

EXAMINING THE INFLUENCE OF LEADERSHIP STYLE ON ENTREPRENEUR ORIENTATION AND FIRM PERFORMANCE IN NEPAL: MEDIATING ROLE OF ENTREPRENEUR NETWORKING

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Abstract

The study of leadership style and its influence on entrepreneurial orientation and firm performance is important in understanding the dynamics of firm performance. Central to this study is the mediating role of entrepreneurial networking capability. Leadership styles, ranging from transformational to transactional, greatly influence an entrepreneur's ability to network, innovate, and plan for the complexities of the market. These networking capabilities, in turn, strengthen the firm's entrepreneurial orientation—a set of behaviors that includes innovation, proactiveness, and risk-taking—thereby directly impacting organizational performance. This research investigates the influence of leadership style on entrepreneur orientation and firm performance with the mediating role of entrepreneur networking capability. The study was conducted among 98 entrepreneurs using a structured questionnaire. This study utilized a quantitative research approach to investigate the relationship between leadership style, entrepreneurial orientation, and firm performance among entrepreneurs. It employed survey research and purposive sampling to select participants from the population of entrepreneurs running their ventures. The data was analyzed using SPSS AMOS. The findings of this study underscore the significance of transformational leadership in shaping aggregate firm performance. Specifically, the analysis revealed that the transformational leadership style exhibits a stronger and positively correlated relationship with entrepreneurial orientation and firm performance than the transactional leadership style. Notably, the nature of the relationship indicates that higher levels of transformational leadership are associated with increased entrepreneurial orientation and enhanced firm performance. This study provides actionable guidance for leaders to foster entrepreneurship and underscores the critical role of entrepreneurial networking capability for sustained organizational success. It offers a novel framework, enriching understanding of organizational dynamics and offering practical insights for enhancing entrepreneurial competitiveness.

Keywords: Business Performance, Entrepreneur, Entrepreneurial orientation Leadership, Networks

Submission 01-July-24; Revision 15-Sept-24; Accepted 9-Dec-25; Published 22-Jan-25

Introduction

Leaders exhibit certain leadership skills to influence followers and to lead the organization in the changing business environment. Leadership plays a vital role in the development of the team to develop a successful organization (Ruiz-Palomino et al., 2021). It serves as a guiding force for effectively managing and organizing human efforts, ensuring coordination so that skills and traits are utilized properly (Khalili, 2023). Leadership is not a new phenomenon, and different authors have tried to contextualize the different meanings of leadership. According to Zogjani et al., (2014), leadership is a process to influence followers and an ability to lead others to achieve organizational goals. Bass (1985) developed three leadership styles, namely transactional, transformational, and laissez-faire. Transformational leaders satisfy employee's needs, provide mentoring, and coaching, and engage them in the goal-achievement process. They inspire followers, create a corporate culture of accountability, provide ownership to the employees, and encourage them to take the lead whereas transactional leaders use formal authority and use the achievement of goals as an indicator of reward or punishment. Some studies suggested that transformational leadership is more effective than transactional leadership (Gardner & Stough, 2002) but, they are not the opposite type of leadership style (Bass, 1984). Thus, the performance and growth of the organization also depend upon the leadership style of entrepreneurs.

Entrepreneurship is a widely discussed topic in Nepal, and the government is increasingly recognising the potential of private business and entrepreneurship to fuel socio-economic transformation (Khanal & Prajapati, 2023). Entrepreneurship is an engine for taking a company or a sector forward (Dhanabagiyam et al., 2024). An entrepreneur is someone who organizes, manages, and accepts the risks of a venture. An entrepreneur can be characterized as a leader who works on innovative ideas to solve problems, manage risks, and become proactive by exercising effective leadership skills to respond to uncertainty in the changing business environment, which has direct effects on firm performance (Miller, 1983). In the past, some researchers analyzed leadership and entrepreneurship as the same construct by defining entrepreneurship leadership and explaining the relationship with organizational performance however, in a dynamic and uncertain competitive environment, behavioral leadership has a great impact on developing an entrepreneurial orientation to improve firm performance (Cohen, 2004).

Entrepreneur explores the opportunity and opts for growth through the mobilization of resources (Autio et al., 2014). Thus, a leader should build a strategic relationship with its stakeholders (De Klerk & Kroon, 2008). Building a community, that supports potential entrepreneur ideas, products, and services is essential for success. Further, network capabilities help to identify opportunities and to get essential support to run a business (Anis & Mohamed, 2012). A leader inspires, empower, and transform themselves and also followers (Kouzes & Power, 2012); networking ability provides them more confidence in

building a mutual relationship (De Klerk, 2010) to gain resources. Thus, depending on the entrepreneur's leadership style, they build a network to get those resources.

Bruggemann (2014) concluded that early startup leaders are focused on developing employees' skills and knowledge, but at the strategy level, the leadership style is not clear. Leadership style (Ensley et al., 2006) and a strategic framework to adopt the right entrepreneurial orientation (Awang et al., 2010) define the success or failure of a new venture. However, it has received too little attention studying leadership style in a new venture, especially in relationship with entrepreneurial orientation and network capabilities (Akonkwa et al., 2021; Paudel, 2020). Prior studies (e.g., Pittaway et al., 2004; Yang, 2008) have accordingly shown the relationship between leadership and entrepreneurship orientation; and social media impact on entrepreneurial orientation and performance (Chen et al., 2015). However, there is a lack of literature that explains how the networking capabilities of entrepreneurs affect entrepreneurship orientation. Peprah, (2011) argued that entrepreneurs should use their networking skills to build social capital and to grow the venture.

In Nepal, various accelerators and business incubators such as Nepal Entrepreneurship Hub, Antarprena, Safal partners, and Yunus social business centers are working with entrepreneurs to strengthen the relationship between players of the entrepreneurial ecosystem to improve firm performance (Prajapati & Khanal, 2023). This research will add knowledge to understand the entrepreneurial orientation and firm performance of Nepali startups. This research outcome can help business incubation centers and entrepreneurship promotion organizations develop appropriate mentorship and incubation programs. The leadership skills and networking capabilities impact on firm performance will be explained. Thus, the outcome of the results will provide some direction to entrepreneurs on what they need to consider to improve their entrepreneurial behavior. The literature on entrepreneurship research focusing on entrepreneur orientation and firm performance, especially in the Nepali environment, is not much (Gautam, 2016; Bhandari & Amponstira, 2021). Thus, the outcome will explain the relevance of networking to improve entrepreneurial orientation and firm performance.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Entrepreneurial Orientation

Entrepreneurial orientation is one of the most popular and widely studied constructs in entrepreneurial research (Clark et al., 2023; Wales et al., 2021). According to Miller (2011), entrepreneurial orientation refers to a firm's capabilities to become proactive in identifying underlying opportunities, the guts to undertake a risky project, and the ability to introduce an innovative product to add value to the market. A lot of research was conducted in the field of entrepreneurship, and more than 600 scholarly journals have already been published in the

entrepreneurship orientation (Linton, 2016). According to Lumpkin and Dess (1996), entrepreneurs create a new venture through a dynamic process that includes different practices, activities, and decisions. Innovativeness, proactiveness, and risk-taking are three factors considered for the research.

Transformational and Transactional Leadership Style

According to Keller (2006), an appropriate leadership style of leaders enables an organization to formulate well-defined goals and effective processes through motivation and developing skills and knowledge of followers to achieve them. A leader inspires the organization to become innovative and can help to develop an entrepreneurial orientation culture. According to Smith and Lohrke (2007), networking abilities play an important role in the acquisition of resources, which is important in the new-venture creation and growth process. The following literature review explains the theoretical support of the relationship between leadership style (transformational and transactional leadership style), networking capabilities, entrepreneurial orientation, and firm performance (growth and employee satisfaction).

Many leadership theories have been developed and researched in the past, but literature suggested the most important leadership styles are transformational and transactional leadership (e.g., Avolio et al., 1999; Bass, 1990; Judge & Piccolo, 2004), and it has been widely researched with relations to other entrepreneurial variables. Transformational leadership styles emphasize developing followers' competencies and motivating team members to accomplish organizational goals, relying on individual consideration (respecting followers and listening to their needs and concerns and addressing them), intellectual stimulation (taking risks and challenging assumptions to induce creativity and innovation), idealized influence (influence behavior of leader which motivate followers to follow it) and inspirational motivation (role model and create a common vision to inspire followers) (Judge & Piccolo, 2004; Eaton et al., 2024). Kouzes and Power (2012) concluded transformational leaders practice five perspectives, i.e., model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart, whereas transactional leadership tries to motivate followers through contingent reward and management by exception (Northouse, 2015). Transformational leadership focuses on individual growth to achieve organizational goals, and leaders maintain a good relationship with followers. Whereas transactional leadership is influenced by exchange and takes place under a controlled environment. There is a close relationship between transformational leadership style and transactional leadership style; it's a distinct but not a mutually exclusive relationship (Keskes, 2014).

Networking Capability

According to entrepreneurship theories, networks are organizational resources (Coviello, 2006) and are used for gathering other resources for startup development and growth.

Organizations need this capability to benefit from the resources and knowledge flows from outside the organization (Sakhdari et al., 2014). Walter et al. (2006) defined network capabilities as an organization's ability to maintain relationships with others to acquire resources and considered its four dimensions, i.e., coordination, relational skills, market knowledge, and internal communication. Entrepreneurial networking helps entrepreneurs establish formal and informal connections with various players to get the necessary support for business (Sendawula et al., 2021). Lee et al. (2001) explained that new ventures collaborating with internal and external partners to access those resources and networks have a significant relationship with firm performance. An entrepreneur's network, a source of social capital, helps increase organizational performance (Cho & Lee, 2018). Another study by Rubino & Vitolla (2018) demonstrated that network characteristics like geography and diversity also influence a firm's performance.

Business Performance

Business performance explains the current status of an organization. How well it is achieving its stated objective and goals determines the current performance of an organization. Different authors implemented different measures to analyze firm performance. This research considered two components, i.e., financial growth and investment in employee growth as suggested by Santos & Brito (2012) to measure venture performance.

According to Arham et al., (2013) leadership style and entrepreneurial orientation should be aligned to improve business performance. In a changing, dynamic business environment, an entrepreneur who can adjust their entrepreneurial orientation can perform well (Covin & Slevin, 1989). Yang (2008) studied the effect of leadership styles on entrepreneurial orientation and business performance among top-level managers of small and medium enterprises using a Multifactor Leadership Questionnaire in Taiwan, and this research used correlation and regression analysis to conclude transformational leadership leads to higher entrepreneurial orientation and encourage creativity and innovation, helps to become proactive and risk-taking while deciding transactional leadership (Bass, 1990). Ekiyor & Dapper (2019) analyzed the relationship between five different types of leadership styles, i.e., Autocratic, democratic, laissez-faire, transactional, and transformational leadership styles with entrepreneurial orientation, and concluded transformational leadership encourages all entrepreneurial orientation. Transformational leadership has been found to positively impact various aspects of firm performance, including perceptions of leader effectiveness, leader performance, sales, and profit (Jensen et al., 2020). Another study by Leite & Rua (2022) found that transformational leadership and entrepreneurial orientation both significantly and positively affect firm performance.

The networking capabilities of entrepreneurs are positively linked to entrepreneurial orientation. Walter et al. (2006) concluded network abilities have a significant moderate

relationship between entrepreneurial orientation and performance and suggested the utilization of existing networks. Networking is one of the critical factors that positively contribute to the success of entrepreneurial ventures (McAdam & McAdam, 2006). Felzensztein et al., (2015) finding suggested that entrepreneur with a high network relationship can be able to proactively forecast the changing business environment and expand their business. Asad et al. (2016) analyzed the moderation effect of entrepreneurial networking among the relationship between entrepreneurial orientation and business performance among the owners of 384 MSEs and concluded a statistically significant relationship between EO and performance and explained a moderation effect of networking among MSEs. Research conducted by Ajayi (2016) analyzed the impact of entrepreneurial orientation, i.e., risk-taking, proactiveness, innovation and networking capabilities, network characteristics, and network resources among 500 agriculture small and medium enterprises and concluded that owners who have higher entrepreneurial orientation and ability to manage its networking capabilities have a direct impact on performance. Networking capabilities and network structure help improve how well products are sold. These capabilities also help organizations bring new products successfully and this, in turn, increases the firm's overall performance (Maghsoudi-Ganjeh et al., 2021).

Social network theory and the need for achievement theory are the foundation for the research study. According to social network theory, entrepreneurs seek an opportunity within a society and use the social network to acquire resources to start businesses and to improve performance (Stuart & Sorenson, 2005). Thus, to acquire resources and to increase an opportunity for success in the dynamic environment, an entrepreneur should be proactive, risk-taking, and innovative. A need for achievement theory discusses individual willingness to excel in the entrepreneurial journey. Thus, an entrepreneur uses a different leadership style to make a social connection.

Based on the literature review and theoretical framework following hypothesis has been formulated:

H1: Transformational leadership style has a significantly positive effect on entrepreneurial orientation than transactional leadership.

H1a: Transformational leadership style has a significantly positive effect on firm performance than transactional leadership.

H2: Entrepreneurial orientation is positively correlated with firm performance.

H3: Network capabilities will mediate the relationship between leadership style and entrepreneurial orientation.

H4: Network capabilities will mediate the relationship between leadership style and firm performance.

H5: Entrepreneurial orientation will mediate the relationship between leadership style and firm performance.

RESEARCH METHODS

The quantitative research approach was used to examine the relationship between leadership style entrepreneurial orientation and firm performance. This study has been examined among entrepreneur who are running their venture through survey research. The quantitative research approach was chosen to examine the relationship between leadership style, entrepreneurial orientation, and firm performance due to its ability to provide objective measurement and statistical analysis, facilitating the exploration of complex relationships. This method also enables researchers to enhance the generalizability and replicability of their findings across diverse contexts, contributing to a deeper understanding of the dynamics within the entrepreneurial landscape.

Research Procedure

The population for the study is entrepreneurs who are running their ventures. Purposive sampling is implemented in the research to contact an entrepreneur. Purposive sampling was chosen due to the absence of an exhaustive list of entrepreneurs, making probability sampling impractical. Additionally, focusing on firms in operation for 3-5 years allows for meaningful measurement of startup performance, as firms beyond this range are considered mature (European Start-up Network, 2015), while those below three years might lack sufficient operational history for accurate assessment.

For research purposes, the questionnaire was developed in the Google form, and its link was emailed to an entrepreneur. A follow-up email was sent. A total of 350 entrepreneurs were contacted through email and through some personal contact. Among them, only 103 (29.42%) questionnaires were returned, and among them, five responses were incomplete. Thus, a total of 98 responses were included in the analysis. The SPSS AMOS was used to perform statistical analysis.

Instrumentation

Leadership style scale

The leadership style was measured with transformational and transactional leadership scales. The short version of the Multifactor Leadership Questionnaire (MLQ) 6S items were used to measure the leadership style of an entrepreneur (Vinger & Cilliers, 2006). A total of 12 items and six items' measures transformation and transaction leadership style, respectively. A 5-point Likert scale ranges from 1 = Not at all to 5 = Frequently. "I make others feel good to

be around me” and “I provide recognition/rewards when others reach their goals” are the sample items to measure transformational and transactional leadership accordingly.

Entrepreneurial orientation Scale

The measurement for leadership styles is 11 items, 5 points Likert scale adapted from Lumpkin & Dess (1996). A total of 11 items were used. Risk-taking is measured by five items, innovativeness by 4 items, and proactiveness by two items. A 5-point Likert scale ranges from 1=, strongly disagree, and 5= strongly agree. The sample item to measure entrepreneurial orientation is “Our firm acts assertively to achieve objectives”.

Network Capabilities

The four dimensions of network capabilities i.e. coordination capabilities (6 items), Relational skills (4 items), partner knowledge (4 items), and internal communication (6 items), 5-point Likert scale is adopted from (Walter et al., 2006). A 5-point Likert scale is ranging from 1= Statement does not apply at all and 5= Statement applies completely. The sample item to measure network capabilities is “We can build good personal relationships with business partners”.

Firm Performance

Firm performance has been measured through growth and employee satisfaction. A total of 4 items of growth and four items of employee satisfaction were considered by Santos & Brito (2012). Due to the sensitivity of data, we used perceived information as compared to the average competitors. A 5-point Likert scale is ranging from 1= very poor and 5 = excellent. Market share, revenue growth, and career opportunities are some measured parameters.

RESULTS AND DISCUSSIONS

The following table 1 briefly explains the demographic profile of the respondents. Out of 98 respondents, 55 (56.1%) respondents were male and 43 (43.9%) respondents were female. 49.0 % of 24-30 years entrepreneurs and only 4.1% of 45- above year’s entrepreneurs participated in the research. Participants were from different sectors, and a total of 14 industries were recorded among them: 15.3% of respondents were in the software company, 14.3% were in the manufacturing industry, and 8.2% were in a restaurant and retailing business.

Table 1 Demographic of Respondents

		Frequency	Percent	Cumulative Percent
Gender	Male	55	56.1	56.1
	Female	43	43.9	100.0
	Total	98	100.0	
Age Group	Less than 24 years	16	16.3	16.3
	24-30 years	48	49.0	65.3
	31-45 years	30	30.6	95.9
	45- above years	4	4.1	100.0
	Total	98	100.0	
Qualification	Undergraduate	47	48.0	48.0
	Postgraduate	51	52.0	100.0
	Total	98	100.0	
Sector	Restaurant	8	8.2	8.2
	Retailing	8	8.2	16.3
	Consulting service	9	9.2	25.5
	Manufacturing	14	14.3	39.8
	Software company	15	15.3	55.1
	Other	44	44.9	100
	Total	98	100.0	

The Cronbach alpha value is explained in the following table 2. Cronbach value for entrepreneurial orientation is 0.936. All the Cronbach values except for transaction leadership (.680) are greater than 0.7. However, it is a widely accepted instrument and validated in a different context; it was accepted as it is without the deletion of any items.

Table 2 Reliability Statistics

Construct	Cronbach's Alpha	N of Items
Transformational Leadership	.810	12
Transactional Leadership	.680	6
Entrepreneurial Orientation	.936	11
Networking Capability	.914	19
Firm Performance	.882	8

Structural equation modeling (SEM) was used to estimate the direct and indirect effects by using the AMOS. SEM allows researchers to consider multiple dependent variables in a single model. The maximum likelihood process was run to analyze and calculate estimates. The SEM analysis was used to display direct and indirect paths among considered constructs. The bootstrap (500) test was used to examine mediation effects. The mediation effects of both network capability and entrepreneurial orientation were tested at different levels through the indirect effect of transformational and transactional leadership on firm financial and employee growth. The following Figure 1 explains the variance and structural coefficients among constructs.

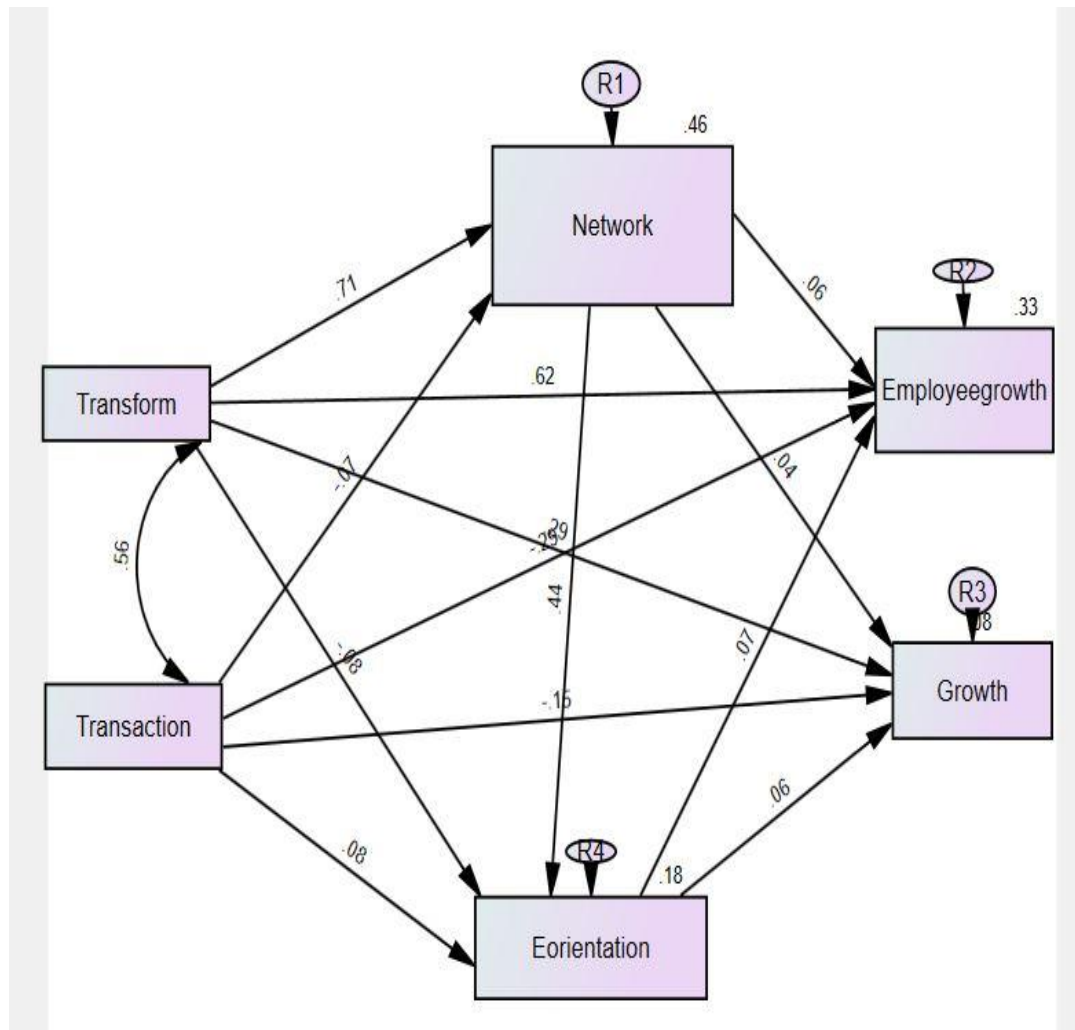


Figure 2: Standardized regression coefficients

Table 3 explains standardized estimate, standard error, and significant value among transformational, transactional, network capability, and financial and employee growth. It signifies that the direct relationship between transformational leadership with network capabilities and employee growth is statistically significant at 0.001 value. Network capabilities have a significant relationship with an entrepreneurial orientation at the 0.001 level. Transactional leadership has a significant negative relationship with employee growth at the 0.01 level. Transactional leadership has a negative relationship with networking capabilities, financial growth, and employee growth, whereas transformational leadership shows a positive relationship with networking capabilities, financial growth, and employee

growth and a negative with entrepreneurial orientation. Thus, the result signifies that in the context of research, transformational and transactional have opposite influences.

Table 3 *Standardized estimates of the construct*

			Estimate	E	P-Value
Network Capabilities	<---	Transformational Leadership	.713	0.117	***
Network Capabilities	<---	Transactional leadership	-.070	0.094	0.434
Entrepreneurial orientation	<---	Transformational Leadership	-.080	0.3	0.572
Entrepreneurial orientation	<---	Transactional leadership	.083	0.189	0.453
Entrepreneurial orientation	<---	Network Capabilities	.444	0.203	***
Employee growth	<---	Network Capabilities	.061	0.158	0.612
Employee growth	<---	Entrepreneurial orientation	.072	0.074	0.431
Employee growth	<---	Transformational Leadership	.616	0.22	***
Financial Growth	<---	Transactional leadership	-.147	0.136	0.214
Employee growth	<---	Transactional leadership	-.294	0.139	**
Financial Growth	<---	Entrepreneurial orientation	.056	0.073	0.604
Financial Growth	<---	Network Capabilities	.036	0.155	0.8
Growth	<---	Transformational Leadership	.287	0.217	0.057

The direct relationship between transformational leadership and entrepreneurial orientation is $\beta = -0.80$, $P > 0.05$; transactional leadership and entrepreneurial orientation are $\beta = .083$, $P > 0.05$. It shows that transformational leadership has a more positive influence on entrepreneurial orientation than transactional leadership. However, there was no significant relationship between leadership style and entrepreneurial orientation. Thus, hypothesis 1 was not supported. Once the networking capability was considered as a mediator, the value changes to $\beta = .316$, $P < 0.05$, and $\beta = -.031$, $P > 0.05$, respectively. As a consequence of the two-tailed significance result of bootstrapping, it can be concluded that networking capability has a partial mediation effect on the relationship between transformational leadership and entrepreneurial orientation but does not have any mediation effect between transactional leadership and entrepreneurial orientation. Thus, hypothesis 3 was partially supported.

The direct relationship between transformational leadership and financial growth is $\beta = 1.05$, $P > 0.05$; transactional leadership and financial growth is $\beta = -.147$, $P > 0.05$. It shows that the transformational leadership style has a positive impact on financial growth, and transactional hurts financial growth. Network capability was considered as a mediator, and it reduces the path coefficient to $\beta = .43$, $P > 0.05$, and $\beta = -.004$, $P > 0.05$, respectively. As a consequence of the two-tailed significance result of bootstrapping, it can be concluded that

networking capability does not have any mediation effect on the relationship between transformational leadership, transactional leadership, and financial growth.

The direct relationship between transformational leadership and employee growth is $\beta = .610$, $P < 0.05$; transactional leadership and employee growth are $\beta = -.288$, $P > 0.05$. It shows that transformational leadership style has a significant positive impact on employee growth, and transactional hurts employee growth. Network capability was considered as a mediator, and it reduces the path coefficient to $\beta = .066$, $P > 0.05$, and $\beta = -.007$, $P > 0.05$, respectively. As a consequence of the two-tailed significance result of bootstrapping, it can be concluded that networking capability has a mediation effect on the relationship between transformational leadership and employee growth but no mediation effect on the relationship between transactional leadership and employee growth. Thus, hypothesis 1a is supported, and hypothesis 4 is partially supported.

When entrepreneurial orientation is considered as a mediation effect between leadership style and firm performance, it resulted that there is no mediation effect between transformational and transactional leadership with financial and employee growth. Thus, hypothesis 5 was not supported. When entrepreneurial orientation and networking capabilities were considered as a mediation variable between leadership style and firm performance, the combined results explained the presence of partial mediation between transformational leadership with financial and employee growth whereas results do not show a mediation effect between transactional leadership and growth but it resulted in partial mediation between transactional leadership and employee growth. Entrepreneurial orientation, which involves innovation, risk-taking, and proactiveness, may not have been significantly influenced by the leadership styles examined, especially if the organizational culture did not align with these traits. Additionally, firm performance, both financial and employee growth, is influenced by numerous factors beyond leadership style, such as market conditions and organizational resources. Moreover, transactional leadership's emphasis on structure and rewards may not have sufficiently fostered entrepreneurial orientation to impact employee growth, while transformational leadership's focus on vision and change may not have directly translated into the expected mediation effects.

DISCUSSIONS AND CONCLUSIONS

This study aimed to investigate the relationship between transformational and transactional leadership styles with network capabilities, entrepreneurial orientation, firm financial performance, and employee growth performance. Results revealed that transformational leadership positively influenced employee growth through network development, while transactional leadership hurt financial and employee growth. Additionally, transformational

leadership exhibited a stronger relationship with entrepreneurial orientation and firm performance compared to transactional leadership. Networking capabilities were found to support entrepreneurial orientation, emphasizing its importance for resource acquisition and firm performance optimization. These findings underscore the significance of aligning leadership styles with organizational goals and environments, with transactional leadership notably influencing entrepreneurial orientation and networking, positively impacting firm performance.

The results of this study also highlight the significant role that leadership styles play in shaping both employee growth and firm performance. Transformational leadership, with its focus on inspiration, innovation, and long-term vision, was found to positively influence employee growth through the development of strong network capabilities. This aligns with existing literature suggesting that transformational leaders create environments that foster trust, collaboration, and resource sharing, which are essential for expanding entrepreneurial networks (Shafique & Kalyar, 2018; Miles & Morrison, 2020). On the other hand, transactional leadership, which emphasizes structure, rewards, and punishment, appeared to negatively impact both financial performance and employee growth. This finding may reflect the limitations of transactional leadership in dynamic entrepreneurial settings, where adaptability, creativity, and relationship-building are crucial. The study also underscores the importance of entrepreneurial orientation and networking in enhancing firm outcomes, suggesting that while leadership style is a critical determinant, the ability to leverage external relationships can significantly mediate its effects on performance. Future research could further investigate how these dynamics vary across different industries or cultural contexts, as well as the long-term implications of leadership style on both firm and employee development.

IMPLICATIONS

The implications of this research are twofold, offering insights for both entrepreneurs and organizational leaders. Firstly, for entrepreneurs, the study sheds light on the importance of developing effective networking capabilities as a strategic tool for enhancing entrepreneurial orientation and, ultimately, firm performance. Entrepreneurs should actively engage in networking activities to build relationships, access resources, and cultivate opportunities for innovation and growth (Abbas et al., 2019). Secondly, for organizational leaders, particularly those in positions of authority, the findings highlight the significance of adopting transformational leadership styles to foster a culture of entrepreneurship within the firm. Transformational leaders, characterized by their ability to inspire and empower followers, are more likely to cultivate an environment conducive to innovation, proactiveness, and risk-taking—the core components of entrepreneurial orientation. By embracing transformational

leadership practices, leaders can nurture the entrepreneurial mindset among employees, driving organizational agility, adaptability, and competitive advantage in dynamic market environments (Jun & Lee, 2023). In summary, this study underscores the critical interplay between leadership style, entrepreneurial orientation, and firm performance, offering actionable insights for entrepreneurs and organizational leaders seeking to navigate and thrive in today's competitive business landscape.

FUTURE RESEARCH DIRECTIONS

Future research could explore the nuanced interplay between various leadership styles and entrepreneurial orientations across different industries and cultural contexts. Additionally, examining the role of external factors, such as market volatility and technological change, on the relationship between leadership and firm performance could offer deeper insights. Longitudinal studies that track the evolution of entrepreneurial networking capabilities over time would also provide a clearer understanding of how these capabilities develop and influence long-term business success. Lastly, further exploration into the impact of digital leadership and virtual networks on entrepreneurial outcomes presents an exciting avenue for future research.

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