

## Leaderships Styles Adopted by Owner-Managers in Selected Small Scale Industries of India



Commerce

KEYWORDS :

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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 leadership 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.*

### 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 study empirically the various leadership styles adopted by owner-managers in the selected small scale industries.

### HYPOTHESIS :

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

1. Owner-managers use different types of leadership styles depending on different situations.

**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 headquarters 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.

As explained above, owner-managers are asked to indicate on the leadership continuum having five different styles in relation to each seventeen decision-making questionnaire. Their responses are summarized and are noted in the Following table below:

**TABLE**  
**LEADERSHIP STYLES OF OWNER-MANAGERS IN**  
**PERCENTAGE OF TIMES OF STYLE IS USED**  
N = 60

Situation	Leadership Styles					Total
	I	II	III	IV	V	
1.	46.67	41.67	3.33	8.33	-	100
2.	23.33	56.67	16.67	3.33	-	100
3.	31.67	31.66	25.00	11.67	-	100
4.	31.66	35.00	11.67	21.67	-	100
5.	36.67	40.00	10.00	13.33	-	100
6.	31.67	43.33	10.00	15.00	-	100
7.	31.67	38.33	15.00	15.00	-	100
8.	25.00	55.00	13.33	6.67	-	100
9.	36.67	35.00	20.00	8.33	-	100
10.	26.67	38.33	10.00	25.00	-	100
11.	36.67	31.67	16.67	15.00	-	100
12.	28.33	40.00	15.00	16.67	-	100
13.	36.67	41.67	8.33	13.33	-	100
14.	35.00	40.00	13.33	11.67	-	100
15.	26.67	36.67	16.67	20.00	-	100
16.	31.67	35.00	16.67	16.67	-	100
17.	35.00	45.00	11.67	8.33	-	100
Mean Percentages	32.45	40.29	13.73	13.53	-	100

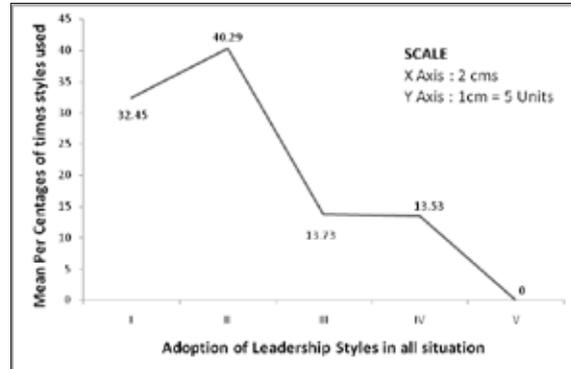
**Field survey**

From the summarized results in the table above, it can be observed that the sample owner-managers are adopting only four styles in tackling each of the seventeen decision situations. While deciding about the size, location and lay-out of plant (question No. 2), for instance, the owner-managers used style II 56.67 percentage times and the same is the case in deciding about the decision to hire machinery (question No. 8). Contrary to this, when it is a matter of decision regarding method of production and a decision to get a loan, the same manager used style II (Question No. 3 and 11 respectively) to the extent of only 31.67 percent. Similarly, coming to the average of the particular style in all the seventeen situations put together it varies from 13.53 percent in case of style IV to 40.29 percent in the case of style II, followed by 32.45 percent in case of style I. Thus, average figure for style II is the highest and lowest in case of style IV. Use of style V did not emanate from any one of the respondent. Of course, this may be true in case of small scale industries where the workers have no voice in decision-making. However, it may be sometimes possible if the owner-manager is not qual-

ified technically, he may consult his employees regarding technical matters but the final authority rests with him.

Thus, the above discussion clearly indicates that the owner-managers in small scale industry use various leadership styles depending upon the situations. Hence, the formulated hypothesis Viz., owner-managers use different types of leadership styles depending on different situations is accepted.

The styles exhibited by the sample owner-manager have also been graphically depicted in figure below:



Even question-wise analysis is made any difference in adoption of styles by the sample owner-managers can be observed. In case of question No. 1 (i.e., decision to volume of output), 46.67 percent of owner-managers are using style I and 41.67 percent style II. A lower percentage of response (3.33 and 8.33 percent) has been evidenced both in the III and IV styles.

As regards the question number 2 (i.e., decision as to size, location and layout of plant), style II tops with the highest percentage (i.e., 56.67 percent). Style I, III and IV occupy the next order.

It is seen in question number 3 (i.e. decision as to methods of production ), 31.67 percent of owner-managers are adopting style I, 31.66, 25.00 and 11.67 percent of the owner-managers are adopting styles II,III and IV respectively.

In case of question number 4 (i.e. decision as to purchasing practices and amount of inventory), 35.00 percent of owner-managers are using style II followed by style I (31.66 percent), style IV (21.67 percent) and style III (11.67 percent).

The responses to question 5 (i.e. decision as to methods of wage payment ) show that 40.00 percent of owner-managers have been using style II and 36.67 percent style I, 13.33 percent style IV and 10.00 percent style III.

As regards the question number 6 (i.e. decision as to change the operating procedure) style II tops with the highest percentage i.e. 43.33 percent, styles I, IV and III occupies the next order.

In case of question number 7 (i.e. decision as to purchase of any new equipment) 38.33 percent of owner-managers are using style II and 31.67 percent style I. An equal percentage i.e. 15.00 percent has been seen in both the styles III and IV.

The responses to question number 8 ( i.e. decision as to hire machinery ) show that 55.00 percent of owner-managers have been using style II and 25.00 percent style I, 13.33 percent style III and 6.67 percent style IV.

As regards the question number 9 (i.e. decision as to employ new subordinate to operate the machine) 36.67 percent of owner-managers are using style I and 35.00 percent style II. A lower percentage of responses i.e. 20.00 percent and 8.33 percent have been observed in styles III and IV respectively.

It is seen in the question number 10 (i.e. decision as to purchase a new machine) 38.33 percent of owner-managers are adopting style II. 26.67 percent, 25.00 percent 10.00 percent of owner-managers are adopting I, IV and III styles respectively.

In case of question number 11 ( i.e. as to get a loan ) 36.67 percent are using style I, followed by style II, (31.67 percent ) , III (16.67 percent ) and IV ( 15.00 percent ).

If we observe the responses for question number 12 (i.e. decision as to any other financial matter) about 40.00 percent of owner-managers are adopting style II, and 28.33 percent style I. A lower percentage of responses (i.e. 16.67 and 15.00 percent) have followed style IV and III respectively.

It is seen in the question number 13, (i.e. decision as to promote or punish the workers), 41.67 percent of the owner-managers are adopting style II. 36.67, 13.33 and 8.33 of the respondent are adopting the styles I, IV and III respectively.

In case of question number 14, (i.e. decision to take disciplinary action against the employees) 40.00 percent of owner-managers are using style II and 35.00 percent style I. A lower percentage of responses i.e. 13.11 and 11.67 have adopted style III and IV respectively.

With regard to question number 15, (i.e. decision to assign different jobs to workers) the highest response is towards style II, i.e. 36.67 percent, while the lowest is in case of style III i.e. 16.67 percent.

Of the total respondents, in case of question number 16 (i.e. decision to remove the worker) 35.00 percent of owner-managers are using style II while 31.67 percent are adopting style I. An equal percentage i.e. 16.67 has been seen in both the styles III and IV.

In case of question number 17 (i.e. decision to pay compensation), 45.00 percent are using style II followed by style I (35.00 percent), style III (11.67 percent) and style IV 8.33 percent).

#### **Conclusion:**

From the discussion above it is evident that 3/4ths of the sample owner-managers are adopting autocratic style (i.e. I&II) in respect of making decisions relating to production, technical and personnel matters and 2/3rds in case of financial matters. Of the remaining 1/3rd sample owner-managers 53 percent, 56 percent, 42 percent and 49 percent are adopting style III in respect of production, technical, financial and personnel matters respectively, whereas 47 percent, 44 percent, 58 percent and 51 percent are adopting style IV. None of the sample owner-managers are adopting participative approach even though there is a possibility of this approach being adopted by the owner-managers in respect of at least in technical matters.