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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

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IMPACT OF LEADERSHIP STYLES ON ORGANIZATIONAL EFFECTIVENESS IN HANDLOOM SECTOR

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ABSTRACT

Leadership can be defined as pattern of behavior designed to integrate organizational and personnel interests in pursuit of some objective. There are various frameworks or schemes that depict the types of leadership styles from which an entrepreneur may select the one, the most appropriate to personal, subordinate and organizational needs. A perfect leadership style of the entrepreneurs brings a congenial organisational climate and helps to bring effectiveness. It gives importance to the human factor in order to get full dedication employee from the core of employee's heart to attain his full commitment. So leadership style plays an important role in organization. Among the traditional industries of Kerala, Handloom sector stands second to the coir industry in providing employment. The industry in the state is highly concentrated in Trivandrum and Kannur districts. Calicut, Ernakulam, Kollam, Palakkad, Trissur and Kasargode districts also have some concentration of the industry. This study looks at the entrepreneur as a leader. The purpose of this work is to analyse the relationship between leadership styles and effectiveness of Handloom units. The study is intended to cover major Handloom units in the small-scale sector in Trivandrum, Ernakulam and Kozhikode districts to represent Kerala. The research covered 30 Handloom units and a sample of 30 entrepreneurs and 90 employees. Ten units are taken from each sector in each district. Two sets of schedules were administered to collect primary data from entrepreneurs and three employees each, from the selected units. Broadly three leadership styles are considered for categorizing the entrepreneurs. They are: Authoritarian (autocratic), Participative (democratic) and Delegative (free reign). There may exist these three styles together or in isolation with an entrepreneur. Each respondent was asked thirty questions based on action tendencies and they were directed to give their responses in the 0 -10 scale. An entrepreneur may get three different scores for three different leadership styles. Score for each style is derived out of 10 questions set separately for 3 different styles. It is known that most leaders do not possess a single style, but a combination. An effective leader should, therefore, develop capacity to have flexibility in adopting all these styles depending on the specific situation. Flexibility, rather than rigidity, should be the hall mark of an effective leader. The relationship between the base variables of the respondent entrepreneurs and leadership styles is highly essential to determine their performance in enterprises. The included base variables are region, nature of management, gender, age, experience, support based classification, age of the firm and size of the firm (turn over). Averages, percentages and ratios were worked out initially to study association between variables. Chi-square test, likelihood ratio etc. were also used. Difference between mean value of responses and hypothesized value was examined with t-test. ANOVA (F-test) and t-test were used to examine the difference in mean values. The organization variables included for this purpose are size of the firm by turnover, growth rate of the firm, rating categories of the entrepreneur and job satisfaction of the employees. Analyzing the common problems faced by the Handloom units, it is found that the major problems are related to the challenges involved in adopting and adapting to rapid change, and the need for innovation and improvement. To survive the severe competition and to move ahead as a successful organisation the Handloom units should be led by effective leaders. Hence the top management should focus on building leaders within organisation. The study will help to reveal the relationship between leadership and organizational performance and how leadership style could be applied to Handloom industries bearing in mind the environmental influences and differences. The study intends to give some insight to the entrepreneurs of Handloom sector to identify their leadership styles and how they affect the performance of the organization. Importantly, it is expected that when suggestions of the study are implemented they would encourage cooperation between leaders and workers in the organization, and thereby improve their performance, and interpersonal relationship. Other organizational issues such as stress, aggression, regression fixation and friction among workers and leaders could also be reduced.

KEYWORDS

Authoritarian, delegative, Leadership style, organizational performance, participative.

INTRODUCTION

As a concept 'leadership' has been the most widely debated, articulated, and written about in the field of management and it still continues to attract the attention of the thinkers all over the world. Arguably, the most effective form of leadership is by setting the right personal examples; though it owes its origin to the armed forces, it holds good even for corporate battle fields. A perfect leadership style of entrepreneurs brings a congenial organizational climate and helps to bring effectiveness. It gives importance to the human factor in order to buy the employee from the core of his heart to attain his full commitment. So, leadership styles of entrepreneurs play an important role in organization. This study is expected to throw some light in the area of organizational effectiveness resulted by leadership style & fitness of managers.

Leaders are the persons with better skills, better capability and better social relationship. This study looks at the entrepreneur as a leader. In the present study, the operational definition of entrepreneur is the owner of an industrial unit. The proprietor of a single proprietorship, the managing partner of a partnership, the key promoters of a private limited company are considered entrepreneurs for the purpose of this study. The purpose of this work is to analyse the relationship between leadership styles and effectiveness of Handloom units. The study is intended to cover major Handloom units in the small-scale sector in Trivandrum, Ernakulam and Kozhikode districts to represent Kerala. The research covered 30 Handloom units and a sample of 30 entrepreneurs and 90 employees. Ten units are taken from each sector in each district.

Broadly three leadership styles are considered for categorizing the entrepreneurs. They are: Authoritarian (autocratic), Participative (democratic) and Delegative (free reign). There may exist these three styles together or in isolation with an entrepreneur. Each respondent was asked thirty questions based on action tendencies and they were directed to give their responses in the 0 -10 scale. An entrepreneur may get three different scores for three different leadership styles. Score for each style is derived out of 10 questions set separately for 3 different styles.

It is known that most leaders do not possess a single style, but a combination. An effective leader should, therefore, develop capacity to have flexibility in adopting all these styles depending on the specific situation. Flexibility, rather than rigidity, should be the hall mark of an effective leader.

The relationship between the base variables of the respondent entrepreneurs and leadership styles is highly essential to determine their performance in enterprises. The included base variables are region, nature of management, gender, age, experience, support based classification, age of the firm and size of the firm (turn over).

Averages, percentages and ratios were worked out initially to study association between variables. Chi-square test, likelihood ratio etc. were also used. Difference between mean value of responses and hypothesized value was examined with t-test. ANOVA (F-test) and t-test were used to examine the difference in mean values. The organization variables included for this purpose are size of the firm by turnover, growth rate of the firm, rating categories of the entrepreneur and job satisfaction of the employees.

REVIEW OF LITERATURE

David. J. Snowden and Mary E Boone (2007) stated that wise executives tailor their approach to fit the complexity of the circumstances they face. Effective leaders learn to shift their decision-making styles to match changing business environments. Simple, complicated, complex & chaotic contexts, each call for

different managerial responses. By correctly identifying the governing context, staying aware of danger signals, and avoiding inappropriate reactions, managers can lead effectively in a variety of situations.

Lalitha Rani P & Sumati Reddy (2008) emphasize the necessity of leadership Development program to build interpersonal skills, to improve team dynamics between the leader and his/her team and to improve organizational climate. Leadership Development Approaches include 360 Degree feedback, classroom training Action learning, Rotational Job assignments, Experimental learning, and Executive Coaching & Mentoring Leadership development practices help succession planning in organizations.

Nature of environment in which interpersonal group relationship occurs also affects quality of leadership. The environment is affected by leader's success and failures, which in turn is also affected partly by other external factors like government policy (Cleland, 1998). Whatever the environment is, leaders emerge to make decisions and make positive impacts. Strategic planning is very important while making decisions. Strategic planning is designed based on realistic assessment of the capacity, strength and weakness of the organization, which are of managerial value.

It is appropriate to recognize that whilst different leadership styles exist (Ingress, 1995; Bourantas and Papadakis, 1996; Lowe et al., 1996), it is difficult to establish the supremacy of one specific style over another. As Vroom (2000) has postulated, defining leadership style in any specific decision requires the analysis of several factors, such as the relevance of decisions, the importance of commitment, success probability, leader and group experience, group support to goal achievement, and team competency.

Mathew P.M. (2008) is of the opinion that Kerala requires an entrepreneurship movement to lift the state from its current state of industrial backwardness. This requires a critical minimum effort of HRD interventions and support services geared to private sectors development. Building up entrepreneurship awareness and developing a culture of business development services (BDS) are vital steps in this regard. In Kerala, three vital areas totally neglected understand the sociology of entrepreneurship, introducing Business development Services, both as a culture and in terms of its content, and entrepreneurship education, both formal & informal.

Prahalad C.K. (2008) stated that good entrepreneurs do not bench mark against the best practices, they create the next practices. Entrepreneurship is not taking what is available, but creating and discovering wealth. The role and responsibility of entrepreneurs is changing as India changes.

IMPORTANCE OF THE STUDY

Among the traditional industries of Kerala, Handloom sector stands second to the coir industry in providing employment. The industry in the state is highly concentrated in Trivandrum and Kannur districts. Calicut, Ernakulam, Kollam, Palakkad, Trissur and Kasargode districts also have some concentration of the industry. Out of the total number of looms, the co-operative sector occupies 94% and the rest by individual entrepreneurs. The sector consists of factory type and cottage type societies. By the end of March 2008, there were 758 PHWCS consisting of 155 factory type societies and 603 cottage type societies. (Economic Review, 2008).

STATEMENT OF THE PROBLEM

Analyzing the common problems faced by the Handloom units, it is found that the major problems are related to the challenges involved in adopting and adapting to rapid change, and the need for innovation and improvement. To survive the severe competition and to move ahead as a successful organisation the Handloom units should be led by effective leaders. Hence the top management should focus on building leaders within organisation. The study will help to reveal the relationship between leadership and organizational performance and how leadership style could be applied to Handloom industries bearing in mind the environmental influences and differences. The study intends to give some insight to the entrepreneurs of Handloom sector to identify their leadership styles and how they affect the performance of the organization. Importantly, it is expected that when suggestions of the study are implemented they would encourage cooperation between leaders and workers in the organization, and thereby improve their performance, and interpersonal relationship. Other organizational issues such as stress, aggression, regression fixation and friction among workers and leaders could also be reduced.

OBJECTIVE

To identify the extent leadership has affected organisational performance of Handloom units in Kerala.

HYPOTHESIS

There is no significant association between different leadership styles and performance of the small scale industrial units.

RESEARCH METHODOLOGY

The present research is an exploratory study.

SAMPLE DESIGN

Multistage systematic sampling was applied in this study. In the first stage, three major districts, Trivandrum, Ernakulam and Kozhikode were selected to represent the south, the central and the north zones of Kerala. In the second stage selection of the Handloom units was made using systematic random sampling. Finally, the entrepreneurs and three employees each, from the selected units, contacted personally to collect the necessary information.

DATA MANAGEMENT AND ANALYSIS

The collected data were classified and tabulated. This was followed by analysis and interpretation of data. Statistical tools were used for systematic analysis of data. Averages, percentages and ratios were worked out initially to study association between variables. Chi-square test, likelihood ratio etc. were also used. Difference between mean value of responses and hypothesized value was examined with t-test. ANOVA (F-test) and t-test were used to examine the difference in mean values.

RESULTS AND DISCUSSION

Data collected through the above instruments have been analysed in following sections.

The profile of respondents indicates that fifty percent of the entrepreneurs in Handloom sector belong to the age group of 35 to 50 years. Above 36 per cent of the respondents were graduates. But the education level of 73 per cent of employees in Handloom based units is below SSLC. The respondents mostly had more than twenty years of experience in the organization. Forty seven per cent of the Handloom units surveyed were owned by co-operatives. Thirty seven per cent of the units surveyed had staff strength of 10 to 20 employees.

LEADERSHIP STYLES IN HANDLOOM SECTOR

In Handloom sector, respondent entrepreneurs are not following strictly any particular leadership style. They are showing moderate leadership style in authoritative, participative and delegative mode. Results of F-test disclose that there is significant difference between styles of leadership of the entrepreneurs in Handloom sector. It is evident from table 1 that as per the perception of entrepreneurs, the mean values of responses for the various statements meant for studying leadership styles in Handloom sector were 57.60, 55.96, and 49.73 respectively for authoritarian, participative and delegative styles. The calculated value of F-test is 4.97 and its significance value 0.009 is less than 0.05 at 5% level. According to employees perception, mean value of responses for authoritarian, participative and delegative styles were 59.92, 56.13 and 50.90 respectively. The calculated value of F-test is 15.68 and its significance value 0.000 is less than 0.05 at 5% level. It leads to the conclusion that there is significant difference between types of leadership of the respondents in Handloom sector.

In the case of handloom units, 60 per cent of the respondent entrepreneurs expressed that they are not sure of which leadership style is required in their units. However, they are of the opinion that whatever may be the leadership style, they should keep a moderate level and they did not prefer any improvement in

their present leadership style. Likelihood ratio test results also disclose that in handloom units, there is a requirement of authoritative, participative and delegative leadership styles in low, moderate and high degrees according to situations.

TABLE 1: MEAN VALUES OF LEADERSHIP STYLES IN HANDLOOM SECTOR

Leadership style	Authoritarian	Participative	Delegative	Total	F	Sig.
Perception of Entrepreneur	57.60	55.96	49.73	54.43	4.97	0.009
Perception of Employees	59.92	56.13	50.90	55.65	15.68	0.000

Source: Primary Data

LEADERSHIP STYLES AND FINANCIAL PERFORMANCE OF THE FIRMS IN HANDLOOM SECTOR

Thirty per cent of the entrepreneurs in the handloom sector with moderate authoritarian, 32 per cent with moderate participative and 28 per cent with moderate delegative styles are making an annual turnover of Rs. 5 lakh to Rs. 10 lakh. Result of likelihood ratio test discloses that in handloom sector, leadership styles have no significant influence on the annual turnover of the industrial units.

TABLE 2: LEADERSHIP STYLES AND FINANCIAL PERFORMANCE OF THE FIRMS IN HANDLOOM SECTOR

Leadership style	Degree of leadership style	Size of the firm (by turnover)					Total	Test
		Less than Rs. 5 lacs	Rs. 5 lacs to Rs. 10 lacs	Rs. 10 lacs to Rs. 20 lacs	Rs. 20 lacs to Rs. 50 lacs	Above Rs. 50 lacs		
Authoritarian style	moderate	8	10	5	4	3	30	-
		26.7%	33.3%	16.7%	13.3%	10%	100%	
Participative style	Low	0	2	2	1	0	5	Likelihood Ratio=0.215
		0%	40%	40%	20%	0%	100%	
	Moderate	8	8	3	3	3	25	
		32%	32%	12%	12%	12%	100%	
Delegative style	Low	3	4	1	1	0	9	Likelihood Ratio=0.541
		33.3%	44.4%	11.1%	11.1%	0%	100%	
	Moderate	5	6	4	3	3	21	
		23.8%	28.6%	19%	14.3%	14.3%	100%	

Source: Primary Data

LEADERSHIP STYLES AND GROWTH RATE OF THE FIRMS IN HANDLOOM SECTOR

In handloom sector with moderate authoritarian style 36.7% each of them achieved 0 to 50% growth rate and 50% to 100% respectively. With moderate participative style 40 per cent of them made a growth rate of 0 to 50%. With moderate delegative style 42.9% each of them achieved a growth rate of 0 to 50%, and 50% to 100% respectively. Result of likelihood ratio test discloses that in handloom sector, leadership styles have no significant influence on the growth rate of the industrial units.

TABLE 3: LEADERSHIP STYLES AND GROWTH RATE OF THE FIRMS IN HANDLOOM SECTOR

Leadership style	Degree of leadership style	Growth				Total	Test
		Less than 0%	0 to 50%	50% to 100%	Above 100%		
Authoritarian style	Moderate	1	11	11	7	30	-
		3.3%	36.7%	36.7%	23.3%	100%	
Participative style	Low	0	1	3	1	5	Likelihood Ratio=0.637
		0%	20%	60%	20%	100%	
	Moderate	1	10	8	6	25	
		4%	40%	32%	24%	100%	
Delegative style	Low	0	2	2	5	9	Likelihood Ratio=0.060
		0%	22.2%	22.2%	55.6%	100%	
	Moderate	1	9	9	2	21	
		4.8%	42.9%	42.9%	9.5%	100%	

Source: Primary Data

LEADERSHIP STYLES AND JOB SATISFACTION OF EMPLOYEES IN HANDLOOM SECTOR

In handloom sector, average job satisfaction is recorded by 45.7 per cent of the employees when their entrepreneurs are moderately authoritative and job satisfaction of 60 per cent of employees is high while they are showing low degree of authoritarian leadership style. Again average satisfaction is expressed by 45 per cent of employees towards moderate and low degree of participative styles. Job satisfaction of 48.6 per cent of employees is average when the entrepreneurs are moderately delegative and it is high when they show low degree of delegative leadership style. Result of likelihood ratio test discloses that in handloom sector, job satisfaction of the employees is independent of the leadership styles of the entrepreneurs.

TABLE 4: LEADERSHIP STYLES AND JOB SATISFACTION OF EMPLOYEES IN HANDLOOM SECTOR

Leadership style	Degree of leadership style	Job satisfaction				Total	Test
		Very low	Average	High	Very high		
Authoritarian style	Low	0	2	3	0	5	Likelihood Ratio=0.798
		0%	40%	60%	0%	100%	
	Moderate	2	37	32	10	81	
		2.5%	45.7%	39.5%	12.3%	100%	
	High	0	2	2	0	4	
		0%	50%	50%	0%	100%	
Participative style	Low	1	6	5	0	12	Likelihood Ratio=0.215
		8.3%	50%	41.7%	0%	100%	
	Moderate	1	35	32	10	78	
		1.3%	44.9%	41%	12.8%	100%	
Delegative style	Low	1	5	9	1	16	Likelihood Ratio=0.320
		6.3%	31.3%	56.3%	6.3%	100%	
	Moderate	1	36	28	9	74	
		1.4%	48.6%	37.8%	12.2%	100%	

Source: Primary Data

FINDINGS

Entrepreneurs of small scale Handloom units of Kerala are showing moderate leadership style in authoritative, participative and delegative mode. Different styles of leadership are used by the entrepreneurs in Handloom sectors. What leadership styles are preferred in one organization may not be preferred elsewhere just like what is suitable in one organization may not be suitable in another. As no single style of leadership is considered the 'best', mostly entrepreneurs follow 'contingency' style (as the situation demands). Entrepreneurs in Handloom units did not prefer any improvement in their authoritative and delegative style, but a considerable percentage prefer to improve their participative style. Factors such as annual turnover, growth rate of the firm and job satisfaction of the employees are not influenced by the leadership styles of entrepreneurs of Handloom units in Kerala.

RECOMMENDATIONS

Entrepreneurs should learn to practice different leadership styles to guide their employees and to meet the organizational requirements. The entrepreneurs are yet to develop and balance various other leadership styles along with authoritarian, participative and delegative styles. The technically literate entrepreneurs have very good leadership attributes. They should be given leadership oriented training so that their approach can be more people and task oriented. Through training programmes they will learn effective leadership dimensions which will bring organizational effectiveness. The study revealed that most of the entrepreneurs had poor access to various training programmes. Voluntary organizations, Government departments and other private institutions should conduct leadership training programmes in every district to ensure the participation of all entrepreneurs and to enrich their leadership attributes.

CONCLUSIONS

Focusing into the future of small scale Handloom units in Kerala, it is important for the entrepreneurs to recognize the needs of the workers, employ appropriate motivational tools such as promotion of staff based on merit and skills, provide suitable working environment and provide an appropriate leadership style that will encourage free flow of information among the employer and employees. The future leaders of Handloom units need to have extraordinary level of perception and insight into the realities of the world and themselves. They also need emotional strength to manage their own and other's anxiety because learning and change becomes more and more a way of life. Willingness and ability to share power and control according to people's knowledge and skills is also of necessity for the bright future of leaders in Handloom units.

SCOPE FOR FURTHER RESEARCH

Kerala is historically known for being less investor friendly and less proactive in industrialization. One of the key concerns of the entrepreneurs in Kerala, for a long time, has been hassles of bureaucracy. But as per this study it's not a major constraint. This is quite revealing. There exists further scope to study why this has happened, what are those Government policies which brought about this change and how we can keep bureaucratic hassles at the minimum level in future etc.

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