abstract will be eliminated to obtain articles that will be analyzed. The articles that have been obtained are then extracted, extracting articles based on topics regarding leadership strategies in digital business transformation, year of publication at least in the last 10 years, number of samples used, measuring tools used, implications of research results.

RESULTS AND DISCUSSION

Table 1. Article extraction results

| No | Writer | Title | Number of research subjects | Results |
|----|-------------------|---|---|---|
| 1 | (Kurniyati, 2018) | The influence of transformational leadership style on employee innovative behavior and MSME performance | 88 respondent s from 54 MSME industries | The transformational leadership style has a significant influence on the performance and innovative behavior of MSME employees. Transformational leadership style is an ideal leadership style that makes subordinates admire and respect the leader. |

| No | Writer | Title | Number of research subjects | Results |
|----|---|---|-----------------------------|--|
| 2 | (Irijanto & Setiawan, 2016) | The influence of leadership style and motivation on employee performance in the MSME industry | 135 employees | Leadership style influences employee performance in the MSME industry. Charismatic and democratic leadership styles are very effective in influencing employee performance. |
| 3 | (Fernanda & Sagoro, 2016) | The influence of compensation, job satisfaction, work motivation and leadership style on the performance of MSME employees | 119 employees | Leadership style has a positive effect on the performance of MSME employees. The transformational leadership style is the leadership style that is currently most suitable for the MSME industry |
| 4 | (Irawan, Kurniawan, Supiyati, Fadhlansyah, & Riyanto, 2021) | Identify leadership factors on employee performance in MSMEs | 25 employees | As many as 75% of situational leadership styles influence the performance of MSME employees. A competent leader figure has a big influence on good employee performance. |
| 5 | (Helmawati, Ethika, & Hidayat, 2017) | The influence of leadership style, work environment, organizational culture, work motivation, locus of control on individual performance in MSMEs | 100 MSME employees | Leadership style does not significantly influence individual performance |

Search results using the keyword "leadership style in maintaining business continuity or stability in the MSME industry" using the Google Scholar electronic data base. Search results using these keywords produced 123 articles. Then the articles were filtered using inclusion and exclusion criteria, resulting in 83 articles. The next selection of articles was by eliminating duplicate articles with the result being 12 articles. Next, article elimination was carried out based on the complete composition, namely 5 articles.

Leadership Style

Leadership style is the ability to influence a group towards achieving a set vision or goal, where leadership is the spearhead of the development of an organization whose fleet is its employees or staff.(Robbins, 2015). Below are leadership styles:

Democratic leadership style

This leadership style is the friendliest leadership style for MSMEs. Because this leadership style always prioritizes discussion and accepting mutual input between superiors and subordinates. All employee complaints can be used as considerations for superiors in making decisions. Problems will tend to be resolved quickly because they find the right solution that suits the field. In general, MSMEs have few employees with this type of democratic style which is very effective and efficient, builds a healthy work environment and seniorism is not high, makes employees more comfortable at work, and makes their performance more productive. However, the drawback of this type of leadership style when applied in MSMEs is that the leadership is not really respected or most employees only always complain about the decisions made by the leadership and do not comply with company regulations because of this freedom of aspiration. So it becomes difficult to establish regulations even though in some cases regulations are very important for the progress of MSMEs(Nugroho, 2021).

Authoritarian leadership style

An authoritarian leadership style is a style that is not suitable for the type of MSME business. This type of style places superiors above everything else and employees are only obliged to obey. As a result, the small number of employees in MSME businesses will feel that their movements are limited and this will result in them only harboring their complaints. which results in a lack of productivity, prone to arguments between employees and superiors because there is no mutual openness and discussion, creating leaders who are arrogant and arbitrary because decision making is only made by the leader. It is very possible that leaders can easily misuse company assets or commit corruption. That's why this type of leadership style is not suitable for micro, small and medium businesses(Mattayang, 2019).

Transactional leadership style

This leadership style also does not allow employees to convey their ideas like the authority leadership style, but the difference is that there is an agreement at the beginning, namely there is a contract that has been agreed upon between the employee and the superior which cannot be violated. This type of MSME leadership is worth trying, but before actually implementing it, it must be ensured that superiors must make appropriate contract regulations, so that no one party should benefit or be disadvantaged. And everything that is done is to advance these MSMEs. This leadership style requires high loyalty from both employees and superiors(Burhanudin & Kurniawan, 2020).

Transformational leadership style

This leadership style involves change in the organization, where change is for the better and challenges the status quo and increases empowerment through increasing positive self-concept. Transformational leadership has dimensions that support employee performance, especially today's employees, namely: as an idealistic influencer as a model for his subordinates, so that leaders like this are respected, trusted, charismatic, with clear goals, as a motivator, as a stimulus for subordinates' creative ideas. and become a leader who can pay special attention to the needs of employees(Budiwibowo, 2016). According to research conducted byKurniyati, (2018)states that the transformational leadership style has an influence on employee performance where employees are given the opportunity to innovate and be creative with support and good example by the leader. This is in line with research conducted byAfidah (2020)stated that the transformational leadership style has a big impact on the performance of MSME employees.

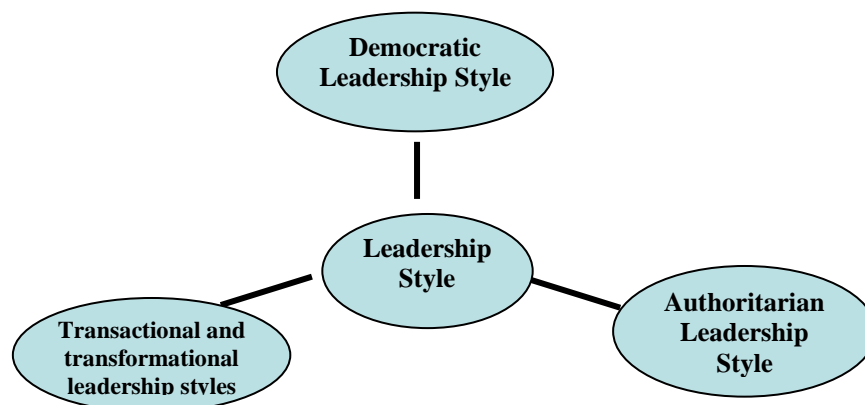


Figure 1. Leadership Style Model

The leadership model above shows that basically theoretically, the leadership model expected by employees is a democratic leadership model which is at the top or top of the leadership style picture. Then the leadership styles that are appropriate to current conditions, the most expected leadership styles are transactional and transformational leadership styles (Kurniyati, 2018). An organization or business entity will develop, one of which depends on how a leader chooses what leadership style to use in directing and coordinating his subordinates.

Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSMEs) have different definitions in each literature according to several agencies or institutions and even laws. In accordance with Law number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), MSMEs are defined as follows (Tambunan, 2012):

- 1) Micro businesses are productive businesses owned by individuals and/or individual business entities that meet the Micro Business criteria as regulated in this Law.
- 2) Small businesses are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part, either directly or indirectly, of medium or large businesses that meet the business criteria. Small as intended in this Law.
- 3) Medium Enterprises are productive economic enterprises that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or part of either directly or indirectly with Small Businesses or Large Businesses with total net assets or annual sales proceeds as regulated in the Law

Analysis of Leadership Style on Business Sustainability in the MSME Industry

Micro, Small and Medium Enterprises are always interesting to study, not only from the resilience aspect, financing aspect, obtaining loans or from the business managerial aspect. In the era of globalization, especially with economic integration in Southeast Asia, namely economic unification (Economic Union), which turns Southeast Asia into an economic community with a single production base, MSMEs must be able to maintain their existence amidst the onslaught of the global economy. In this case, MSMEs are required to be able to compete and create products that are acceptable, not only by domestic consumers (Indonesia) but also consumers in Southeast Asia. (Teriyan, Sunarsi, Sarwani, Anggreni, & Suartini, 2021). Micro, small and medium enterprises (MSMEs) are always present because they are needed. These MSMEs can always prove their resilience, especially when our nation is hit by an economic crisis. MSMEs appear to be one of the main supporting business sectors that can absorb a lot of workers. Data from BPS and the Ministry of Cooperatives states that from all business classes, it shows that small-scale businesses in Indonesia occupy a portion of around 99%, meaning that almost all businesses in Indonesia are small businesses, only 1% are medium and large businesses. The development and growth of MSMEs is quite good from year to year. Almost every government emphasizes empowering MSMEs. The government is seriously paying more attention to this business sector. The reason is that small businesses are the backbone of labor supply, because large companies emphasize the use of technology rather than human labor. MSMEs are able to become stabilizers and dynamists of the Indonesian economy (Suci, 2017).

As a developing country, it is very important for Indonesia to pay attention to MSMEs, because MSMEs have better performance in a productive workforce, increase high productivity, and are able to live on the sidelines of large businesses. MSMEs are able to support large businesses, such as providing raw materials, spare parts and other supporting materials. MSMEs are also able to become the spearhead for large businesses in distributing and selling products from large

businesses to consumers. The position of MSMEs is increasingly stable. Apart from being able to absorb a large number of workers, these MSMEs are agile so they are able to survive in unfavorable conditions, such as the current global crisis. Generally, MSMEs have a strategy of creating unique and special products so that they do not compete with products from large businesses (Thaha, 2020).

The stability of transaction flows in micro, small and medium enterprises cannot be separated from the big contribution of a leader who leads employees with various different leadership styles. Each leader will have his own concepts and thoughts in choosing the leadership style that will be applied to his business. Moreover, today's demands, which are increasingly diverse and complex, are certainly a challenge in themselves for a leader. Leaders must have a view that is one step or more to see market trends that are targeted in their business field (Lalitadevi, Gunawan, & Nareswari, 2020). According to research conducted by Kurniyati (2018) stated that the transformational leadership style is the ideal leadership style in the UMKN industry, because it can make subordinates admire and respect the leader. Transformational leadership style is a leadership style that follows current styles and trends, namely being open to technological developments. The use of technology in driving business is seen as being able to act as a mediator to maintain business continuity or stability, especially since the current generation is driving business, of course this condition will be in line. This statement is also supported by research (Fernanda & Sagoro, 2016) which states that MSME businesses will develop if they are led by a leader who is visionary, flexible and relevant to the direction or goals of the business they lead.

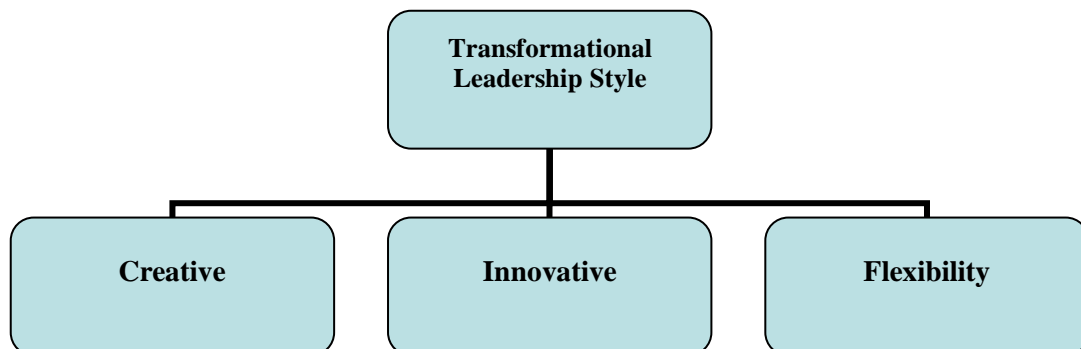


Figure 2. Characteristics of Transformational Leadership Style

In Figure 2 above, you can see the characteristics of a transactional leadership style that is creative, innovative and flexible. This leadership style is a leadership style that opens up the widest range of change and development, with an emphasis on not straying from the goals of the business. Digital transformation is currently a superior mediator for business development, especially MSMEs.

CONCLUSION

Leadership style is a method or tactic used by a leader to direct and coordinate activities in an organization so that organizational goals are expected to be achieved. The application of leadership styles cannot be the same between one organization and another because different goals, type of organization and resources led will influence the choice of leadership style.

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