

PERFORMANCE OF OWNER-MANAGERS IN SMALL BUSINESS ENTERPRISES– WITH SPECIAL REFERENCE TO ANANTAPUR DISTRICT

Dr. E. Kamalakara

Post-Doctoral Fellow (ICSSR), Dept. of Commerce, S.K University, Anantapuramu

Dr. S. Balaji N aik

Post-Doctoral Fellow (UGC), Dept. of Commerce, S.K University, Anantapuramu

Mr.P. Venkateswarlu

Research Scholar, Dept. of Commerce, S.K University, Anantapuramu

Abstract

Leadership issues in the context of small enterprises are of special significance to the transitional economics like India which is focusing mainly on developing its entrepreneurial base. One of the most determining factors for success or failure of a business enterprise is the quality of its management and more so it's effective leadership. Experiences and experiments on leadership have firmly established that a manager's effectiveness and efficiency depends on his/her leadership styles, in turn, determine the achievement of personal goal vis-a-vis organisational success. In this paper highlights leadership styles on four areas, like Production, financial, Marketing and Personnel matter etc in Anantapur district of Andhra Pradesh.

Key Words: *Leadership, Entrepreneurship, Production Factors.*

Introduction

Leadership issues in the context of small enterprises are of special significance to the transitional economics like India which is focusing mainly on developing its entrepreneurial base. One of the most determining factors for success or failure of a business enterprise is the quality of its management and more so it's effective leadership. Experiences and experiments on leadership have firmly established that a manager's effectiveness and efficiency depends on his/her personality traits, leadership skills and styles and all these, in turn, determine the achievement of personal goal vis-a-vis organisational success. For the purpose of the present study the **goal achievement of owner-managers of small industry which can otherwise viewed be and known as leadership effectiveness**. The leadership effectiveness of selected owner-managers of small business enterprises is measured through the analysis of organizational goals set by them and the level of their achievement. The leadership effectiveness is measured at three levels. If the set goal is achieved 70 per cent and above, it is referred as 'high' effectiveness, and the achievement level is less than 70 but above 50 as 'moderate' and if it is less than 50, can be viewed as 'low' effectiveness. For measuring leadership effectiveness the goal achievement level of the select owner managers is measured tried to correlate with the personal variables of owner-managers' such as their type of personalities, leadership skills and styles. This gives the holistic view of leadership performance among the select owner-managers of small business enterprises in Anantapur district.

Objectives of the Study

1. To understand the different leadership styles
2. To study and association between various situations and leadership styles

Sample Design

As per the official records available at the Office of the District Planning Officer, Anantapur (2008), there are five categories of small business enterprises such as Agro-based, Forest-based, Chemical, Engineering and Mineral-based totalling 9422 units. For the purpose of the present study, samples of

300 owner-managers are selected from the total universe using stratified random sampling with proportional allocations.

Tools and Techniques

For the analysis of the data, the statistical techniques like percentages, averages, weighted averages and Standard deviation are used.

Analysis of leadership styles among the selected owner-managers

Leader's personality characteristics and their skills influence the way the leader makes decisions and deals with the problems while directing the followers. Leaders with their leadership styles can transform people in the organizations in different forms.

Every organization whether small or big should have its own customized leadership styles to succeed in enterprise management. In absence of appropriate leadership styles, owners of the business units tend to learn and seek development through trial and error method which costs organizations enormously. It also reduces leadership talent vacuum in the industry apart from minimizing the dependency on outside expert help. Further, owner-managers groomed in a particular mode compatible with the economy, culture, technology and strategy will undoubtedly have no substitute outside. Leadership styles refer to the way which leaders influence their followers. Leadership style can also be understood by an action through which an individual is determined by the extent of control he exercises over his followers and the way he behaves towards them. It also depends on the types of duties the leader performs and types of duties and responsibility he gives to his followers.

One of the objectives of the current study is to know and establish whether the leadership styles of owner-managers vary with the type of situational decisions of their industrial day-to-day affairs. The contents and various situational decisions that are mentioned and sought the responses by the owner-managers are broadly divided into four functional areas mentioned as under.

1. Situational decisions related to production and technical matters'
2. Situational decisions of finance and its related matters
3. situational decisions related to marketing matters, and
4. situational decisions relating to personnel matters.

As mentioned in the third chapter, the leadership styles of the owner-manager are classified into four styles such as Authoritarian, Consultative, Participative and Laissez- faire or Free – rein styles. The leadership styles of owner-managers along with personality characteristics and skills determine the effectiveness of the leadership. Hence, leadership styles as means in influencing effectiveness of the selected owner-managers are considered and thus an attempt is made hereunder to identify and analyse the leadership styles of the owner-managers.

Table 1 Leadership Styles Adopted b y the Selected Owner-Managers in Different Situational Decision

S. No	Situational decisions	Leadership styles adopted			
		I	II	III	IV
1	In the matters related to production targets in my business unit are fixed	64.7	23.30	10.70	1.30
2	Decisions regarding to procurement of raw material/necessary equipment are taken in my unit	59.7	27.7	11.30	1.30
3	Work design and schedules are determined in our unit	49.3	33.00	16.70	1.00
4	Production/business strategies are farmed in your unit	48.7	28.70	21.70	1.00
5	Suggestions in production matters in my business enterprise are sought and decided	28.00	25.70	45.70	.70
6	Decisions regarding technical matters are being taken in	22.30	5.30	53.70	18.70

S. No	Situational decisions	Leadership styles adopted			
		I	II	III	IV
	our unit				
7	Source of finance to run the business are business are decided in our unit	85.30	9.70	3.00	2.00
8	Investment decisions for new products/new ventures are being done in out unit	85.30	8.00	4.70	2.00
9	Salaries and wages to the employees are determined in our business enterprise	53.70	31.00	14.30	1.00
10	Financial incentives for better performance are taken in our unit	34.70	41.00	22.30	1.00
11	When there are financial crisis in the business such issues are normally dealt in our unit	86.30	2.00	10.70	1.00
12	While seeking huge financial loans to run the business unit the such decisions are being normally taken up	88.30	1.70	8.70	1.30
13	For selling the products/materials, the decisions in our unit are normally manufacturing the made	61.00	26.30	11.70	1.00
14	Decisions relating to innovation of new brand/new method of doing products are encouraged in our business enterprise	51.30	33.70	14.00	1.00
15	Pricing strategies for the products/services being produced or made are being formulated	57.30	27.70	14.00	1.00
16	In order to compete with competitors business strategies are being framed	51.70	25.70	21.70	1.00
17	The decisions with regard to sales promotion techniques in our unit are mostly taken up	51.30	26.30	21.30	1.00
18	Marketing problems on the whole are being able to tackle because of coordinated and cooperative efforts	55.70	21.70	22.00	0.70
19	Grievances of the workers are being listened and settled in our unit	24.00	34.70	41.00	0.30
20	Decisions regarding conflicts between the workers in our business unit are resolved	21.00	37.30	40.70	1.00
21	Even the personnel problems of the workers are sympathetically listened and solved	7.30	12.30	53.30	27.00
22	Matters related to in discipline and misconduct of workers are seriously viewed and accordingly actions are being taken in our unit	50.00	27.30	22.00	0.70
23	Decision with regard to employee welfare measures are taken and implemented	46.70	32.00	21.00	0.30
24	Problem brought out regarding working conditions in our business unit are solved timely	45.00	27.00	27.70	0.30
	Mean percentage	51.19	23.71	22.28	2.82

Source: Field survey

As mentioned in the third chapter, the selected owner-managers of small business enterprises are asked to indicate the four leadership styles in relation to 24 situational decisions under four major functional areas like production and technical matter, finance, marketing and personnel matters. The responses summarized and shown in table 5.19. The table reveals that the owner-managers are adopting all four leadership styles while managing their enterprises and influencing the followers. However, the leadership style analysis brings us to interpret that as many as 88.30 per cent of the select owner-managers in the study used style I Autocratic style in such situations where they wish to get required finance when their enterprises are under financial crisis. Similarly, 41 per cent of owner-managers have stated that they use style II i.e., consultative with their employees, while in case of

personnel related problems as many as 53.3 per cent of times the participative style is being used in small business enterprises.

With regard to the personal aspects, as many as 27 per cent of the select owner-managers have stated that they adopt laissez-faire leadership style i.e., they leave the decisions to the followers to settle such problems by themselves.

In order to know the overall adoption of leadership styles, it has been tried to consider the average and usage use of a particular style in all the 24 situational decisions taken together. It varies from 2.82 per cent in case of style IV, 23.71 per cent of style II and 22-28 per cent in case of style III. Thus, it can be concluded that the owner-managers in our sample survey use variety of leadership styles depending upon different functional areas of their business enterprises.

Table 2 Leadership Styles Exhibited by the Select Owner-Managers on Production Matters

Decision situations	leadership styles			
	I	II	III	IV
1	64.70	23.30	10.70	01.30
2	59.70	27.70	11.30	01.30
3	49.30	33.00	16.70	01.00
4	48.70	28.70	21.70	01.00
5	28.00	25.70	45.70	00.70
6	22.30	05.30	53.70	18.70
Mean percentage	45.44	23.94	26.62	04.00

Source: Field Survey

Leadership styles used by the select owner-managers regarding the production and technical matters in their respective business enterprises are shown in table 2. It can be observed from the table above that 64.7 per cent of times the style I is used i.e., Autocratic leadership style followed by style III i.e., participative style, style II consultative style and style IV i.e., laissez faire. From the above analysis it can be inferred that though all the leadership styles are adopted by the owner-managers in the study, but majority of them prefer to take their own decisions with regards to production and technical matters are concerned. It is further noticed that every in the small business enterprises consultative and participative leadership styles are adopted by the more then one-fifth times in the overall decisions. However, a very meager percentage of times the style IV i.e., free-rein style is preferred and adopted. This implies the fact that a large shunk of the owner-managers as far as production and technical aspects are concerned the owner-managers do not prefer and adopt the free rein style rather they mostly confined to style I, II, and III only.

Table 3 Leadership styles exhibited by the select owner-managers in financial matters

Decision situations	Leadership styles			
	I	II	III	IV
7	85.30	09.70	03.00	02.00
8	85.30	08.00	04.70	02.00
9	53.70	31.00	14.30	01.00
10	34.70	41.00	23.30	01.00
11	86.30	02.00	10.70	01.00
12	88.30	01.70	08.70	01.30
Mean percentage	72.26	15.56	10.78	01.40

Source: Field Survey

Decisions with regard to financial matters are also important aspects that determine the effective and efficiency of any business enterprise including small enterprises. In this regard also as many as six decision-making aspects are given and the respondents are asked to mention how they act in such situations.

The responses of the owner-managers are shown in table 3. It is quite evident from the table that 88.30 per cent of time the style I is used (as the highest) with regard to the decision to seek huge financial help to run the business while same style is used as the best (34.7 per cent) percentage of times in the matters especially financial incentives for better performance of the workers. The consultative style i.e., style II is used in 40 per cent times as the (highest) in taking decisions to give financial incentives for better performance and the least (1.70 per cent times) in the matter seeking huge financial help when there is a financial crisis. Participative style is used in the highest –percentage (23.30 per cent) of times making in determining the financial incentives to the employees for better performance and the least percentage of time in using this style (i.e., 3 per cent) in searching the source of finance to run the business. The style IV is also used by the owner-managers but in less percentage of times.

Table 4 Leadership style exhibited by the select owner-managers on marketing matter

Decision Situations	Leadership styles			
	I	II	III	IV
13	61.00	26.30	11.70	01.00
14	51.30	33.70	14.00	01.00
15	57.30	27.70	14.00	01.00
16	51.70	25.70	21.60	01.00
17	51.30	26.30	21.40	01.00
18	55.70	21.70	22.00	00.60
Mean percentage	54.71	26.9	17.45	0.94

Source: Field Survey

The details on the leadership styles used by the owner-managers of small enterprises in terms of percentage of times each style is used in the marketing matters are depicted in table 4.

In this regard, as usual, in other functional areas, six situational decisions on marketing matters are framed and solicited the responses from the owner-manager-respondents on four leadership styles as mentioned in the study. It is clear from the figures shown in the table that as many as 54.72 per cent of times the leadership style I is used followed by style II, III and IV. From the figures, it can also be understood that in all six situations regarding marketing matters, the owner-managers have not evincing much confidence on the followers' exposure and expertise in seeking latter's advice or making them partners in decision-making on marketing matters rather they mostly rely on their knowledge. However, it is quite interesting to note that more than 26.9 per cent of times, the owner-managers are consulting followers on various marketing and its related matters and about only 17.45 per cent of times, on the whole, the participative style is used.

Table 5 Leadership Styles Exhibited by the Select Owner-Managers on Personnel Matters

Decision situations	Leadership styles			
	I	II	III	IV
19	24.00	34.70	41.00	00.30
20	21.00	37.30	40.70	01.00
21	07.30	12.30	53.30	27.00
22	50.00	27.30	22.00	00.70
23	46.70	32.00	21.00	00.30
24	45.00	27.00	27.70	00.30
Mean percentage	32.34	28.44	34.28	04.94

Source: Field Survey

Table 5 shows the details about the leadership styles demonstrated by select owner-managers on the personnel matters. A penetrating look at the figures in the table brings us to analyse that, unlike in other matters, the selected owner-managers have given laudable responses with regard to their leadership styles on personnel matters. It is

clear from the mean percentage of times a particular style is used that participative style i.e., style III is used in 34.26 percentage of times followed by Autocratic, Consultative and Laissez-faire style. Leadership styles regarding personnel matters are concerned, it is noticed that the matters related to indiscipline and misconduct of the workers, the owner-managers prefer to be more Autocratic, more participative in listening and solving the problems of the employees, more consultative in solving the conflicts between the employees. Similarly, style IV is followed by the owner-managers in 27 per cent of times which throws light that the owner-managers do not care such personal problem and leave them to the followers themselves to resolve. From the analysis above it can be stated that as far as personnel aspects are concerned, the owner-managers are so flexible in using participative, consultative and laissez-faire styles put together more than the autocratic style.

Conclusion

The present study is observed from the above analysis, Autocratic style is used especially in the matters related to 'finance' while the style IV is adopted in very less percentage of times. From this, it can be deduced that the Autocratic style is predominantly used in many number of times while the laissez is used very meagerly. In marketing matters the leadership style I and II together constituting 81.62 percentage of times are used by the owner-managers in the study. Further it can be found from the analysis above it can be stated that as far as personnel aspects are concerned, the owner-managers are so flexible in using participative, consultative and laissez-faire styles put together more than the autocratic style.

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