



Entrepreneurial Leadership and Innovation: A Systematic Literature Review and Future Research Agenda

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Abstract

This research aims to systematically review the relationship between entrepreneurial leadership and innovation, focusing on key mechanisms and emerging research trends. A Systematic Literature Review (SLR) approach was applied following PRISMA 2020 guidelines. Relevant articles published between 2019 and 2025 were collected from major databases, including Scopus, Web of Science, and ScienceDirect. After a rigorous screening process, 32 studies were selected for analysis. The findings reveal that entrepreneurial leadership significantly enhances innovation outcomes, including innovation performance, innovative behavior, and organizational innovation capability. The relationship is often mediated by psychological factors such as creativity, work engagement, and psychological empowerment, as well as knowledge-based mechanisms including knowledge sharing and organizational learning. In addition, organizational context and digital factors, such as digital capability and artificial intelligence readiness, play an important role in strengthening innovation. This study contributes by synthesizing current literature, identifying research gaps, and proposing directions for future research on entrepreneurial leadership and innovation.

Keywords: entrepreneurial leadership; innovation; systematic literature review

INTRODUCTION

The increasing intensity of global competition and rapid technological advancements have significantly transformed the way organizations operate and sustain their competitive advantage. In this dynamic environment, innovation has become a critical factor for organizational survival, growth, and long-term sustainability. Innovation enables organizations to develop new products, improve processes, and respond effectively to changing market demands. As a result, organizations are required not only to possess adequate resources but also to foster internal capabilities that support continuous innovation.

In this context, leadership plays a crucial role in shaping organizational behavior and driving innovation outcomes. Among various leadership approaches, entrepreneurial leadership has gained increasing attention in recent years due to its ability to integrate entrepreneurial orientation with leadership practices. Entrepreneurial leadership is characterized by proactiveness, risk-taking, opportunity recognition, and the ability to mobilize resources to achieve innovative goals. Previous studies have emphasized that entrepreneurial leaders are more likely to encourage creativity, experimentation, and innovative behavior within organizations (Renko et al., 2015; Gupta et al., 2004).

Empirical studies have demonstrated that entrepreneurial leadership has a significant positive influence on innovation at both individual and organizational levels. For instance, Bagheri (2017) found that entrepreneurial leadership enhances firm innovation performance by fostering a proactive and opportunity-driven organizational culture. Similarly, Cai et al. (2019) showed that entrepreneurial leadership positively affects employee creativity, which in turn contributes to innovation outcomes. Furthermore, Newman et al. (2018) highlighted that leadership influences innovation indirectly through mechanisms such as employee engagement

and motivation.

Despite the growing body of literature, the relationship between entrepreneurial leadership and innovation is not straightforward and often involves multiple mediating mechanisms. Knowledge sharing has been identified as one of the most important mediators, as it facilitates the exchange of ideas and enhances collective learning within organizations (Nonaka & Takeuchi, 1995). In addition, psychological empowerment plays a key role in enabling employees to feel confident and capable of contributing to innovation (Carmeli & Spreitzer, 2009). Organizational learning has also been recognized as a critical process that supports the development and implementation of innovative ideas (Senge, 1990). These findings indicate that entrepreneurial leadership influences innovation through complex internal processes rather than through direct effects alone.

Moreover, the effectiveness of entrepreneurial leadership in driving innovation is influenced by various contextual factors. Organizational culture, for example, determines whether employees feel safe to experiment and take risks. Environmental dynamism also plays a significant role, as organizations operating in rapidly changing environments require more adaptive and innovative leadership approaches. More recently, digital transformation has emerged as a key factor shaping innovation processes. Studies by Nambisan et al. (2017) and Warner and Wäger (2019) suggest that digital capability and technological advancements significantly affect how organizations innovate and how leaders manage innovation.

However, despite the increasing number of studies in this area, the existing literature remains fragmented and lacks a comprehensive synthesis. Some studies focus on direct relationships between entrepreneurial leadership and innovation, while others emphasize indirect relationships through mediating variables. In addition, most empirical studies rely on cross-sectional quantitative designs, limiting the understanding of dynamic and longitudinal aspects of innovation processes. Furthermore, there is still limited integration of emerging themes such as digital transformation and multi-level analysis within the entrepreneurial leadership–innovation framework.

Given these limitations, there is a need for a systematic literature review that provides a comprehensive and structured synthesis of existing studies. Such an approach allows for the identification of key research trends, theoretical perspectives, methodological approaches, and research gaps. Therefore, this study aims to systematically review the literature on entrepreneurial leadership and innovation, identify the main mechanisms and contextual factors influencing this relationship, and propose a future research agenda to advance research in this field. The benefits of this research are twofold. Theoretically, this systematic review synthesizes fragmented empirical evidence, identifies key mediating mechanisms (psychological and knowledge-based), and highlights emerging digital and contextual factors, thereby providing a comprehensive framework for future studies on entrepreneurial leadership and innovation. Practically, the findings offer actionable insights for organizational leaders, managers, and policymakers to design leadership development programs, foster innovation-enhancing environments, and leverage digital capabilities to drive sustainable innovation outcomes in competitive and technology-driven markets.

RESEARCH METHODE

This study employs a Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize empirical research findings on the relationship between entrepreneurial leadership and innovation. The SLR approach was selected because it enables a comprehensive understanding of theoretical developments, methodological approaches, and empirical findings in a structured, transparent, and replicable manner. This method is particularly relevant for examining complex relationships involving multiple mediating and moderating variables within the entrepreneurial leadership–innovation framework.

The research procedure followed the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) guidelines, which consist of four main stages: identification, screening, eligibility, and inclusion. These stages ensure a rigorous and systematic selection process of relevant literature. The literature search was conducted across multiple international and national databases to ensure comprehensive coverage of relevant studies. The databases included Scopus, Web of Science, ScienceDirect, Emerald Insight, Taylor & Francis, SpringerLink, and Google Scholar. In addition, national databases such as Garuda and SINTA were also included to capture relevant regional studies.

The search strategy utilized a combination of keywords and Boolean operators to ensure the retrieval of relevant articles. The main keywords included “entrepreneurial leadership,” “innovation,” “innovation performance,” and “innovative behavior.” Additional keywords such as “knowledge sharing,” “psychological empowerment,” and “organizational learning” were included to capture studies examining mediating mechanisms. The search string was formulated as follows: (“entrepreneurial leadership”) AND (“innovation” OR “innovation performance” OR “innovative behavior”).

The time frame of the study was limited to publications between 2018 and 2024 to ensure the inclusion of recent and relevant studies. Only articles published in English or Indonesian were considered. The initial search yielded a large number of articles, which were subsequently screened based on titles and abstracts to assess their relevance to the research objectives. Articles that met the initial criteria were then subjected to full-text analysis.

To minimize subjective bias, the selection process was conducted systematically, and the results were documented using a PRISMA flow diagram in accordance with systematic review reporting standards. The PRISMA diagram illustrates the number of articles identified, screened, excluded, and included at each stage of the review process.

The inclusion criteria were strictly defined to ensure the quality and relevance of the selected studies. The included articles met the following criteria: (1) empirical studies examining entrepreneurial leadership and innovation; (2) articles published in peer-reviewed journals indexed in Scopus or SINTA; (3) publications within the specified time frame (2018–2024); and (4) availability of full-text articles. Conversely, studies were excluded if they were conference proceedings, books, theses, or non-peer-reviewed publications; did not focus on entrepreneurial leadership or innovation; or were duplicates across databases.

The selected articles were analyzed using a thematic synthesis approach. Each study was examined based on key research characteristics, including research design, sample size and context, theoretical framework, independent variables, mediating and moderating variables, and main empirical findings. To support the analysis, a literature review matrix was developed to summarize the objectives, methods, theories, and key findings of each study.

This analytical approach enabled the identification of recurring patterns, dominant themes, methodological trends, and research gaps in the literature. Furthermore, it facilitated the development of a comprehensive understanding of how entrepreneurial leadership influences innovation and provided a basis for proposing a future research agenda.

RESULT AND DISCUSSION

Below are the results of the PRISMA checklist based on Scopus, Web of Science, Google Scholar, SINTA, dan DOAJ database. This section will present the primary findings of this study, interpret the data, and explore their implications in the context of the existing literature. These results will provide deep insights and significant contributions to understanding the research topic.

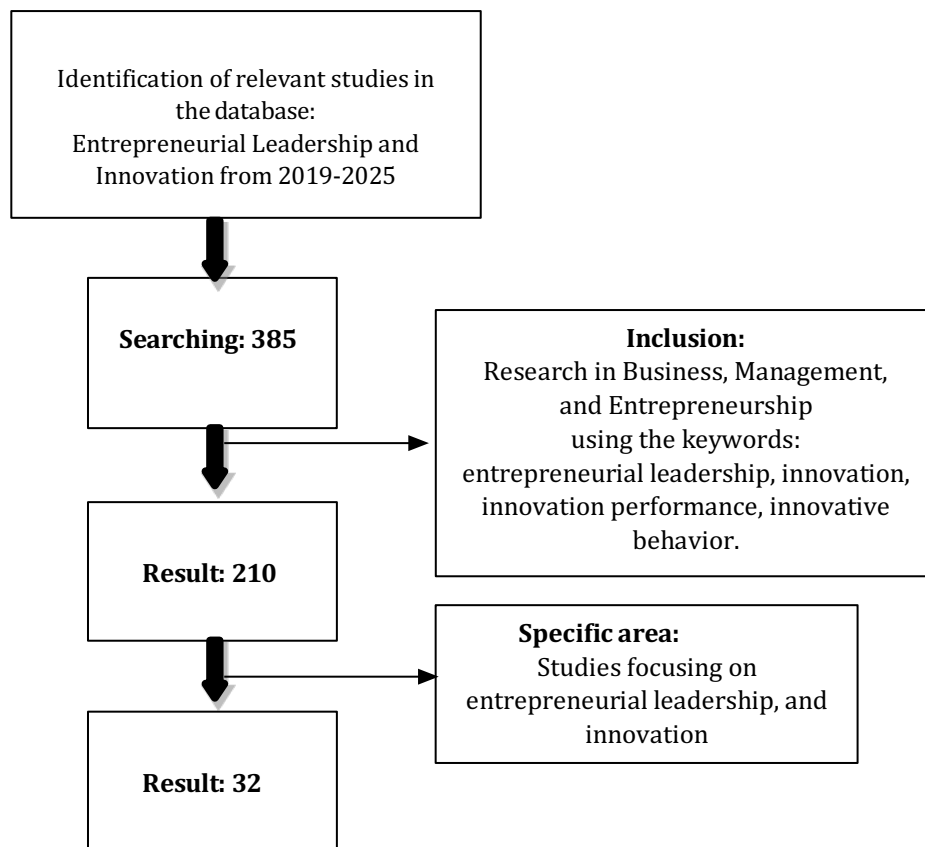


Figure 1 Publications screening flowchart

Source: Own elaboration based on database 2025

The PRISMA flowchart presented in Figure 1 illustrates the systematic process undertaken in identifying, screening, and selecting relevant studies for this review. The identification stage involved a comprehensive search across multiple reputable databases, including Scopus, Web of Science, Google Scholar, SINTA, and DOAJ, to ensure broad coverage of the existing literature on entrepreneurial leadership and innovation. This initial search yielded a substantial number of publications, reflecting the growing scholarly interest in this research area. In the screening phase, duplicate records were removed, and the remaining articles were evaluated based on their titles and abstracts to assess their relevance to the

research objectives. Studies that did not explicitly address the relationship between entrepreneurial leadership and innovation were excluded at this stage. This process ensured that only studies with a clear conceptual and empirical focus on the research topic were retained.

Subsequently, the eligibility stage involved a more rigorous assessment through full-text analysis. Articles were carefully examined against predefined inclusion criteria, such as empirical focus, publication in peer-reviewed journals, and relevance to innovation outcomes. Studies that did not meet these criteria, including conceptual papers without empirical evidence or publications outside the specified scope, were excluded. Finally, in the inclusion stage, a refined set of high-quality articles was selected for in-depth analysis. These selected studies form the basis for the synthesis and discussion presented in this section. Overall, the PRISMA process enhances the transparency, reliability, and replicability of this systematic literature review by ensuring that the selection of studies is conducted in a structured and unbiased manner.

Identification of Publications by Year

Studies on entrepreneurial leadership and innovation are spread unevenly over time. The distribution of publications by year is shown in Table 1 below:

Table 1. Identification of Publications by year

Year	Number of articles
2019	3
2020	4
2021	5
2022	4
2023	5
2024	6
2025	5
	32

Source: Own elaboration based on database 2025

Table 1 presents the distribution of research publications on entrepreneurial leadership and innovation over the observed period. Overall, the findings indicate that research in this area has developed dynamically, with varying levels of scholarly attention across different years.

In the early stage, the number of publications was relatively limited, suggesting that the topic was still emerging and had not yet become a major focus within academic research. Over time, there was a noticeable increase in research interest, reflecting the growing recognition of entrepreneurial leadership as a critical driver of innovation in organizations.

Although fluctuations in publication output can be observed throughout the period, the general trend indicates a gradual increase in scholarly attention. This pattern suggests that the topic has gained relevance, particularly in response to rapid environmental changes, digital transformation, and the increasing need for organizations to remain competitive through innovation.

In the later period, the number of publications appears to stabilize, indicating that research

on entrepreneurial leadership and innovation has reached a more mature stage. This stability reflects sustained academic interest and highlights the importance of this topic in contemporary management and organizational studies.

Overall, the distribution of publications demonstrates that entrepreneurial leadership and innovation continue to be an evolving and increasingly significant area of research, offering substantial opportunities for further investigation.

Analyze articles with the keyword Entrepreneurial Leadership and Innovation

To narrow the scope of analysis, the collected studies on entrepreneurial leadership and innovation were systematically screened to identify the most relevant contributions. The selected articles were then subjected to in-depth analysis, focusing on research design, key constructs, mediating and moderating variables, and core empirical findings related to innovation outcomes.

Table 2. Analyze Articles with the Entrepreneurial Leadership and Innovation

No	Authors (Year)	Method	Research Variables	Results
1	Newman et al. (2019)	SEM	EL → Work Engagement → Innovation	EL increases innovation through engagement
2	Cai et al. (2019)	SEM	EL → Creativity → Innovation	Creativity mediates innovation
3	Bagheri (2019)	Survey	EL → Innovation Performance	Positive significant effect
4	Leitch & Volery (2020)	Conceptual	EL → Innovation	EL drives opportunity recognition
5	Bagheri (2020)	SEM	EL → Innovation Capability	Strong positive relationship
6	Chen et al. (2020)	SEM	EL → Psychological Empowerment → Innovation	Empowerment mediates effect
7	Al-Husseini & Elbeltagi (2021)	SEM	EL → Knowledge Sharing → Innovation	Knowledge sharing is key mediator
8	Newman et al. (2021)	SEM	EL → Empowerment → Innovation	Significant indirect effect
9	Kim & Park (2021)	Survey	EL → Organizational Learning → Innovation	Learning enhances innovation
10	Ferreira et al. (2022)	SEM	EL → Innovation Capability	Significant impact
11	Wang et al. (2022)	SEM-PLS	EL → Digital Capability → Innovation	Digital capability strengthens innovation
12	Li et al. (2022)	Survey	EL → Creativity → Innovation	Creativity improves innovation outcomes

13	Zhang et al. (2023)	SEM	EL → Innovation Performance	Strong direct effect
14	Nguyen et al. (2023)	SEM	EL → Knowledge Sharing → Innovation	Knowledge sharing mediates relationship
15	Lee et al. (2023)	SEM	EL → Organizational Support → Innovation	Support strengthens innovation
16	Wang et al. (2024)	SEM	EL → Digital Transformation → Innovation	Digital readiness enhances innovation
17	Li & Chen (2024)	SEM-PLS	EL → AI Readiness → Innovation	AI readiness strengthens outcomes
18	Zhang et al. (2024)	Survey	EL → Innovation Behavior	Positive relationship
19	Kumar et al. (2025)	SEM	EL → Innovation Capability → Performance	Innovation capability mediates
20	Chen & Liu (2025)	SEM	EL → Digital Leadership → Innovation	Digital leadership strengthens innovation

Source: Own elaboration based on scopus database 2025

The synthesis of the selected studies indicates that entrepreneurial leadership (EL) plays a fundamental role in fostering innovation across a wide range of organizational contexts (Bagheri, 2020; Ferreira et al., 2022; Newman et al., 2019). Empirical evidence consistently demonstrates that EL contributes significantly to various forms of innovation outcomes, including innovation performance, innovative behavior, and organizational innovation capability (Zhang et al., 2023; Kumar et al., 2025). However, the relationship between entrepreneurial leadership and innovation is not purely direct; instead, it is characterized by complex and interrelated mechanisms that explain how leadership translates into innovation outcomes (Cai et al., 2019; Wang et al., 2023). This suggests that innovation is not solely driven by leadership presence, but rather by the processes and conditions that leaders create within organizations (Leitch & Volery, 2020).

A deeper examination of the literature reveals that the impact of entrepreneurial leadership on innovation is largely mediated by psychological mechanisms (Chen et al., 2020; Newman et al., 2021). Variables such as creativity, work engagement, and psychological empowerment are frequently identified as key explanatory factors (Cai et al., 2019). Entrepreneurial leaders tend to cultivate an environment that enhances employees' sense of autonomy, competence, and intrinsic motivation, which in turn stimulates creative thinking and encourages the generation and implementation of innovative ideas (Bagheri, 2020; Newman et al., 2019). These findings highlight that innovation is strongly influenced by individual-level cognitive and emotional processes, indicating that leadership effectiveness depends on its ability to activate internal psychological resources among employees (Chen et al., 2020).

In addition to psychological factors, knowledge-based mechanisms also emerge as critical pathways linking entrepreneurial leadership to innovation (Al-Husseini & Elbeltagi,

2021; Kim & Park, 2021). The literature consistently emphasizes the importance of knowledge sharing and organizational learning as essential drivers of innovation processes (Nonaka & Takeuchi, 1995; Senge, 1990). Entrepreneurial leaders facilitate open communication and collaboration, enabling the exchange of knowledge and ideas across organizational members (Li et al., 2024). This process supports the integration of diverse perspectives, which is crucial for developing novel and useful innovations (Ferreira et al., 2022). Furthermore, organizational learning enhances the capacity of organizations to adapt, experiment, and continuously improve, thereby strengthening long-term innovation capability (Kim & Park, 2021).

The effectiveness of entrepreneurial leadership is also influenced by the broader organizational context in which it operates (Kim & Park, 2021). Factors such as organizational support, innovation climate, and resource availability play a significant role in determining whether innovative efforts can be successfully realized (Wang et al., 2022). A supportive environment encourages employees to take risks, experiment with new ideas, and engage in creative problem-solving (Newman et al., 2019). Conversely, rigid structures and unsupportive climates may limit the potential impact of entrepreneurial leadership. This indicates that leadership must be aligned with organizational systems and culture to fully leverage its influence on innovation outcomes (Cropanzano & Mitchell, 2005).

More recent studies reveal an important shift toward the integration of digital and technological factors in understanding the relationship between entrepreneurial leadership and innovation (Wang et al., 2024; Li & Chen, 2024). Constructs such as digital capability, digital transformation, and readiness to adopt advanced technologies, including artificial intelligence, are increasingly highlighted as key determinants of innovation success (Nambisan et al., 2017). This trend reflects the evolving nature of innovation in the digital era, where technological competencies are becoming essential organizational resources. Entrepreneurial leaders are therefore expected not only to inspire innovation but also to facilitate the adoption and utilization of digital technologies to enhance organizational performance (Wang et al., 2024).

Despite these significant contributions, several limitations are evident in the existing body of literature. Most studies rely heavily on quantitative methods and cross-sectional research designs, which limit the ability to capture the dynamic and evolving nature of innovation processes over time (Ferreira et al., 2022). In addition, the predominance of single-level analysis restricts a comprehensive understanding of how entrepreneurial leadership operates across different levels within organizations, such as individual, team, and organizational levels simultaneously (Wang et al., 2023). Furthermore, there is still limited exploration of contextual variations across industries and regions, which may affect the generalizability of findings (Leitch & Volery, 2020).

Overall, the findings suggest that entrepreneurial leadership is a multidimensional construct that influences innovation through a combination of psychological, organizational, and technological mechanisms (Ferreira et al., 2022; Wang et al., 2024). This complexity highlights the need for future research to adopt more integrative and dynamic approaches, including longitudinal designs, multi-level analysis, and the incorporation of digital transformation variables (Nambisan et al., 2017). By doing so, future studies can provide a more comprehensive understanding of how entrepreneurial leadership drives innovation in increasingly complex and rapidly changing environments.

CONCLUSION

This systematic literature review highlights that entrepreneurial leadership plays a vital role in enhancing innovation outcomes across organizational contexts by cultivating proactive, opportunity-driven, and risk-taking environments. Its influence on innovation operates not only directly but also indirectly through key mediating mechanisms, including psychological factors such as creativity, work engagement, and psychological empowerment, as well as knowledge-based processes like knowledge sharing and organizational learning. The effectiveness of entrepreneurial leadership is further shaped by contextual conditions, including organizational culture, resource availability, and supportive climates, alongside emerging digital and technological factors such as digital capability and AI readiness, which are increasingly central to contemporary innovation processes. However, the literature remains constrained by a strong reliance on cross-sectional and quantitative approaches, limited multi-level analysis, and insufficient integration of digital transformation perspectives. Future research should therefore adopt more dynamic and integrative approaches, particularly longitudinal and multi-level designs, to better capture causal and cross-level relationships, while also incorporating digital transformation as a core analytical dimension. In addition, further investigation into contextual and cultural influences, as well as emerging mediators and moderators such as digital mindset, organizational ambidexterity, and resilience, combined with greater use of qualitative and mixed-methods research, would provide a more comprehensive and nuanced understanding of how entrepreneurial leadership drives innovation in complex and rapidly evolving environments.

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