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A STUDY OF EFFECTIVENESS OF ENTREPRENEURIAL LEADERSHIP IN IMPROVING SMALL SCALE MANUFACTURING UNITS' PERFORMANCE

Dr. Satish Ubale¹, Deepali Choudaki²

ABSTRACT

Perception of entrepreneurship among scholars and researchers seem to differ considerably. At one extreme is the view that, for one reason or the other, technical entrepreneurial talent that involves the establishment and management of manufacturing firms for productive activities in the real sector of the economy is lacking. The study carried by various researchers proposed that entrepreneurial talent is indeed available but that the economic environment has been such as not to allow this talent to develop.

Against this background, the research study assessed the entrepreneurial Leadership on the performance of small-scale manufacturing units in Ahmednagar MIDC.

Keywords: *Entrepreneurs, leadership qualities, effectiveness, managerial skills.*

INTRODUCTION

In Ahmednagar, small-scale manufacturing units represent about 90% of the industrial sector in terms of the number of enterprises. They also account for 85% of local industrial employment, contribute 60% of manufacturing output. Similarly, they have also contributed significantly to economic development through employment, job creation and sustainable livelihood. In spite of their significance and contribution of small industries to the national economy, many problems and constraints still exist in promoting their development and growth. For instance, inadequate technical entrepreneurial talent particularly affects the development of small-scale manufacturing and processing industries. While large scale industries can be established with

expatriate capital, small industries need to have a domestic entrepreneurial and industrial base.

Another obstacle to the modernization of small industries are the persistence of a low level of technology, the shortage and inadequate entrepreneurial skills of operators and the absence of an effective management techniques. Their low product quality makes it difficult for them to compete in a technologically driven, knowledge based and export oriented globalized economy. There is therefore the need to tap the considerable R&D efforts that take place at universities, polytechnics, monotechnics and other public and private sector research institutions through increased commercialization or technology transfer of research results. However, this can only be achieved through a deliberate intervention strategy of developing a core of characteristics among the small scale manufacturing unit operators to enhance production efficiency, quality and output. The failure of past efforts by small scale manufacturing unit operators and the little intervention by government necessitates the need to assess why indigenous technical innovations, management practices and other key success factors in business are often not translated into feasible business ventures despite the fact that the country has the technological need. These issues imply a link between technical innovation, nascent entrepreneurship and a much broader level of technological development. The present study focused mainly on a narrow aspect of the link of nascent entrepreneurial characteristics and its effect on the development and growth of small-scale manufacturing units.

The study draws attention to the need for evolving strategies for enhancing the performance of entrepreneurs in small scale manufacturing units of Ahmednagar MIDC.

¹-Professor, Matrix Business School, Pune, satishubale@yahoo.com

²-Assistant Professor, PES's Modern College of Engineering, Pune, choudakideepali@yahoo.in

CONTRIBUTION OF RESEARCH WORK

Sickness in small scale manufacturing units is attributed to a number of factors like inefficiency in management, over ambitious projects, dispute among partners and non-availability of credit which is one of the major factors responsible for rendering small scale manufacturing unit sick. As a cumulative effect of this development many small-scale units are facing problems due to management, lack in competence and many more reasons. Because of this there is a need to study effectiveness of entrepreneurial leadership in small scale manufacturing units.

Understanding effectiveness entrepreneurial leadership were important for theoretical and practical reasons because small scale manufacturing units' leaders were the individual that need to lead their firms in today's innovative and dynamic market condition. The objective of this research is to examine the effectiveness of entrepreneurial leadership in improving small scale manufacturing unit's performance in Ahmednagar MIDC. The research has identified certain leadership qualities, behaviour, motivation and such other factors which are responsible for the performance of SSIs. The research provides insights for team building in executives' teams of small scale manufacturing units, for example providing guidance in finding team members that can make unique contributions via their personality traits, behaviours, competencies and ways to monitor small scale manufacturing units operation and performance. Suggestions of the research can be used as a guide to present and future small scale manufacturing units regarding effectiveness of entrepreneurial leadership that have to be practiced to become successful leader in performing Small Scale Manufacturing Units at Ahmednagar MIDC.

OBJECTIVES OF THE STUDY

1. To study the effectiveness of Entrepreneurial Leadership for improving Small Scale Manufacturing Units' performance.
2. To study the managerial skills and capabilities of business leaders.

3. To understand the capabilities and efficiency of leader managers.

HYPOTHESIS

The effectiveness of Entrepreneurs is dependent on managerial skills and abilities.

RESEARCH METHODOLOGY

Research Objective:

This paper looks into the insights on effectiveness of entrepreneurial leadership in improving small scale manufacturing units' performance with special reference to Ahmednagar MIDC, Maharashtra

Data Collection Method:

Type of Data:

Primary data has been used for the research.

Sources of Data:

The industries in Engineering, Chemical, Manufacturing, Casting/Fabrication, Maintenance/Packaging and Agri Products from Ahmednagar MIDC were contacted during the field survey.

1. *Research instrument* is Questionnaire. The data is also collected by interviewing workers of small scale manufacturing units who are working at least for three years and more with the firm.

2. *Research Area:* Manufacturing units of Ahmednagar MIDC only.

3. *Sample Size:* 80 workers of 30 manufacturing units from Ahmednagar city.

4. *Sampling Technique:* The sample was selected by random sampling method.

Study Area and Sample Population:

The study was carried out in MIDC area of Ahmednagar city. Ahmednagar is situated in Maharashtra state, notable for various types of small, medium and large-scale manufacturing industries. However, the vast majority of firms in Ahmednagar are owner-managed private small-scale manufacturing firms. The main participants and the dominant activities in the small-scale sub-sector are in the area of *Engineering, Electrical, Fabrication, Food Processing, Chemical and Pharmaceutical*.

Primary data is collected from workers of small scale units with the help of questionnaire; also

unstructured interviews were conducted with the workers & with the entrepreneurs of small scale manufacturing units. The workers who have been working at least for three years in the same organization were taken for the study. 80 respondents of 30 small scale units were selected by random sampling method. Ten respondents from the selected sample were unwilling to respond. Secondary data is collected from annual reports of the trade associations, specialized journals and published articles. A pilot study was carried in ten small scale manufacturing firms. Furthermore, with the help of experts, the questionnaire was moderated to ensure its relevance and reliability.

The main objective of the present research is to examine the effectiveness of entrepreneurial leadership in improving performance of small scale manufacturing units at Ahmednagar MIDC.

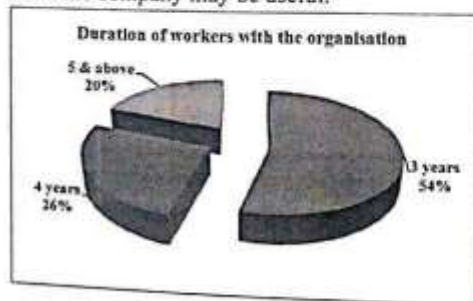
Limitations of the Study

1. Study is restricted to small-scale manufacturing units in Ahmednagar industrial area and no other area is considered.
2. Study is restricted upon a random sample of 30 small-scale manufacturing units.
3. The study is limited to small-scale manufacturing units engaged in manufacturing activities, small-scale units from other fields viz, service sector are not taken in consideration.

OBSERVATION AND FINDINGS

1. Duration of workers with the organization

The data is collected only from those respondents who have completed at least three years in the organization. Such respondents will understand the work environment, owner manager and the organization as well and genuine information about the company may be useful.

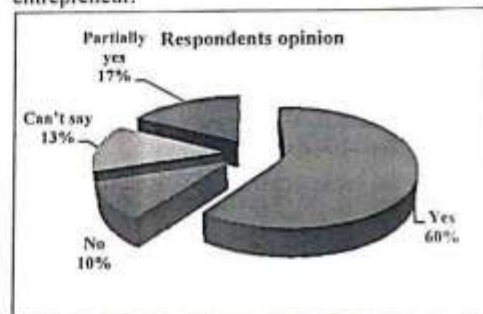


Graph no.1 (Source: primary data)

54% of the respondents were with the organization from 3 years, 26% of the respondents were working from 4 years and 20% have been working from 5 years and above. Since majority of the workers were more than 3 years, the data gathered is genuine and such workers will give more precise data than the fresh employees.

2. Whether the performance of the organization is dependent on the effectiveness of the leader

If the leader is efficient then and then only he would able to run the activities smoothly therefore organizational performance is dependent on the effectiveness of the entrepreneur.

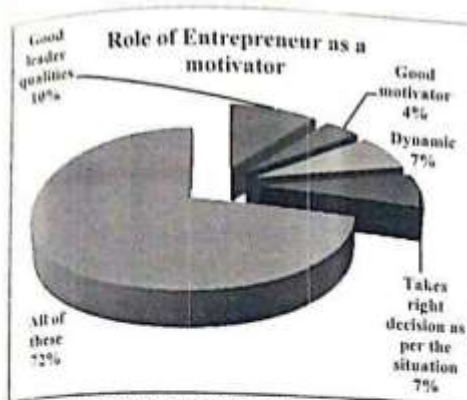


Graph no.2 (Source: primary data)

60% of the respondents say organizational performance is dependent on the effectiveness of the leader, 17% say partially yes, 13% were unable to comment anything and remaining 10% say performance has nothing to do with the leader's effectiveness. Majority of the respondents say performance of the organization is dependent on the effectiveness of the leader. Efficient & dynamic entrepreneur helps in enhancing the productivity through employees.

3. Role of Entrepreneur as a motivator

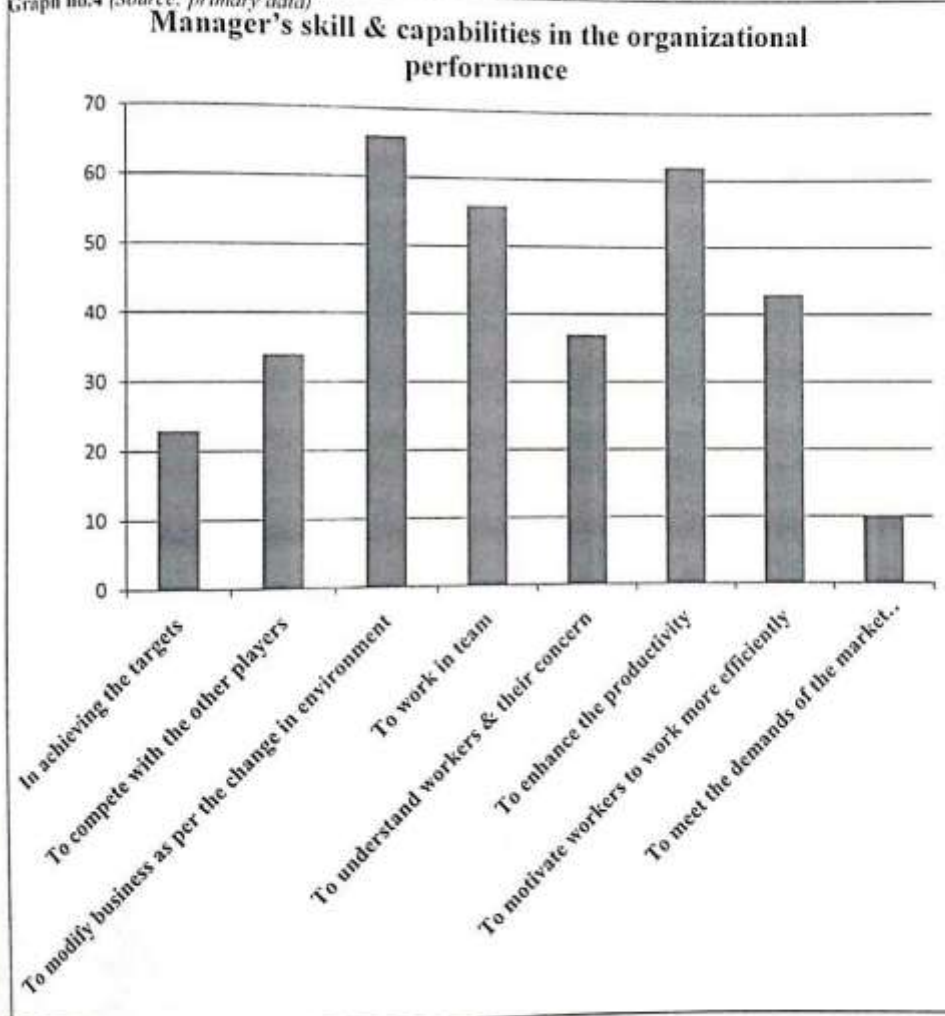
Researcher wants to know this because if an entrepreneur is a good motivator then only workers will work more enthusiastically and efficiently. Motivation encourages the workers to work in a better way. If the boss motivates his employees, they will work more enthusiastically and willingly.



Graph no.3 (Source: primary data)

Majority of the respondents i.e. 74% say leader

Graph no.4 (Source: primary data)



should be dynamic and motivator, also should have all those qualities which helps in taking the right decision at the right time. This will help the organization to work effectively and so would prove the entrepreneurs' effectiveness.

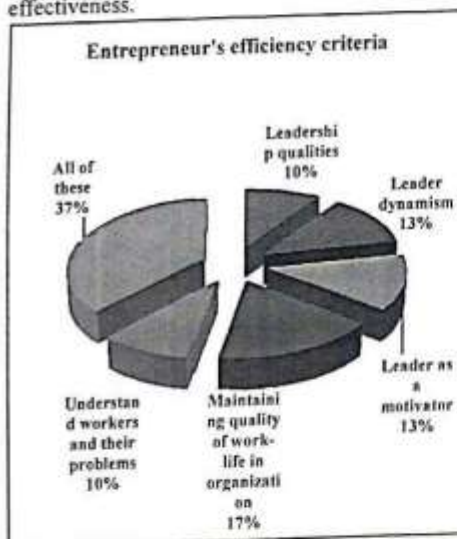
4. Entrepreneurial capabilities which help in the organizational performance (please rank based on priorities)

The researcher wants to find out what are the entrepreneurial capabilities that help in the organizational performance. The reason being to run an organization smoothly, an entrepreneur should have appropriate qualities which will help to sustain the business.

Majority of the respondents say, their entrepreneur modifies the business as per the change in the environment, the next factor is to enhancing the productivity and also culture is to work in a team. The next preference given by the respondents is that an entrepreneur motivates workers to work more efficiently. The other capabilities of an entrepreneur is also taken into consideration like to compete with the other players, achieving the targets and finally to meet the demands of the markets.

5. According to the respondents, efficiency of leader manager depends on:

Researcher wants to know the parameters on which efficiency of an entrepreneur depends. This would help to understand the organizational effectiveness through the entrepreneurs' effectiveness.



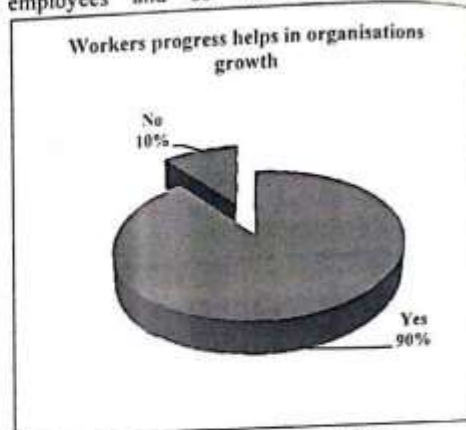
Graph no.5 (Source: primary data)

It is observed that the majority of the respondents say efficiency of the leader manager depends on the leadership qualities, his dynamism, his role as a motivator, maintaining the quality of work-life in the organization & understanding workers and their problems.

6. Do you think workers' progress/development helps in the organizational growth?

Researcher wants to understand whether there is mutual benefit of the organization through employee development. This information would

help the researcher to develop organizational employees and so will the organization.

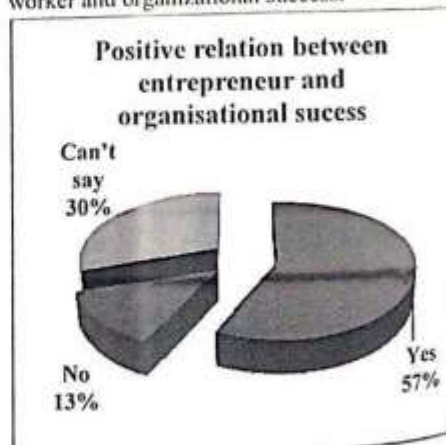


Graph no.6 (Source: primary data)

90% of the respondents say a developed employee would help in the development of an organization. Developed employees are skilled; they have high knowledge and also can work efficiently.

7. Whether there is a positive relation between effective entrepreneur and organizational success

Researcher wants to know this because if an entrepreneur is effective in performing his role as a motivator, good team player etc. will help in the organizational success. If the workers are happy with the boss, they will work more enthusiastically and efficiently and this would help in enhancing the productivity. Therefore, there is a positive relation between an effective worker and organizational success.



Graph no.7 (Source: primary data)

57% of the respondents say there is a positive relationship between efficient leaders and the organizational success, 30% were unable to comment anything and remaining say nothing has to do with organizational success and the efficient leaders. If the leaders are efficient, dynamic they will help in the smooth functioning of the activities by coordinating all the activities.

SUGGESTIONS AND CONCLUSION

1. Based on the findings, it is interpreted that performance of the organization is dependent on the effectiveness of the leader. MCCIA should look into these matters by providing training to entrepreneurs which will help them perform better. Training centers are able to retool workers and provide them with new productive and marketable occupations.

2. Findings say that an entrepreneur should be dynamic and motivator and also should have all those qualities which help in taking the right decision at the right time. This will help the organization to work effectively and so would prove the entrepreneurs' effectiveness. These entrepreneurs can enhance their education and productive skills and intelligence. Not surprisingly, theoretical knowledge and work experience can revolutionize knowledge that makes production more efficient and that creates technological advances and new products that are imperative to economic development and prosperity.

3. Majority of the respondents say, their entrepreneur modifies the business as per the change in the environment, the next factor is enhancing the productivity and also culture is to work in a team. The next preference given by the respondents is that an entrepreneur motivates workers to work more efficiently. The other capabilities of an entrepreneur is also taken into consideration like to compete with the other players, achieving the targets and finally to meet the demands of the markets.

There is need to develop a crop of potential entrepreneurs among the youths by incorporating entrepreneurship education into the school curriculum at all levels of the educational

system. Specialized training programs on entrepreneurship should be organized to expose potential and existing entrepreneurs to risk-taking strategies inherent in self-employment and wealth creation. Also, the education system should incorporate business management courses in schools curriculum through the use of case studies and business simulation clinics. This will assist to develop and enhance the ability of future entrepreneurs to be proactive, to anticipate business related problems, to set goals and objectives and be better prepared for the world of work.

4. It is observed that the majority of the respondents say efficiency of the leader manager depends on the leadership qualities, his dynamism, his role as a motivator, maintaining the quality of work-life in the organization and understanding workers and their problems. 57% of the respondents say there is a positive relationship between efficient leaders and the organizational success, 30% were unable to comment anything and remaining say nothing has to do with organizational success and the efficient leaders. If the leaders are efficient, dynamic they will help in the smooth functioning of the activities by coordinating all the activities.

In addition, entrepreneurs must be exposed to various sources of information and business opportunities available in external environment. To achieve this, government agencies and research and development (R&D) organizations, as well as non-governmental organizations, and development partners should develop and organize business awareness workshops and disseminate information on investment opportunities available locally and internationally. These strategies will expose entrepreneurs to sources of raw materials, new and improved process technologies, domestic and foreign markets and other information necessary for business survival and growth.

The important implication, whether by private or public sectors, should be involved in developing the fields of entrepreneurs and leadership, which must be grounded in the establishment of various

specialized educational institutions. These institutions must teach students the ability to provide new ideas in the domestic and global marketing, technologies, mathematics and other pure sciences, morality and ethics, production, organizations, finance, social relations, languages, the ability of action, to mention a few. The purpose of this type of specialized education is to create the ability to respond effectively and creatively to practical challenges and to discover and develop new themes. This crucial knowledge must be accompanied by a deep understanding of leadership.

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Matrix Business School

S. No. 9/2/4, 9/1/5, 9/1/4, Near Westernly Bypass Road, Next to Sinhgad Science College,
Vadgaon, Ambegaon (Bk.), Pune - 411041.

Phone No: 020 - 24356637, Fax : 020 - 24356639



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