

“A Study of Leadership Challenges Face by the Managers in Small & Medium Manufacturing Companies and its Impact on Organizational Profitability in PCMC Area.”

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Abstract:

This study focuses on the challenges in leading the skilled and unskilled human resources in SME and how they contribute in the profitability of organization because leadership and profit of organization are correlated. All the content of this study is limited to PCMC area.

Aim of this research paper is to find out the challenges face by the manager, supervisor and HR Manager in leading their skilled and unskilled employees. Leadership was measured through perceptions of leaders, managers, and workers. Study will also help us to find out how the leadership quality of managers affects the organizational profitability.

This study is based on primary and secondary data the primary data is collected with the help of survey method where Questionnaire is used as tool of data collection and the secondary data is collected through the research journals, web sites, reference books and some documents from selected small and medium scale industries etc. This research paper will sketch out different challenges in managing unskilled workers, women workers, trade unions, technological changes, demands of workers etc. Profit of the company is much depends upon the Leadership quality of the manager. It is the leader only who takes his workers wherever he divert so, it's a responsibility of a leader to guide their team members to achieve the set goals of the organization which will help in the profitability of the company.

Key words: *Leader, Leadership challenge, Workers, Company, Profitability, small and medium companies.*

Introduction:

Peter Senge: "Leadership is about creating a domain in which human beings continually deepen their understanding of reality and become more capable of participating in the unfolding of the world. Ultimately, leadership is about creating new realities."

Peter Drucker: "The only definition of a leader is someone who has followers."

Leadership has long been a major area of interest among social scientists and in particular organizational and political psychologists. The concept of leadership is one that continues to attract generations of writers in large part because we believe that leadership as an important feature of everyday and organizational affairs.

Leadership may be considered as the process (act) of influencing the activities of an organized group in its efforts toward goal setting and goal achievement (Stogdill 1950: 3)

Building a rich and lasting heritage is the dream of every leader—whether a multi-national CEO, small business owner, cross-functional team lead, or an individual contributor wanting to make a more significant difference. When you liberate the leader within, you can make extraordinary things happen...for yourself, those who follow, and the world.

Small business owners usually set the leadership tone for their organization. Owners accomplish this by developing a mission or set of values by which they operate their company. This creates a minimum level of acceptance for employee behavior. Business owners often create company policies or guidelines from the company and company's mission or values. Policies and guidelines also give business owners the ability to remove under-performing employees from the company. Leadership can help a business maintain singular focus on its operations, Business owners can use leadership skills to get managers and employees on the same page and refocus on the original goal. Leadership skills can also help correct poor business practices or internal conflicts between employees.

Successful organizational performance relies on the proper behavior from managers and employees. Leadership can be an evolutionary process in companies. Business owners who provide leadership can transform an employee from a worker completing tasks to a valuable team member. Leadership skills can help change an employee mentality by instilling an ownership mindset. Employees who believe they have a direct owner-style relationship with the organization often find ways to improve their attitude and productivity.

Indian companies have changed significantly their management style and people practices to suit the demands of a global environment. In such a scenario, there is no doubt that the leadership must also change its style. The challenge of leadership is not just to lead effectively, but also to keep pace with the changing employee expectations. Changing market demands have resulted in a very different corporate environments, which has influenced employee lifestyles dramatically and has changed their expectations from the organization and their leader.

Over the past few years, India has benefited greatly from the experience of globalization. Companies have achieved a high level of organic growth by incorporating global standards in operations and quality. This has been supported by corporate movement beyond India's borders through mergers and acquisitions and joint ventures. Growth has also come from foreign companies that have recognized India's potential and believe it to be a market that strongly influences business dynamics in the rest of the world.

Pune...as one of the largest cities in India, and as a result of its many colleges and universities, Pune is emerging as a prominent location for IT and manufacturing companies to expand. Pune has the seventh largest metropolitan economy and the sixth highest per capita income in the country. Pune is one of the premier industrial centers of India, it has many SMEs in the region. Pune is the seventh largest city in India and second largest city in Maharashtra after Mumbai, PCMC saw a spate of industrial development following the setting up of Explosives units at Khadki during World War II. The next milestone was the entry of Kirloskar Oil Engines Ltd. into the city in the forties with which PCMC emerged as a known hub for diesel engine manufacturers. In 1960, MIDC set up a huge industrial estate at Bhosari. It was in fact this development, which is made PCMC the hometown for production. This development of PCMC an auto-hub has been particularly evident in the period 1960-1990. The MIDC in PCMC is an active industrial hub, hosting close to 3,200 units in production under the industrial areas like Pimpri, Chinchwad, Chakan, Bhosari, Hadapsar, Phursungi, Talegaon, Ranjangaon, Kahradi etc. The Small and Medium Enterprises in the area that are today suppliers to the bigger established players there. In fact, one finds a lot of spilling over between the two corporation limits, whether in terms of industry logistics, talent pool or commercial business support systems PCMC MIDC has been instrumental in facilitating the development of the Small and Medium Enterprises in the area that are today suppliers to the bigger established players there. SMEs have been established in almost all-major sectors in the Pune's industry such as:

Automobile, Auto Ancillary,
Food Processing,
Chemicals & Pharmaceuticals,
Engineering; Electricals; Electronics, mechanical.
Plastics products,
Computer Software, etc.

Literature Review:

Many of the researchers have been studying leadership theory over the years. The leadership view is producing results that are success or failure depending on the character of the manager who is the leader (personal traits, culture, and behavior) (Wren, 1994)¹³. For the organizational success it is essential to have effective leadership (Hernez-Broome & Hughes, 2004). Leaders in the small organization have a strong influence on how employees achieve organizational goals (Peters, 2005). There must be better understanding among the leaders of the small organization about leadership styles to show development and progress in achieving the organization's goals and objectives. It has been find out by Howard, 2006; O'Regan et al., (2005) that leadership has an important role in organizational effectiveness.

Leadership is important as to hold together the healthy work environment so as to remove the lack of employee empowerment which creates unsatisfied employees who may not work toward achieving organizational goals and objectives (Shirey, 2006, pp. 256-268). It has been stated by chen (2004) that human factors consisted of lack of business knowledge, lack of managerial experience, and poor working habits further he has also suggested that these types of organizational inequities emphasized the need for leadership and personal commitment from organizational decision makers, which are critical for organizational success. Arditi et al. supported Chen's statement by representing that human and internal factors influenced the outcome of the alteration process and determined the success or failure of the organization. It is essential that small organization establish strong leadership to avoid failure (Tulacz, 2007). Further the researcher says that small organization's leader are responsible for motivating employees to grip the organization's vision to achieve organizational goals and objectives.

Leaders influence very powerfully on employee's behaviors (Yukl, 2002). Leaders can keep employees engaged in intellectually stimulating work and remove obstacles to performance and other distractions (Florida et. al., 2005). Leaders help others to observe problems in new ways and develop their skills, knowledge and ability to work effectively (Bass and Avolio, 1994). A leader having participative style leads to a positive relationship and involves / engages his team employees in dialogue rather than makes random decisions and tries to form more creative behavior (Axtell, 2000). This help in giving a message that "we are on the same team and we are not just a collection of individual ideas but a product of group interaction". This culture creates a sense of loyalty to the organization and to the customer it serves.

Objectives:

1. To study the leadership challenges faced by managers in Small & Medium Manufacturing Companies.
2. To study the leadership challenges which impact on the organizational profitability.
3. To determine the relationship between the leadership and Small & Medium Manufacturing Companies.

Scope of Research:

The research is an only limited to PCMC area and with just small and medium size manufacturing companies. Taking in to consideration point mentioned the researcher at the end will recommend some more topics for further research. Which can be studied with relation to this research, so that there will be more exploration done to the left out opportunities.

Research Methodology:

The data to be utilized in this study was collected from the small and medium size manufacturing companies of PCMC area. Methodology consists of the information about how the program of research was designed. The Primary data was obtained from the managers of some selected small and medium size manufacturing companies with the help of questionnaire and in depth interview method. The questionnaire was distributed to the managers of the small and medium size manufacturing companies. These questionnaires consist of the examination of the leadership qualities and the loop holes in it which affects the organizational performance directly or indirectly. The respondent for this research work were 100 in

number from which Managers, HR Manager and Supervisors are considered. Data is collected with the help of Questionnaire and personal interview of the respondents.

Contact Method:

The researcher himself has been in contact with the respondent at their office for collecting the data. The respondents were given the questionnaire which was asked to be filled at the spot. The researcher has also collected the information by having the in-depth interview, so that more interaction will give the correct information. The thorough analysis was done for each questionnaire to see reliability of data provided by the respondents during personal interview.

Research Design:

The study is descriptive and exploratory in Nature. Secondary data was collected through News paper, books, journals, reports, websites, related magazines and result orientated related data from these selected small and medium size industries etc. The sample size was drawn from the population with the help of statistical techniques from small and medium size manufacturing companies in PCMC area. The collected data was analyzed with the help of mean & standard deviation, correlation matrix, simple regression analysis and anova. The result of which is given in this research paper.

Limitations of study: The study is a small research which is done within the limits of PCMC area only and is restricted to small and medium size manufacturing companies. In future the study can be continued to the large extend by taking the high number of respondents or it can be study by taking the large scale manufacturing companies at the wider extend of area in Pune city.

Conclusion: Small and medium scale manufacturing companies have a great opportunity to compete with the global players. It is very important to have an innovative leader so as to face the competitive edge. The leaders must be such that the change in the organization or any change in the technology will be handled by the leaders without any hurdle or flummox.

In this research work it has been found out that there are different leadership challenges which directly and indirectly affects the organizational productivity. The study conducted by the researchers has given the clear indication of different factors which have an effect on the leadership qualities. There are different challenges faced by the managers in the organization in leading the workers. Gender is one of the challenges for the leader in the organization, where women workers will be the main challenge in front of the leader. As handling the women workers in the organization is somewhat difficult as compare to the male workers. Another challenge in front of the manager is the unskilled workers. Here the manager need to take care that the workers must have all the knowledge which is required to operate the work so the manager need to give adequate knowledge to his team so that the workers will be more productive which give the organizational profitability.

Next challenge faced by the leader is the demands of the workers and the trade union. It is the quality of the manager to how he/she handles the workers demand.

The researcher has found out that effective leaders are those who guide their team and minimize their obstacles which result in a much better productivity. Leaders utilizes their resources efficiently to maximize productivity and create the trust between them. The leadership behaviors of the leader affect the workers job satisfaction such as motivate their employees through recognition and incentives for a job well done this will give the organization productivity.

It has been seen that the leaders need to be aware and able to identify the new emerging markets, which may present new business opportunities that help in leading the team.

Leader need to have a success on the short term goal and must take care that long term goal will be achieved. It is important for the leader to take care of the economic, environmental and social performance.

This small piece of research says that there are many leadership challenges faced by the managers and leadership affect the organizational productivity.

Future study: The respondents were selected from the small and medium scale manufacturing companies. These companies are from PCMC limits. The respondents were the Managers, HR Managers and Supervisors. These respondents are positive towards the impact of leadership on the business performance. Still on the other hand they don't concern with the challenges faced by the managers. There are many problems related to the leadership faced by the managers. For the further research it is very important to study the large scale industries and to know is there any challenges faced by the managers and how they tackle the problems. This will help small and medium scale industries to know the technique of facing the challenges. This will give us the more significant picture about the challenges faced by the leaders. This kind of research will help small and medium scale industries.

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