

The Influence of Transformational, Transactional, and Paternalistic Leadership Styles on the Performance of MSMEs in Pangkalpinang City

Hamsani Hamsani^{1)*}, Nanang Suryadi²⁾, Edy Suroso³⁾

¹⁾ Faculty of Economics and Business, Bangka Belitung University, Indonesia

²⁾ Faculty of Economics and Business, Brawijaya University, Indonesia

³⁾ Faculty of Economics and Business, Siliwangi University, Indonesia

*Corresponding Author
Email: hamsani@ubb.ac.id

Abstract

This study aims to examine the influence of transformational, transactional, and paternalistic leadership styles and to examine which leadership style has the greatest influence on the performance of MSMEs in Pangkalpinang City. This study uses a quantitative approach with a descriptive design. Data were collected through questionnaires to 100 respondents from MSMEs in Pangkalpinang City. The data were analyzed and tested using multiple linear regression. All questions/statements in the questionnaire were declared valid because the calculated r value was $> r$ table (calculated r value = above 0.1966) while the Cronbach's Alpha value was 0.883 above 0.60, so the instrument in this study was declared reliable. The results of the study indicate a positive and significant influence between transformational leadership style ($\beta = 0.533$; $t = 2.618$; $p = 0.010$) and transactional leadership style ($\beta = 0.394$; $t = 2.308$; $p = 0.038$) on MSME performance. However, paternalistic leadership style ($\beta = 0.192$; $t = 1.701$; $p = 0.069$) has a positive but insignificant influence on MSME performance. This research is expected to benefit MSME actors so they can demonstrate behaviors that reflect transformational and transactional leadership styles and minimize authoritarian behaviors in paternalistic leadership styles.

Keywords: Transformational Leadership Style; Transactional Leadership Style; Paternalistic Leadership Style; Msme Performance.

INTRODUCTION

Generally, Micro, Small, and Medium Enterprises (MSMEs) in Indonesia face several weaknesses, including capital, managerial capabilities, operational organizational skills, and limited marketing (Murtadho et al., 2022). Similarly, (Wati et al., 2024) stated that MSME weaknesses include limited administrative capabilities, low managerial skills in human resources (HR), and access to capital. Therefore, according to (Wati et al., 2024), MSMEs experience difficulties in developing their businesses. Meanwhile, Herlambang et al., (2025) highlighted several weaknesses of MSMEs in Indonesia, namely low HR capabilities, business strategies, and a lack of infrastructure.

The condition of MSMEs in Pangkalpinang City is not much different from the condition of MSMEs nationally. Based on the results of the pre-survey (2025), MSMEs in Pangkalpinang City have several weaknesses such as: low human resource capabilities, managerial capabilities, innovation and productivity, in addition to limited access to capital and promotion so that MSMEs in Pangkalpinang City are unable to compete with other regions. More interestingly, from MSMEs in Pangkalpinang City, the pre-survey also showed that MSME owners in Pangkalpinang City have not shown an optimal role, especially in MSME management, making it very difficult for MSMEs in Pangkalpinang City to move up a class.

The total number of MSMEs in Pangkalpinang City reached 26,529 units, of which 97 percent (24,763 units) are micro-enterprises and only have 2-3 employees who are family or have family ties (Office of Cooperatives, Trade and MSMEs of Bangka Belitung Islands Province, 2025). In addition, almost 60% of MSMEs in Pangkalpinang City do not have a clear separation between business finances and family finances. From the various weaknesses of MSMEs in

Pangkalpinang City, this shows that the ability of MSME owners and leaders to manage MSMEs professionally is still low, as a result, employees have low motivation to innovate, create, and improve performance. Related to the weaknesses of MSMEs in Pangkalpinang City, as shown by the results of research by Wibawa and Yusmita (2019) which stated that the weaknesses of MSMEs in Pangkalpinang City are low Human Resources and the limited number of MSME assistants so that MSMEs in Pangkalpinang City are unable to compete. This is what Zahri et al., (2022) stated, stating that MSMEs in Pangkalpinang City still exhibit low commitment and cohesiveness, necessitating the development of strong teams. Therefore, the presence of a leader capable of creating a solid team is essential. Similar to the results of two previous studies, Adhita et al., (2026) showed that the inability of MSMEs to innovate is due to low leadership capacity, making them unable to compete globally.

Therefore, this study aims to determine in general the types of leadership styles exhibited by MSME owners and how transformational, transactional, and paternalistic leadership styles affect MSME performance in Pangkalpinang City. Transformational leadership focuses on change and inspires followers to champion the interests of the organization's vision and mission, rather than solely their own personal interests. Transformational leaders possess characteristics such as being role models, being respected, being trusted, and providing motivation and energy, thus fostering innovation and creativity in employees (Bass & Riggio, 2014). Meanwhile, the transactional leadership style (Bass & Riggio, 2014) focuses more on structure, results, and exchanges (transactions) between leaders and subordinates. This leadership style has the following characteristics: providing rewards, monitoring performance, and intervening if serious problems occur and targets are not achieved. This leadership style is considered a passive leadership style. Meanwhile, the paternalistic leadership style assumes that the relationship between leaders and subordinates is like the relationship between parents and children, where parents will protect and care for their employees, pay attention to the welfare of the family, and centralize authority in the hands of the leader (Pellegrini & Scandura, 2008).

RESEARCH METHODS

Research Approach

This study uses a quantitative-descriptive approach designed to identify and describe which leadership styles are most dominantly practiced by MSMEs and to analyze the influence of transformational, transactional and paternalistic leadership styles on the performance of MSMEs in Pangkalpinang City. Sugiyono (2017), the quantitative-descriptive research method aims to describe a phenomenon, event, symptom or incident that occurs factually, systematically and accurately.

Research Population and Sample

The population in this study was 26,529 MSMEs spread across seven sub-districts in Pangkalpinang City. All MSMEs were registered with the Pangkalpinang City Cooperatives, MSMEs, and Trade Office and were declared active. A sample of 100 MSMEs in Pangkalpinang City was selected using a purposive sampling method, selecting proportionally from each sub-district.

Operational Definition of Variables.

This study has three independent variables and one dependent variable.

Independent variables:

1. Transformational leadership style (TF), has the following dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Bass & Riggio, 2014);

2. Transactional leadership style (TS), has the following dimensions: contingent rewards, management by exception-active, and management by exception-passive (Bass & Riggio, 2014);
3. Paternalistic leadership style (PT), has the following dimensions: authoritarianism, benevolence, and moral leadership (Farh & Cheng, 2000).
Meanwhile, the dependent variable is MSME performance (Y), dimensions: capital, sales volume, marketing, workforce) (Tiktik, 2006).

Location and Duration of Research

This research was conducted in seven sub-districts in Pangkalpinang City (Bangka Belitung Islands Province): Bukit Intan, Taman Sari, Pangkalbalam, Rangkui, Gerunggang, Gabek, and Girimaya. The study was conducted over a three-month period, from June to August 2025.

Data collection technique

Data was collected through a questionnaire distributed directly to all respondents. Response options for questions/statements in the questionnaire used a 5-point Likert scale, ranging from strongly disagree to strongly agree.

Data Analysis Techniques

1. To identify what kind of leadership style is applied by MSME actors, it can be seen from the highest average value of each dimension of the three leadership styles based on the respondents' perceptions. Respondents can give a score based on a 5-point Likert scale, with details: very low (average value 1.00-1.80); low (1.81-2.60); quite low (2.61-3.40); high (3.41-4.20) and very high (if the average value is 4.21-5.00).
2. To determine the influence of each leadership style on MSME performance, researchers used multiple regression using the IBM SPSS version 25 application, with a maximum p-value of 0.05.
3. To determine which leadership style has the strongest influence on MSME performance, we can look at the highest coefficient of determination (B) value among the three leadership styles.

RESULTS AND DISCUSSION

Results

The following table is the result of identifying the leadership styles of MSME owners, which shows the average value of each dimension found in the three leadership styles.

Table 1. Results of identification of leadership styles of MSME owners

Leadership Style	Dimensions	Average value	Re-average Value
Transformational (Bass & Riggio, 2006).	Idealized Influence	4,23	4,40 (very high)
	Inspirational Motivation	4,33	
	Intellectual Stimulation	4,53	
	Individualized Consideration	4,51	
Transactional (Bass & Riggio, 2006).	Contingent Reward	3,91	4,28 (very high)
	anagement by Exception – Active	4,24	
	anagement by Exception – Passive	4,70	
Paternalistic (Farh & Cheng, 2000).	Otoritarianisme	4,42	4,69 (very high)
	Benevolence	4,83	

Source : Primary Data, 2025

From table 1 above, we can see that the highest average is the paternalistic leadership style.

Then, we will reveal how the three leadership styles influence the performance of MSMEs in Pangkalpinang City. Before testing the influence of the three leadership styles on MSME performance, the research instrument, a questionnaire, was first tested for validity and reliability. Validity testing showed that all questions/questions contained in the questionnaire were declared valid, because all questions/statements had a calculated r-value > r-table. Likewise, the results of the reliability test showed that the research instrument was declared reliable, because it had a Cronbach's Alpha value above 0.60. Ghozali (2018) stated that a research instrument is declared reliable if it has a Cronbach's Alpha value > 60.

Table 2 below shows the results of the influence of transformational, transactional and paternalistic leadership styles on leadership styles..

Table 2. The Influence of Transformational, Transactional and Paternalistic Leadership Styles on MSME Performance.

Model	B	Sts. Error	Beta	t	Sig
(Constant)	5,730	2,197		2,609	0,011
TF	0,533	0,204	0,258	2,618	0,010
TS	0,394	0,140	0,231	2,308	0,038
PT	0,192	0,124	0,076	1,701	0,069

Source : Primary Data, 2025

notes : TF = Transformational Leadership Style; TS = Transactional Leadership Style; PT = Paternalistic Leadership Style

Discussion

The dominant leadership style practiced by MSME owners

Table 1 above shows that the average transformational leadership style is 4.40; transactional leadership style is 4.28 and paternalistic leadership style is 4.69. The owners/leaders of MSMEs in Pangkalpinang City have very high average values (4.21-5.00) for the three leadership styles. However, based on the average values in the table above, the paternalistic leadership style has the highest average value of 4.69 when compared to the average values of other leadership styles, so we can say that the owners/leaders of MSMEs in Pangkalpinang City show a dominant paternalistic leadership style in everyday life. The dominance of the paternalistic leadership style practiced by MSMEs in Pangkalpinang City is because 97 percent of the number of MSMEs in Pangkalpinang City are classified as micro, employing only 2-3 employees, who have family relationships with the owner. The owner considers employees as close family so that the relationship between leaders and employees is like a father and child. MSME owners will protect and strive to ensure the well-being of their employees. This is demonstrated by leaders demonstrating a high level of kindness and moral leadership (5 on the Likert scale), although accompanied by a high level of authoritarianism.

The results of this study contradict those of Purnomo et al (2025), who found that MSMEs in Banyuwangi predominantly exhibit a transformational leadership style. Similarly, Gunawan's (2024) study found that MSMEs in Suka Bumi predominantly exhibited the same leadership style as Purnomo's study, namely transformational leadership. Similarly, Yusuf et al., (2021) study also found that MSMEs in Bantul also exhibited a transformational leadership style. Meanwhile, MSMEs in Bali, particularly Hampers, exhibited a combination of transactional and paternalistic leadership styles (Sariani et al., 2023).

Paternalistic leadership style has drawbacks, as stated by Syahriyah, (2023) that paternalistic leadership style is characterized by low creativity and innovation of employees because leaders do not provide ample opportunities for employees to create and innovate and

every decision is made by leaders without involving subordinates, because subordinates are considered like children who do not have sufficient experience and knowledge. This causes MSMEs in Pangkalpinang City to have low performance, especially in terms of increasing sales volume, expanding market share and increasing the number of workers.

The Influence of Transformational, Transactional and Paternalistic Leadership Styles on MSME Performance

Table 2 above shows that Transformational Leadership Style (TF) and Transactional Leadership Style (TS) have a positive and significant effect on the performance of MSMEs, this is supported by the P-value of the two styles of 0.010 and 0.038, respectively (smaller than 0.05). Transformational Leadership Style (TF) has a positive effect on the performance of MSMEs, meaning that if leaders improve the dimensions of leadership style such as ideal influence (providing examples of positive attitudes such as motivating and supporting employees), then employees will be more enthusiastic about working so that the performance of MSMEs such as sales volume and market share also increases. Conversely, if leaders show an attitude that is less attentive to employees, this will reduce employee work motivation, which ultimately has an impact on the decline in MSME performance. The results of this study are supported by Irawandanu & Ahmadi, (2024) who stated that transformational leadership style has a positive and significant effect on the performance of MSMEs in Boyolali Regency. The same thing was also conveyed by (Ashari, 2025), MSMEs in Pia Village, Warurejo Village, Gempol District, Pasuruan Regency; (Pratiwi, 2025), MSMEs in Jakarta, Bandung and Surabaya; Fadlli et al, (2023) that the better the transformational leadership style, the more it will improve the performance of MSMEs in Padurenan Village.

Likewise, Transactional Leadership Style (TS) has a positive and significant effect on MSME performance. This means that if leaders improve the dimensions of transactional leadership style, such as increasing salaries, bonuses, and rewards for employees, employee performance will improve, making MSMEs more profitable. Conversely, if leaders pay less attention and reduce salaries and bonuses, this can reduce MSME performance. The results of this study agree with those of Gunawan & Wiyata (2024) on MSMEs in Sukabumi; Sariani et al (2023) on MSMEs in Denpasar, Bali; and (Maharani & Makmur, 2025) on MSMEs in Bongas Village.

Table 2 above also shows that Paternalistic Leadership Style (PT) has a positive but insignificant effect on MSME performance, with a P-value of 0.069 (above 0.05). Leaders demonstrate compassion, care, and protection toward their employees. Although this leadership style can increase employee motivation and work enthusiasm, the increase in employee motivation and work enthusiasm is not significant for MSME performance. This means that the kindness and attention shown by paternalistic leaders are unable to increase MSME sales volume and profits. Unfortunately, no other research has been found explaining the role of paternalistic leadership in MSME performance.

Based on table 2 above, of the three leadership styles displayed by MSME owners/leaders in Pangkalpinang City, the influence of transformational leadership style has the strongest influence on MSME performance when compared with other leadership styles, this can be seen from the coefficient of determination (B) of transformational leadership style of 0.533 and the other two leadership styles have coefficients of determination (B) of only 0.394 and 0.192 respectively.

CONCLUSION

Transformational and transactional leadership styles have a positive and significant effect on the performance of MSMEs in Pangkalpinang City. Meanwhile, paternalistic leadership style

has a positive but insignificant effect on the performance of MSMEs in Pangkalpinang City. MSME owners can improve the role of transformational leadership by continuously increasing trust and respect, changing routine work into an effort to achieve business targets, increasing the courage to innovate and create and paying attention to employee welfare. Through the perspective of transactional leadership style, leaders can increase productivity and focus on short-term goals while trying to minimize errors in production. Although leadership style is not significant on MSME performance, but through paternalistic leadership style, MSME owners must strive to ensure that every strategic decision to be taken involves employees and treats employees as family. If MSME entrepreneurs in Pangkalpinang City can demonstrate their respective roles in transformational, transactional and paternalistic leadership styles, the performance of MSMEs in Pangkalpinang City can be improved. To improve MSME performance, researchers typically focus on employees, such as improving their knowledge, skills, and expertise. However, this study focuses on MSME owners through their leadership style approach. It is hoped that this research will attract attention and contribute to MSME managers' competitiveness.

REFERENCES

- Adhita, M. D., Mustika, M., Salwa, N., & Barasa, R. T. (2026). Peran Kepemimpinan Pelaku Usaha dalam Mendorong Internasionalisasi UMKM Kain Cual Ishadi di Bangka Belitung. *EKOMA: Jurnal Ekonomi, Manajemen, Akuntansi*, 5(4), 4176-4185.
- Andri Herlambang, Yuli Setiawannie, Syahputra Amry, Nita Marikena, & Andisyah Johan. (2025). Implementasi Strategi Pengembangan UMKM Kirantea dengan Metode SWOT dalam Upaya Meningkatkan Daya Saing di Pasar. *Komunitas: Hasil Kegiatan Pengabdian Masyarakat Indonesia*, 3(1), 01–09. <https://doi.org/10.62951/komunitas.v3i1.112>
- Ardian Irawandanu, & Mirzam Arqy Ahmadi. (2024). Pengaruh Gaya Kepemimpinan dan Lingkungan Kerja terhadap Kinerja Karyawan UMKM di Kabupaten Boyolali. *PPIMAN Pusat Publikasi Ilmu Manajemen*, 2(4), 165–174. <https://doi.org/10.59603/ppiman.v2i4.547>
- Ashari, B. L. (2025). *Pengaruh Motivasi Intrinsik, Kepemimpinan Transformasional dan Komitmen Organisasi Terhadap Kinerja Karyawan di UMKM*.
- Bass, B. M. ., & Riggio, R. E. . (2014). *Transformational leadership*. Routledge.
- Dhea Adhita, M., Salwa, N., & Tua Barasa, R. (2026). Peran Kepemimpinan Pelaku Usaha dalam Mendorong Internasionalisasi UMKM Kain Cual Ishadi di Bangka Belitung. *EKOMA : Jurnal Ekonomi*, 5(4).
- Dinas Koperasi, Perdagangan dan UMKM Provinsi Kepulauan Bangka Belitung, 2025.
- Fadlli, A., Widjajanti, K., & Santoso, D. (2023). Pengaruh Budaya Organisasi dan Kepemimpinan Transformasional Terhadap Kinerja Karyawan dengan Motivasi Kerja Sebagai Variabel Intervening Pada Umkm Di Desa Padurenan. In *Aq Indicators* (Vol. 5, Number 2). <http://indicators.iseisemarang.or.id/index.php/jebis>
- Farh, J.-L., & Cheng, B.-S. (2000). A Cultural Analysis of Paternalistic Leadership in Chinese Organizations. In *Management and Organizations in the Chinese Context*.
- Gunawan, C., & Wiyata, M. T. (2024). Kinerja Adaptif Pelaku UMKM Kota Sukabumi: Peran Gaya Kepemimpinan. *CAKRAWALA*, 7(4).
- Maharani, W. A., & Makmur. (2025). Strategi Kepemimpinan dalam Mengelola Kinerja Karyawan pada Usaha Mikro Kecil Menengah Ullya Food Desa Bongas. *Jurnal Ekonomi Manajemen Dan Bisnis*, 6(1), 22–34. <https://jurnal.stie.asia.ac.id/index.php/jubis>
- Murtadho, F., Eriyani, R., Anwar, M., Haikal, M. S., Azmuna, N. F., & Ayu, D. P. (2022). Pemberdayaan Literasi Digital bagi Pelaku UMKM Kelurahan Bahagia, Babelan, Bekasi.

Archive: *Jurnal Pengabdian Kepada Masyarakat*, 2(1), 1–10.
<https://doi.org/10.55506/arch.v2i1.40>

- Pellegrini, E. K., & Scandura, T. A. (2008). Paternalistic leadership: A review and agenda for future research. In *Journal of Management* (Vol. 34, Number 3, pp. 566–593).
<https://doi.org/10.1177/0149206308316063>
- Pratiwi, J. E. (2025). Pengaruh Gaya Kepemimpinan Transformasional terhadap Kinerja Karyawan Di Perusahaan Startup. *JUKONI: Jurnal Ilmu Ekonomi Dan Bisnis*, 02(02), 7–12.
- Purnomo, H., Faizal, A., & Mubarak, A. H. (2025). Peran Gaya Kepemimpinan Pemilik UMKM terhadap Kinerja Ekonomi Usaha di Era Digital. *Jurnal Manajemen Dan Ilmu Administrasi*, 1(1). <https://doi.org/10.58472/jmia.v1i1.101>
- Sariani, N. L. P., Prawitasari, P. P., Pradhana, I. P. D., Kertiriasih, N. N. R., & Utami, N. M. S. (2023). Analisis Gaya Kepemimpinan Transformasional dan Transaksional pada Bisnis UMKM Hampers Di Kota Denpasar. *Jurnal AKTUAL*, 21(2), 2023.
- Syahriyah, U. U. (2023). Gaya Kepemimpinan Religio Paternalistik (Analisis Buku “Persepsi Santri Terhadap Perilaku Kepemimpinan Kiai di Pondok Pesantren” karya Muhammad Nur Salim Asy’ari). *IRSYADUNA: Jurnal Studi Kemahasiswaan*, 3(2).
<https://jurnal.stituwjombang.ac.id/index.php/irsyaduna>
- Tiktik, S. P. (2006). *Ekonomi koperasi: Teori dan manajemen*. Salemba Empat.
- Wati, D. L., Septianingsih, V., Khoeruddin, W., & Al-Qorni, Z. Q. (2024). Peranan UMKM (Usaha Mikro, Kecil dan Menengah) dalam Meningkatkan Perekonomian Indonesia. *Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi (JEBMAK)*, 3(1).
- Wibawa, D. P., & Yusnita, M. (2019). Peran UMKM sebagai Penyangga Perekonomian Berbasis Kerakyatan. *Holistic Journal of Management Research*, 2(2).
- Yusuf, W. B., Subyantoro, A., & Hartati, A. S. (2021). Pengaruh Gaya Kepemimpinan Transformasional, dan Budaya Organisasional Terhadap Kinerja Karyawan Dengan Kepuasan Kerja Sebagai Variabel Mediasi (Studi pada Pegawai Negeri Sipil Dinas Koperasi, UMKM, dan Perindustrian Kabupaten Bantul). *Jurnal Studi Manajemen Organisasi*, 18(1). <https://ejournal.undip.ac.id/index.php/smo/article/view/28315>
- Zahri, T. A., Wahyudin, N., Oktariani, D., & Yanuar, D. (2022). Manajemen SDM dalam Penerapan Kekayaan Intelektual pada UMKM Kota Pangkalpinang Berbasis Ekonomi Pancasila. *JURNAL DARMA AGUNG*, 30(3), 366–380.