



## Relationship Between Demographic Variables and Leaderships Styles Adopted by Owner-Managers In Selected Small Scale Indian Industries

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### ABSTRACT

*Leadership is an important factor in any form of organization whether it is small or big. One of the most significant features of the leadership situation is the style or behaviour of the leaders. It became a focal point in the emergence of modern human resources management in the organizational psychology. Many studies were undertaken on leaderships styles adopted in bigger organizations. But relatively only few attempts have been made to study the leadership styles adopted by owner-managers as leaders in Small Scale Industries. A study of this feature is necessary to understand the leadership in its Toto as many of the small scale industries are being managed by owner-managers themselves. Hence, this paper is an attempt in this direction.*

### KEYWORDS :

**INTRODUCTION:** There is a growing awareness towards professionalizing the management of large scale industries where every major activity has been brought under the care of a professional manager. The contributors to the capital now have shifted their role of managing the enterprise to the professionals. Hence, the success of the industry is to a greater extent dependant on the ability of the managers to manage the activities in a scientific and systematic manner. Bigger industries can afford to hire the services of professionals whereas the small industries could not do so because their economies do not permit them to employ professionals who are to be paid huge sums of salaries and therefore, the small entrepreneurs must naturally combine in themselves the qualities of professional managers to run the industry successfully. As professional management is a question of greater learning and wide experience, unless and until these are ensured in respect of small industries there cannot be a definite success.

There is a growing tendency of small scale industries entering into sickness. The reasons may be numerous. But the vital reason may be cited to be that of the absence of the services of a professional leader. Most of the industries' failures can be attributed to that of leadership failures. A leader, as a manager, must have the capability to adopt necessary style/ styles according to the situation. Usually the small scale industries are started hastily in order to take advantage of the concessions offered by the government. The entrepreneurs are not sure whether they combine in themselves the important quality of managing i.e. leading. Some of the entrepreneurs have succeeded in acquiring some amount of leadership qualities overtime whereas remaining could not. Thus, those who could lead their industry on scientific lines flourished and others are entering into sickness.

What leadership qualities do these small scale industrialists have? The basic leadership styles they adopt? The relation of their success or failure to the styles they adopt? Still remains to be unexplored area by any researcher. Therefore, the importance of this study lies. A study of this nature is a necessary to understand the leadership in its Toto because many of the small scale industries are being managed by owner-managers. Thus, this study envisages examining the leadership styles of owner-managers in selected small scale industries..

### OBJECTIVE:

This research paper has the following objective:

1. To critically examine how for the demographic variables like age, education level , experience and family background of the owner-manager will influence the leadership styles while making various decisions in different situations...

### HYPOTHESIS:

In the light of the objective above, the following hypothesis have been formulated and tested:

1. **Leaderships styles of owner** –managers will vary with the type of decision, education, age, experience and family background.

**The study – Its basic variables:** The basic variables that are being used for the present study are:

- I. **Independent variables:** Demographic characteristics of owner-managers like age, education, experience and family background in the organization.

- II. **Situational Variables:** Referred to the contents of the decision. 17 different situations are comprised in this variable. They are :

#### A. Decisions relating to production :

- (1) Decision relating to volume of output.
- (2) Decision relating to size, location and layout of plant.
- (3) Decision relating to methods of production.
- (4) Decision relating to purchasing practices and the amount of inventory.
- (5) Decision relating to the methods of wage payment.

#### B. Decisions concerned with technical matters :

- (6) Decision to change the operating procedure.
- (7) Decision to purchase any new equipment.
- (8) Decision to hire machinery.
- (9) Decision to employ new subordinates to operate the machine.

#### C. Decisions concerned with financial matters :

- (10) Decision to purchase a new machine.
- (11) Decision to get a loan
- (12) Decision to any other financial matter.

#### D. Decisions concerned with personnel matters:

- (13) Decision to promote or punish the workers.
- (14) Decision to take disciplinary action against employees.
- (15) Decision to assign a different job to workers.
- (16) Decision to remove the workers.
- (17) Decision to pay any compensation.

- III. **Dependent Variable:** The dependent variable is the method of decision – Making which is described in a quantitative manner by five alternative positions on a leadership style continuum. The five alternative styles have been explained hereunder:

**METHODS OF MAKING DECISIONS (LEADERSHIP STYLES)**

**STYLE I: Owner- manager's own decision:** This style refers to the decisions that are being made by the owner-manager with explanation to his workers.

**STYLE II: Owner- manager's own decision without explanation:** This style refers to the decision made by owner-manager but detailed information being given to his workers about the decision.

**STYLE III: Owner- manager's prior consultation:** Before the decision is made the owner-manager explains the problem to his workers for their advice and thereby makes the decision.

**STYLE IV: Joint - decision -making:** Owner-manager and the workers together analyze the problem and come to a decision.

**STYLE V: Delegation:** Here workers are given authority to make the decision on their own but owner-manager intervenes only in exceptional cases.

**Sample Design and Data Base:**

Nellore town is purposively selected for the present study because of considerations of proximity and familiarity. It happens to be the head-

quarters of Nellore District and 'A' Grade Municipality. Though it is the fastest growing town in Andhra Pradesh, its industrial base is very thin and is essentially a commercial centre and is therefore typical of most urban centres in the country.

Out of the registered small scale industries operating in Nellore town, sixty owner-managers of small scale industries i.e. 10 percent of the total are selected for the present study. They are selected neither randomly nor stratified according to the functions and products produced by the units because of some practical constraints. Therefore, units are selected conveniently according to their availability and data have been collected from those individuals who are willing to cooperate in the study.

It is thought that the leadership styles of owner-managers vary with their demographic characteristics like age, education, experience and family background and this aspect is discussed in the succeeding paragraphs. Also an attempt is made to find out whether there is any correlation between age, education, experience and family background and leadership styles adopted by sample owner-managers.

**Age and Leadership Styles of Owner-Managers:** The following table exhibits different age group of owner-managers and their styles of behaviour in all organizational decision situations.

**Table: 1 Owner managers'Age – leadership styles N=60**

Styles Adopted											
Age Group	I		II		III		IV		V		Total
	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	
20-25	26	28.89	48	53.33	10	11.11	6	6.67	-	-	90
25-30	48	21.92	93	42.47	60	27.39	18	8.29	-	-	219
30-35	101	44.69	60	27.39	35	15.49	30	13.27	-	-	226
35-40	13	29.54	11	25.00	11	25.00	9	20.45	-	-	44
40-45	4	23.53	8	47.06	2	11.76	3	17.65	-	-	17
45-50	8	23.53	13	38.24	4	11.76	9	26.47	-	-	34
50-55	12	13.64	34	38.64	13	14.77	29	32.95	-	-	88
55-60	10	32.25	11	35.48	2	6.45	18	25.80	-	-	31
60-65	40	28.78	66	47.48	18	12.95	15	10.79	-	-	139
65-70	-	-	-	-	-	-	-	-	-	-	-
70-75	20	15.15	90	68.18	9	6.82	13	9.85	-	-	132
	272	26.67	428	41.96	170	16.67	150	14.71	-	-	1020

\*Source: Field Survey

Table above presents number of times a particular style is used in terms of percentages among different age-group of owner-managers. The highest percentage of times is used in case of style II by owner-managers who fall between 70-75 years age group and the same style being used by those owner-managers who fall between 20-25 years age group. The middle aged owner-manager though they are following style II, still they are using lesser percentage of times than those extreme younger and extreme older age group.

Style III is adopted by owner-managers coming under the age group of 25-30 constituting 27.39 percentage of times being the highest one. The same style is used by the age-group of 35-40 for 25.00 percent of times. This indicates that younger and old aged owner-managers are using style II while middle aged group of owner-managers are using the same at a lesser percentage of times. Style IV has not been adopted either by too younger (i.e., 20-25 age group) or too old owner-managers (i.e., 70-75 age group). Also it can be seen that middle-aged owner-managers though they are adopting style I, II, III, still style IV is being used by them for a lesser number of times. Style V is not being used by any one of the owner-managers in any age group.

Co-efficient of correlation are calculated between age and the num-

ber of times the styles is used by the sample owner-managers while making decisions relating to matters of production,technical,financial and personnel. The results are furnished in the Table below:

**TABLE: 2 AGE- RELATED TO OWNER-MANAGERS—LEADERSHIP STYLES N=60**

Style	Decision concern with production	Decision concern with Technical	Decision concern with Finance	Decision concern with Personal	Styles in all situations
I	-0.6549	-0.5544	-0.5932	-0.5415	-0.5425
II	-0.7271	-0.8037	-0.7181	-0.7178	-0.7389
III	-0.6102	-0.5386	-0.7269	-0.7596	-0.7243
IV	-0.5341	-0.7379	-0.7474	-0.8207	-0.8600
V	-	-	-	-	-

\*SOURCES: Field Survey

From the table above, it is evident that there is a negative relationship between age and leadership styles which implies that as the age decreases the adoption of style I, II, III and IV are increasing. This means that younger managers are adopting these styles in large number of times.

Also it is evident that from the table above that in case of production and technical matters style II is being used comparatively larger number of times by younger managers. Hence, these discussion permits to conclude that younger managers have sound knowledge in production and technical matters and because of these they do not believe their workers in these matters. But the maximum correlation in technical and personnel matters reveal that there is a high negative association between age and leadership styles. In case of financial

and personnel matters style IV is being used dominantly by younger managers.

**Education and leadership styles of owner-managers:** As the civilisation advances the day-today socio-economic and political setup in India has been changing accordingly. Prior to 1960 many small scale industries in India were managed by uneducated or lowly educated entrepreneurs but later on professionalization of the management was introduced into this sector and now most of these industries are held by managers of higher education. With the result the style of decision-making of owner-managers will vary with their level of education. Hence, it is felt here to examine how the leadership styles of owner-managers vary with their educational background. Particulars of the study in this respect are furnished in the table below:

**TABLE: 3**  
**Owner Managers' education and styles**  
**N=60**

Styles Adopted											
Level Of Education	I		II		III		IV		V		Total
	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	
S.S.C	120	30.93	180	46.39	60	15.46	28	7.26	-	-	388
Intermediate	71	35.15	48	23.76	47	23.27	36	17.82	-	-	202
Graduation	66	31.13	80	37.74	24	11.32	42	19.81	-	-	212
Technical	37	45.12	31	37.80	10	12.19	4	4.88	-	-	82
	294	33.26	339	38.35	141	15.95	110	12.44	-	-	884

**\*Source: field survey**

It is obvious from the table above that style II is used by large number of owner-managers (38.35 mean percentage of times) followed style I (33.26 mean percentage of times), style III (15.95 mean percentage of times) and style IV (12.44 mean percentage of times). On observation of the styles education-wise, it is found that better educated owner-managers are more flexible in using styles rather than lower educated. The more frequently used styles, irrespective of level of education are style II, I and III. Style V is not being used by any owner-manager at any education level.

Co-efficient of correlations are calculated by taking the number of years spent by the sample owner-managers on education and their styles in order to examine how the educational levels are correlated to the adoption of particular leadership style. The particulars in this respect are furnished in the table below:

**TABLE: 4**  
**RELATION OF EDUCATION AND LEADERSHIP STYLES**  
**N=60**

Style	Decision concern with production	Decision concern with Technical	Decision concern with Finance	Decision concern with Personal	Styles in all situations
I	-0.8272	-0.8731	+0.8272	-0.8295	-0.9795
II	+0.9428	+0.9285	+0.9345	-0.8782	+0.9298
III	+0.8126	+0.9634	+0.7388	+0.9036	+0.9393

Style	Decision concern with production	Decision concern with Technical	Decision concern with Finance	Decision concern with Personal	Styles in all situations
IV	-0.5581	+0.9268	+0.8455	-0.6755	+0.6729
V	-	-	-	-	-

**\*SOURCE: Field Survey**

It is found from the correlated values that style I and IV are used particularly with regard to production and technical matters by low educated while style II and III are used more frequently by the higher educated particularly with regard to production, technical and financial matters. With regard to personnel matters style I and II are adopted by lower educated while III and IV by higher educated owner-managers.

On the whole it is seen that the lower educated favoured style I and IV while highly educated towards style II and III. But variations have been found in all the situations.

It can be concluded that education is having some correlation (i.e., positive or negative) with that of leadership styles. But in more cases it is found that education is positively correlated to the styles of leadership.

**Experience and Leadership Styles:** The following table incorporates the result of the years of experience of owner-managers in se-

lected units and their leadership styles.

**Table: 5 MANAGERIAL EXPERIENCE AND LEADERSHIP STYLE**

**N=60**

Styles Adopted											
Years of experience	I		II		III		IV		V		Total
	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	
0-5	20	14.59	90	65.69	15	10.95	12	8.76	-	-	137
5-10	95	24.36	120	30.77	98	25.13	77	19.74	-	-	390
10-15	59	23.32	131	51.79	27	10.67	36	14.23	-	-	253
15-20	10	11.76	62	72.94	7	8.24	6	7.06	-	-	85
-20-25	31	19.12	47	69.12	3	4.41	5	7.35	-	-	68
25-30	34	39.08	26	29.88	10	11.49	17	19.54	-	-	87
	231	22.65	476	46.67	160	15.69	153	15.00	-	-	1020

**\*Source: field survey**

The result in the table above indicates that irrespective of the number of years of experience, most of the owner-managers have used style II followed style I, III

and IV. But in case of style IV, the less experienced (i.e., 5-10 years) and little experienced (i.e., 10-15 years) owner-managers used in more number of times than more experienced. Looking at the average it can be said that on an average less experienced are more flexible in using their leadership styles than the experienced.

The relationship between number of years of experience of the sample owner-managers and the number of times the styles adopted by them is examined by calculating co-efficient of correlation. The resultant figures are shown in the table below:

**TABLE: 6 RELATIONSHIP OF EXPERIENCE OF OWNER-MANAGERS' Styles Adopted**

**N=60**

Style	Decision concern with production	Decision concern with Technical	Decision concern with Finance	Decision concern with Personal	Styles in all situations
I	-0.5694	-0.6099	+0.5013	+0.4793	-0.5461
II	+0.5678	+0.5257	-0.4818	+0.6200	-0.2887
III	-0.4316	+0.3533	-0.5429	+0.4959	-0.4596
IV	+0.3337	-0.3745	+0.3952	-0.3272	+0.2584
V	-	-	-	-	-

**\*Source Field Survey**

The table above reveals that increase in experience is leading to decrease in using the styles I, II and III and decrease in experience is leading to increasing the democratic view i.e., style IV. In other words, these co-efficient of correlation figures suggest that owner-managers who had put in more number of years of experience are using the democratic style.

**FAMILY BACKGROUND AND LEADERSHIP STYLES:**

Behaviour of a man is usually influenced by many factors like economic, social, ethical and moral values and such other sociological factors. However, among all the sociological factors the family background is one of the important factors that are to be considered while assessing one's own behaviour.

In Indian situations, especially in small scale industry most of the entrepreneurs hail from agriculture families. The style of a person who hails from business background is certainly differs to that of those from agriculture and profession. In the table below, it is examined how different owner-managers with different family backgrounds are following different leadership styles.

**Table: 7 Family background of owner managers' and their leadership styles**

**N=60**

Styles Adopted											
Family Back Ground	I		II		III		IV		V		Total
	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	Number	%age of total	
Agriculture	40	33.61	27	22.69	33	27.73	19	15.97	-	-	119
Business	173	26.68	272	43.52	107	17.12	73	11.68	-	-	625
Profession	49	17.75	156	56.52	28	10.14	43	15.58	-	-	276
	262	25.69	455	44.61	168	16.47	135	13.23	-	-	1020

**\*Source: Field Survey**

Style II is used by the agriculture family background owner-managers for 22.69 percent of times. The same style is used to the extent of 43.52 percent of times by business family background managers but the highest percentage of times the same style is used by the professional family background manager i.e., 56.52 percentage of times. Style IV is also used for 15.58 percent times by professional family background owner-managers. Hence professional family background owner-managers are more autocratic than other managers. In all the situations more frequently used style is II followed by style I and the least being style IV. The style V is not being used by any owner-manager.

In addition to finding out the family background and leadership styles, it is also examined here how these styles are correlated with their family background. Since it is not possible to correlate qualitative variables like family background with quantitative variables like responses to various styles, it is studied by taking owner-managers' education with family background and their style of behaviour. The following table shows the results:

**TABLE: 8 RELATIONSHIP BETWEEN EDUCATION WITH FAMILY BACKGROUND OF OWNER-MANAGERS AND LEADERSHIP STYLES THEY ADOPT**

**N=60**

Education with family Background	Styles	Co-efficient of correlation	't' Value
Agriculture	I	+0.5768	0.37
	II	+0.8669	2.23
	III	+0.1685	1.24
	IV	+0.1820	1.20
	V	-	-
Business	I	-0.4936	3.56
	II	+0.3763	0.49
	III	-0.4213	3.27
	IV	-0.5026	3.60
	V	-	-
Profession	I	+0.5979	0.42
	II	+0.7406	1.32
	III	+0.4521	0.21
	IV	+0.4076	0.41
	V	-	-

**\*Source: Field Survey**  
**P 0.05=2.58**

In table above the correlations calculated between owner-managers' education with agriculture background and leadership styles they adopt show positive relationship. This implies that more educated owner-managers with agriculture family background are adopting style II and I.

Leadership styles and education with business background owner-managers are negatively correlated, but style II is positively related. But the 't' tests show that these correlations have been found statistically significant.

The results show that style II has more correlation with education profession background owner-managers though not significant at 0.05 level. This means that educated with professional family background owner-managers are adopting the styles II and I.

#### **Conclusion:**

Thus, the discussion above permits to conclude that leadership styles of owner-managers vary with the type of decision and demographic variables. Hence, the formulated hypothesis viz., leadership styles of owner-managers will vary with the type of decision, education, age, experience and family background is accepted.