Leadership and Entrepreneurial Success: A Study of SMEs in Malaysia

Ahmad Fadhly Arham*, Carlene Boucher** and Nuttawuth Muenjohn***

A review of literature suggests that there is a lack of understanding in regards to leadership behaviours among Malaysian business leaders. This study is significant in providing a clear understanding of this issue. First, the authors aim to investigate the forms of leadership behaviours being practiced by leaders of SMEs in Malaysia and whether these leadership practices are applicable within the scope of Malaysian SMEs. Second, this paper intends to explore whether leadership is important within the context of SMEs in Malaysia. Based on semi-structured interviews, it was found that leadership is important towards the success of entrepreneurial firms. Entrepreneurs who possess effective leadership behaviours tend to enhance their entrepreneurial success. It can be concluded that leaders of SMEs in Malaysia tend to practice more of transformational leadership than transactional leadership qualities and the vast transformation that the country has went through allows for adaptability of western management theories into Malaysian business practices. The originality of this paper lies on being the first to examine the leadership behaviours of Malaysian SMEs from a qualitative perspective.

1. Introduction

The development of entrepreneurship across cultures, economies and continents is an essential feature of economic change (Wright and Marlow, 2012). To date, entrepreneurship has become one of the major topics of discussion in the literature as it continues to grow both as a distinct academic discipline, and a recognised career (Alstete, 2008). The development of entrepreneurs and entrepreneuring SMEs has become a major contributor towards economic development in countries such as Malaysia (Hilmi et al., 2010). Various studies have been conducted to identify the critical success factors and the reasons for failures among SMEs and the findings of these studies have been discussed in many books and journal articles (i.e. Perry, 2001; Beaver, 2003; Hung et al., 2010; Ghosh et al., 2001). But, a more detailed look at the characteristics of the factors identified in these studies especially from qualitative perspective is still lacking.

Motivation behind this study came from a review of literature. At one end, researchers have acknowledged that an understanding of leadership behaviours of the leaders of SMEs is crucial to ensure further development of SMEs in the country (Abu Kassim & Sulaiman 2010). In general, several researchers (Cogliser and Brigham, 2004; Bryant, 2004) have identified that leadership has been receiving greater attention in the

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entrepreneurship literature since it has been recognised that entrepreneurs cannot successfully develop new ventures without the presence of effective leadership behaviour. But, recent findings show that there is still no clear understanding on the form of leadership behaviours among business leaders in Malaysia (Mohd Sam et al. 2012).

Bass (1997) reinforced that leadership is a universal phenomenon. He concluded that there is universality in the transformational-transactional leadership paradigm and presented cross-continental supportive evidence collected from organisations in business, education, the military, the government as well as independent sector. Therefore for the purpose of this research, the applicability of transactional and transformational leadership theory will be observed since these leadership behaviours are the most recent and commonly used by researchers in the current literature (Lo, Ramayah, & Hii Wei, 2009). Eyal & Kark (2004) postulated that transformational leadership is one of the main processes for influencing followers and improving their devotion, loyalty, excitement and enthusiasm and it is acknowledged as a basic condition required for the development of radical entrepreneurial approaches. There are four dimensions of transformational leadership that include idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Transactional leadership on the hand involves an exchange process between leaders and followers (Bass 1985; Daft 2008). Transactional leaders use monitoring behaviours and seek to control others to ensure that the workplace is stable and procedures are followed (Bass 1985). The three dimensions of transactional leadership include contingent reward, management-by-exception active and management-by-exception passive.

Several researchers (Cogliser and Brigham, 2004; Bryant, 2004) also have written that leadership has been receiving greater attention in the entrepreneurship literature since it has been recognised that entrepreneurs cannot successfully develop new ventures without the presence of effective leadership behaviour. Therefore, the current study intends to further develop into the existing literature of Malaysian SMEs by looking specifically at the perception of leaders regarding their leadership practices and the importance of their leadership towards entrepreneurial success. As Abu Kassim & Sulaiman (2010) suggest that due to the small size and limited amount of resources, an understanding of leadership behaviours of the leaders of SMEs is crucial to ensure further development of SMEs in the country (Abu Kassim & Sulaiman, 2010).

This study is significant since the outcomes will contribute to the body of knowledge in the field of leadership and SMEs. The study also has practical application. An improved understanding of practical leadership behaviours of leaders of SMEs can contribute to a more suitable and appropriate leadership training and development to create more resilient yet practical leaders within SMEs in Malaysia. Qualitative data were collected from owners and top managers of small and medium enterprises in Malaysia and literature on leadership and entrepreneurship were reviewed. A review of this literature is presented in the following section followed by the research questions of this study. Then this paper discusses the research method used, followed by the analysis of the data. The final section includes the discussion, the limitations of study and some suggestions for future research.
Leadership can be defined as a process of how to influence people and guide them to achieve organisational goals (Northouse, 2007). Effective leaders are needed because they contribute towards the success or failure of a group, organisation or even a whole country (Fiedler, 1996). Previous studies also have shown that a good leader can enhance organisational performance (Bass, 1985; Ogbanna and Harris, 2000; Tarabishy et al., 2005; Yang, 2008), increase employees’ satisfaction and improve employees’ motivation (Papalexandris and Galanaki, 2009). In this study, leadership behaviour refers to the style the leader uses to lead within his or her organisation.

Literature review shows that knowledge about leadership and its impact on organisational performance is still lacking especially leadership behaviours of leaders within Malaysian businesses (Mohd Sam et al., 2012). Entrepreneurs are needed to develop solid leadership behaviours in order to take their firms into good and bad times. Appropriate leadership behaviour within the enterprise will keep employees to stay focus and be motivated especially at times of crisis. Abdul Razak (2010) suggested that a development of good leadership is one of the driving forces for the success of SMEs in the future, and evidences suggest that inadequate leadership and management skills as primary factors contributing towards the failure of SMEs (Davies et al., 2002). Therefore, it is acknowledged that an enterprise requires entrepreneurship, but what is needed to maintain the operation and guide an enterprise to success is the leadership that exists within the organization (Arham et al., 2011).

Valdiserri and Wilson (2010) postulated that leadership style is critical to the success of a small business and Hernez-broome and Hughes (2004) suggested that leaders of small businesses need to develop a better understanding of leadership behaviours in order to achieve their organisational goals and objectives. For example, Valdiserri and Wilson (2010) studied 48 small businesses in West Virginia and Pennsylvania and suggested that transformational and transactional leadership behaviours contributing to the profitability and success of small businesses.

At the same time, some researchers contend that failures of small businesses are associated with poor leadership (Ihua, 2009; Beaver, 2003). Beaver (2003) in his observation of subjective and empirical research on the success and failures of small business concluded that, a large proportion of the causes of small business failures are attributed to internal factors of the firm, such as poor leadership and lack of management abilities among the key players in the firms. Recent empirical findings by Ihua (2009) which compared the key failure factors of SMEs in the UK and Nigeria revealed that poor management and lack of leadership was found to be the most crucial factor influencing SMEs failures in the UK while poor economic conditions and infrastructural inadequacy were found to be the most crucial factors in Nigeria. He concluded that this internal factor needs to be given more attention by the policy makers in the UK in order to improve the success of entrepreneurial firms.

To summarize, having the right leadership behaviours can have a unique impact and can enhance the possibility of entrepreneurial success. Many empirical researchers have quantified the relationship between leadership and organisational performance or success, in large and small firms. This study adds to those findings by evaluating
these relationships from a qualitative perspective. Based from the literature presented, we explore the two following propositions:

Research Question 1: What are the forms of leadership behaviours being practiced by leaders of SMEs in Malaysia and are these behaviours applicable within the context of Malaysian SMEs?
Research Question 2: Does leadership behaviour of entrepreneurs affect entrepreneurial success?

3. Methodology

The aim is to explore whether leadership contributes to the success of Malaysian SMEs from the owners or top managers’ perspective and to better understand it, rather than testing any existing model or hypothesis. Therefore, qualitative approach is undertaken (Patton, 2002). Personal in-depth interviews were used to elicit information from the entrepreneurs of SMEs in Malaysia. Data were gathered from nine respondents from the manufacturing and services industry. All of them were recruited from a database of enterprises obtained from SME Corp. Malaysia. Only those SMEs that fall within the category of small and medium enterprises were included in this study. The definition of these categories was adopted from the SME Corp. Malaysia. Initially, they were 15 respondents that have been contacted to participate in this survey. An invitation email was sent out to each of them explaining the purpose of conducting the interview and requesting to schedule for an interview. A follow-up telephone call was also made in order to increase to response rate amongst the participant. Of these, three did not respond to the invitation, two of them declined and the rest of 10 respondents agreed to participate and schedule for an interview. However, only nine respondents were finally interviewed since the last interview was cancelled for several times due to the inability of the respondent to make himself available at scheduled time and the researcher found that there was no new theme or explanation that emerged from the last four interviews conducted. In practice, the number of required respondents usually becomes obvious as the study progresses, as new categories, themes or explanations stop emerging from the data (Marshall 1996). According to Adam and Cox (2008), through in-depth interviews, the researcher is able to obtain more detailed and thorough information on a topic that might be gathered from a questionnaire.

A semi-structured of approximately 30 minutes interview was conducted with each of the respondents (Creswell, 2007). At the beginning of each interview, statement of the purpose of the study is explained and participants were asked for permission to share their stories. All participants agreed to give permission to share their views and stories. At the conclusion of the interview, the researcher thanked the participants and provided them with an opportunity to give feedback and recall any final thoughts.

In the early phase of the conversation, the respondents were asked to describe the working environment within their organisation. They also were asked to describe their working relationship with their employees. Their leadership practices were observed and established from their responses. Then specific questions were asked to answer one of the research questions in this study, such as ‘Do you think that your leadership style has any impact on your organisational performance?’
A study by Mohd Sam et al. (2012) have looked into the effect of different leadership behaviours to company performance of SMEs in the IT sector in Malaysia. This study however, will explore on the form of leadership behaviours among leaders from both manufacturing and services industry in Malaysia. The multi-industry response is hoped to provide a more generalized view in regards to the leadership behaviours among business leaders in Malaysia.

The approach suggested by Miles and Huberman (1994) guided the data analysis. All interviews were recorded. The use of recorded interviews really provided a rich source of verbatim materials. Bucher et al. (1956) also suggested that recorded interview not only eliminates the omissions, distortions, elaborations, condensations and other modifications of data usually occurred in written interviews, it also provides an objective basis for assessing the adequacy of the interview data in relation to the performance of the interviewer. The use of mechanically recorded data also is one of the strategies used to increase validity in the qualitative research paradigm (McMillan and Schumacher, 2006). The common responses were then categorised accordingly based on the above research questions and the results are summarised in the following section. To protect the identity of each respondent, their quotes are identified with an interview identification number.

4. Findings

The following presents the findings of the inductive analysis beginning with the demographic profiles of the respondents, followed by the analysis of the interviews.

4.1 Demographic Profiles of Respondents

Table 1 provides summary of respondents’ backgrounds (please refer Appendix). Of the nine interviews conducted, there were four respondents that came from manufacturing industry (RESP 1, RESP 5, RESP 7 and RESP 9) and five respondents came from services industry (RESP 2, RESP 3, RESP 4, RESP 6 and RESP 8). The age of respondents was between 34 years to 51 years old. In terms of gender distribution, there was only one female respondent (RESP 9). Out of the nine respondents, two were Chinese (RESP 1 and RESP 8) and the rest were Malays entrepreneurs. Only one respondent (RESP 1) holds a Sales Manager position within the company and the rest of respondents were the owners/founders of the company holding either the Chief Executive Officer position or the Managing Director position. Two respondents possessed only a High School qualification (RESP 1 and RESP 3), one had a Diploma (RESP 6), two had a Master Degree (RESP 8 and RESP 9) and the rest were Degree holders in various specializations. In terms of their years of experience, five respondents (RESP 1, RESP 4, RESP 6, RESP 8 and RESP 9) have had at least 10 years of experience and the rest had between four to nine years of experience. Finally, there were four small-sized enterprises (RESP 2, RESP 5, RESP 7 and RESP 9) and the rest were medium-sized.

4.2 Leadership Behaviours of Entrepreneurs

Based on the responses and remarks from the respondents, it can be determined that leadership behaviours described by them are similar to what is described in the literature as transformational and transactional leadership (Bass, 1990).
such as, “I try to be a very good coach to them and try to reward them accordingly” (RESP 2) reflects qualities of both individualised consideration (transformational) and contingent reward (transactional) behaviours. Other qualities of transformational leadership such as idealised influence, inspirational motivation and intellectual stimulation (Bass, 1990; Avolio and Bass, 2004) can be seen in the following remarks:

I must pass on the right attitude of work to all levels of colleague and sales staff. Only when people feel that you are truly here to work, in return they will give you their full-hearted support (RESP 1).

So I believe that these people in my setting right now are capable and they are willing to spend more time to make sure that company excel (RESP 5).

I also like to instil a critical thinking value amongst them. Even though they come from the village and do not have much education, they are still capable to solve a problem and make decision when I am not around. I always encourage them to think what they should do if there is a work-related problems that need to be solved (RESP 7).

Some of the interviewees also demonstrated other transactional leadership behaviours when they said, “I try to closely-monitor what is going on within my organisation and I have to keep a close relationship with my employees” (RESP 9) and “....if I see that they still can’t handle the situation, I will interfere and show them what they did wrong and show them the right way to handle the situation” (RESP 3). As researchers suggested that in the management-by-exception (active) mode, leaders act as monitors to search and watch for deviations from rules and standards and take corrective actions (Bass, 1990; 1996; Muenjohn and Armstrong, 2008). Whereas, in the management-by-exception (passive) mode, leaders will only intervene when procedures are not followed and standards are not met (Bass, 1990; 1996). Therefore, these remarks clearly indicate both management-by-exception (active and passive) behaviours displayed by some of the respondents.

The outcome also indicates that leaders of SMEs in Malaysia are prone to be more transformational than transactional. The results from the interviews also showed that, most of the respondents have frequently discussed about practicing transformational leadership than transactional leadership attributes (please refer to Table 2 and 3 for details). For example, of the four attributes of transformational leadership, there were eight respondents have discussed about displaying idealised influence and inspirational motivation attributes. Five have displayed individualised consideration behaviour and three were classified for intellectual stimulation attribute. On the other hand, for transactional leadership, only four have discussed the practice of contingent reward behaviour, five for active management-by-exception behaviour and only two for passive management-by-exception behaviour.
Table 2: Themes for Transformational Leadership

<table>
<thead>
<tr>
<th>Themes</th>
<th>Codes</th>
<th>Respondents</th>
<th># of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Idealised Influence</td>
<td>inspire employees</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>have respect on me</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>stress on trust</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Individualised</td>
<td>coaching</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Consideration</td>
<td>one-on-one</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspirational</td>
<td>motivating employees</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Motivation</td>
<td>employees willing to put</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>more effort</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual</td>
<td>encourage intelligence</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Stimulation</td>
<td>instil critical thinking</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Themes for Transactional Leadership

<table>
<thead>
<tr>
<th>Themes</th>
<th>Codes</th>
<th>Respondents</th>
<th># of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Contingent Reward</td>
<td>acknowledged accomplishment</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>punishment for poor performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management-by-Exception (Active)</td>
<td>close monitoring</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>take corrective actions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management-by-</td>
<td>interfere only when needed</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Exception (Passive)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3 Leadership Behaviour and Entrepreneurial Success

When asked whether or not leadership has any effect on organisational performance, almost all respondents agreed (except RESP 1 and RESP 6). Most of them agreed that by having the right kind of leadership behaviours especially towards their employees translated into better organisational performance. Since they are categorised as small and medium enterprises, they acknowledged the importance of a leader to demonstrate a strong vision and be able to provide supervision, guidance and direction to their employees. A variety of responses were recorded and some of the indicative remarks were:

*What I am trying to build here is a solid team, high endurance and long-lasting. I started the company alone and at one time I have more than 15 staffs, but everybody has different motivation and purpose rather than working with sincerity and honesty…. now, there are only 9 of us left ….. By now, I have a group of people whom not only here to work for the company, but they will die for the company and fight for everybody’s sake (RESP 2).*
To keep employees motivated, it is important to have the right leadership style. In a way, by having the right leadership style, meaning that when you are able to provide good directions, good plans to them, you know how to motivate them and at the same time help to reduce their stress level, then only my employees can really perform and improve our organisational performance (RESP 4).

They also thought that by having the opportunity to work directly with the leader of the organisation provided a better opportunity for success. They stated that employees seemed to be more motivated to perform at their very best especially when the leader was directly involved with the task at hand and this could lead to improve outcomes for the organisation.

My leadership style has an effect on my organisational performance. When they work directly with the owner of the company rather than with a manager … (because sometimes on a smaller project, I do have managers that will handle the project), I could definitely see the difference between the passions of people having directly involved with the outcomes of the projects compared to things that I involved directly….. I also would like to say that when I involved with the key employees, they will be directly inspired, by my management style and leadership and this would make them more motivated….. I think that makes a difference in the outcomes of the company (RESP 8).

However, one respondent that specifically did not agree that leadership has any effect on organisational performance was Respondent 6. When being asked whether or not his leadership style has any effect on his organisational performance, he responded: “I personally do not think so. I personally think that in order for a business to have a sustainable performance, the most important aspect for it to have is a very strong foundation. From this strong foundation, you must be able to build up a good system that runs throughout the organisation”. Remarks from Respondent 1 on the same note were: “Support from top management and all colleagues will spur you to work better, since this will improve the quality of overall planning, mission and target of a leader”.

5. Discussion

The purpose of this research was to identify the forms of leadership behaviours being practiced by Malaysian business leaders and whether or not those leadership behaviours are applicable and relevant. Second, this research intends to explore perceived importance of leadership behaviours to the success of the firm. This study also intends to further. The outcomes presented in the previous section confirm and verify the outcomes from previous studies that leadership makes an important contribution to entrepreneurial success. As Wang and Poutziouris (2010) suggested that leadership behaviours of leaders have significant impact on the performance of the organisation. Based on the interviews, seven out of nine respondents acknowledged the importance of having the right leadership behaviours towards their organisational success. Small and medium enterprises are also characterised by having a limited number of employees. Having the opportunity to work very closely with the owners or top managers of the organisation boosts the morale and motivation of employees. Those owners or top managers who are inspirational leaders can earn more respect and trust from their employees and this can translate into better entrepreneurial success. As respondent 6 said that: “When you lead a group of people, one of the most important aspects is trust. Other things are loyalty and sense
of responsibility. I think within my organisation, these are the most important factors, since we only have 16 of us in this company....these factors would really affect the way that I motivate and provide direction to my employees”.

As such, leadership is seemed to be an important factor for SMEs. The right leadership behaviours are needed to channel the energy and motivation of the employees towards the right direction, to set the right goals and strategy and be able to instil trust and respect among employees in the company. These attributes will influence positive attitudes from the employees and later contribute towards the success of the firm. As two of them emphasised that:

*One thing that I believe in business is not about what the products or services offered, but who are the people behind it....I walk the talk and my staffs have sense of respect on me. I delegate tasks based on their aptitude and strength, mentally and psychologically..... Entrepreneurial attitude lies on the person quality of conquering oneself, skill of detachment, and conquering own negative habits and therefore create wave of forces that can influence others, co-workers, families, friends, customers and clients. So, it is not just about business strategy, forecasting and SWOT analysis. It is life itself (RESP 2).*

*Well if you want to do well in this line of business, you have to make sure that you are relevant to what the industry needs in order to support the industry. Knowing my background with zero engineering and my limitation with not much facility, I need to have the determination to lead and to grow the company together with strong determination to succeed (RESP 9).*

As part of contribution to the leadership literature, it is found that leaders of SMEs in Malaysia do possess the characteristics of transformational and transactional leadership qualities. Specifically, it is revealed that most of them are seemed to display more of transformational than transactional leadership qualities. Results indicated that they are able to instil trust and confidence amongst employees and excite them to perform beyond expectation. The ability to challenge employees with high expectation, provide individual coaching and encourage critical thinking help them to display the transformational leadership qualities amongst them. At the same time, perhaps due to the nature of their business and the size of their organisation, characteristics of transactional leadership are still found to be working effectively to ensure the success of the firm. Several interviewees acknowledged the importance of providing reward, monitoring and taking corrective actions as qualities that needed to be maintained within their organisation. Therefore it is proposed that leaders of SMEs in Malaysia should display both transformational and transactional leadership behaviours.

The applicability and adaptability of these leadership behaviours into the working culture of Malaysian businesses can be attributed to the vast transformation that the country has undergone since the mid-80s (Abdul Rani et al., 2008). The growth of knowledge economy and transformation of workforce, have changed the ways managers lead their organisations (Jayasingam and Cheng, 2009). Employees are more knowledgeable now and require more effective leadership behaviour being display by their leaders and they may no longer accept the simple use of positional power and authority to lead them. Other contributing factors for this transformation would also include the adoption of emerging democratic management ideas, better
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education system, vast exposure of information, joint ventures, technology adoption and the country’s drive towards higher level of industrialisation and economic development (Abdul Rani, 2006; Mansor and Kennedy, 2000). These factors have been linked towards ‘westernization’ of many management theories and have led to the practice of various styles of leaderships amongst the leaders of the industries. As Bass (1990) proposed that leadership is a universal phenomenon. Therefore, it would seem that leaders of SMEs in Malaysia would be able to adopt and practice transformational and transactional leadership effectively and efficiently.

Many researchers also have suggested that these leadership behaviours are more relevant to the context of SME business environment (Hayat and Riaz, 2011; Matzler et al., 2008; Ling et al., 2008). For example, Hayat and Riaz (2011) claimed that transformational and transactional leadership behaviours are linked to SMEs as they are closely related to SME’s business approaches and the environment in which entrepreneurs operate. Based on data from 382 CEOs of small and medium size high-technology firms in the U.S., Hood (2003) demonstrated that the impact of transformational leadership on ethical practices is greater and significant than transactional and laissez-faire leadership. She concluded, transactional leaders may follow ethical practices that are legal mandates, but transformational leaders would go beyond simple legal prescription and take a more voluntary socially responsible and ethical stance within the organisation. Leaders with transformational leadership behaviours might be able to promote innovative culture within the firm and thus enhance its success and performance (Chen, 2004). Finally, Matzler et al. (2008) reasoned that due to the size of SMEs, the entrepreneur is the one who guides the vision and direction which is the same as the idealized influence of transformational leadership. The ability of leaders to communicate expectations to each employee which is relevant to the inspiration, and individualized consideration of transformational leadership characteristics.

5.1 Limitations and Future Research

The data used in this study was collected from a relatively small number of respondents comprising of owners and top manager of manufacturing and services SMEs in Malaysia. Future studies should cover a wider range of respondents and preferably, a comparative qualitative study should be conducted to investigate the differences between entrepreneurs from manufacturing and the services industry. A quantitative study also could be carried out to investigate the strength of the relationship between different leadership behaviours towards organisational performance within the context of SMEs in Malaysia. The outcome from such study would provide an empirical analysis and a better picture in terms of understanding the type of leadership behaviour that could really influence entrepreneurial success.

6. Conclusion

Knowledge about leadership and its impact on organisational performance is still lacking (Mohd Sam et al. 2012). An attempt to explore a well-researched topic of leadership from a qualitative perspective of Malaysian SMEs provides significant values for leaders of SMEs in the country. It is strongly suggested that leadership does matter within the scope of Malaysian SMEs. Leadership behaviours of leaders contribute to the success of the firm and leaders should display more transformational and transactional leadership behaviours. As Ismail et al. (2010) promote that ability of
leaders effectively display transformational and transactional leadership behaviours may lead to increase positive individual outcomes and trust in leaders. Therefore, an understanding of leadership behaviours of the leaders of SMEs is crucial to ensure further development of SMEs in the country (Abu Kassim & Sulaiman 2010). Finally, we hope that the findings produced from our study would incite debates for future research direction.

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Table 1: Respondents’ Backgrounds

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Industry</th>
<th>Age</th>
<th>Gender</th>
<th>Race</th>
<th>Position</th>
<th>Educational Background</th>
<th>Years of Operation</th>
<th>Size of Enterprise</th>
</tr>
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<tbody>
<tr>
<td>RESP1</td>
<td>Manufacturing</td>
<td>51</td>
<td>M</td>
<td>Chinese</td>
<td>Sales Manager</td>
<td>High School</td>
<td>19</td>
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<td>Services</td>
<td>34</td>
<td>M</td>
<td>Malay</td>
<td>Managing Director</td>
<td>Degree in Management Information System</td>
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</tr>
<tr>
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<td>38</td>
<td>M</td>
<td>Malay</td>
<td>Managing Director</td>
<td>High School</td>
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<td>Medium</td>
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<td>RESP4</td>
<td>Services</td>
<td>35</td>
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<td>Malay</td>
<td>Managing Director</td>
<td>Diploma in Information Technology</td>
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