

## LEADERSHIP IMPACT ON SMALL AND MEDIUM ENTERPRISES IN INDIA – A SURVEY PAPER

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### ABSTRACT

Leadership is required in every organization at every level in order to run the organizations effortlessly, effectively and efficiently. Leadership is one of the qualities in social animals to direct others with zeal and confidence. The aim of this study is to investigate the impact of leadership, organizational culture on knowledge management Practices .To satisfy the aim of the study little research has been done to know about leadership behavior and its outcomes. This study was helped to improve our understanding of organizational culture, leadership on knowledge management practices.A survey was conducted Small and Medium Enterprises located and operating in India.

### KEY WORDS

Leadership, Management, short-term planning, Supportive culture, bureaucratic culture, controlling, organizing, commitment, contemporary leadership

### INTRODUCTION

Leadership and management are the key concepts in administration and sometimes that are confused. According to Kotter (1999) leadership and management are two concepts which are unique and matching systems of action. He distinguished main differences where these concepts have complementary actions (Kotter, 2009). These are: Leadership involves the development of a vision of the future, having a sense of direction. Management uses management processes, like planning and budgeting, to set the direction for the organization; Management is the development of the ability to realize plans in organizations by creating an organizational

structure. Leaders however align people and share the new direction, they communicate goals, seek commitment and build teams and coalitions (Northouse, 2007); Motivation and inspiration of people are vital factors of leadership which will help to organization keeps moving in the right direction. They satisfy unmet needs and empower followers. whereas both, leadership and management are two eyes of the organization, this study focuses on leadership style on knowledge management practice .it is an independent variable because setting direction, alignment, motivation and inspiration of people (Kotter, 2001) is needed to keep employees satisfied and committed to the

organization. Leadership considers follower feelings while management has a more controlling manner of getting things done.

## New Approach to Leadership

Relationship between superiors and their subordinates is different now. Leaders now do not depend as much on their legitimate power to convince people to do as they are told but they participate in an interaction with their employees or they widen and raise the interest of their employees (Northouse, 2007). Based on the new approach to leadership, there are two contemporary leadership styles which will be researched namely (Bass, 1990): 1. Transactional leadership motives and directs followers by appealing to their own self interest. The focus is on basic management processes like controlling, organizing and short-term planning. This style is more responsive and deals with present issues. It also relies on inducement of rewards, punishment and sanction for unacceptable performance and the ability of the leaders to motivate followers by setting goals and promising rewards for the desired performance. An exchange of information between leaders and followers to get the target performance. These exchanges involve four components of Transactional Leadership namely (Bass, 1990; 1999): Contingent Reward (CR): Leaders explain their expectations, provide the needed resources, set shared goals and link them to various rewards for doing well; Management by Exception Active (MBEA): Here leaders specify rules and standards. Furthermore they observe the work of the employees, watch for deviations and take

corrective actions when mistakes or errors occur; Management by Exception Passive(MBEP): Leaders do not intervene until problems occur, they wait for things to go wrong before they take action; Laissez-Faire (LF): The leader renounces responsibility and avoids making decisions which leaves the employees without direction. Transformational leadership anticipates future trends, inspires to understand and embrace new possibilities and builds the organization into a community of challenged and rewarded learners. Transformational leadership will help to others to develop as leaders or to be better leaders. Its focus is on being proactive, expecting nothing in return, inspiration and motivation of followers to work for goals that go beyond their self-interest. Learning opportunities are created by leaders and followers are stimulated to solve problems. The leaders develop strong emotional bonds with their followers and they possess good visioning and management skills. This leadership style has four components which are (Bodla & Nawaz, 2010; Robbins, 2005): Idealized Influence (II): Leaders act in such a way that they can be perceived as role models by the people they lead. They are admired, respected and trusted. These leaders are willing to take risks and they are described by followers as having exceptional capabilities, being persistent and determined. They have high level ethics and morals & can be trusted to do the right thing. Inspirational Motivation (IM): These leaders arouse the team spirit and show enthusiasm and optimism. They

involve followers in defining the desired future state of affairs which creates commitment to the goals and the shared vision. Intellectual Stimulation (IS): The transformational leaders stimulate their followers to be creative and innovative by creating an environment in which they are forced to think about old problems in new ways. Mistakes are not publicly criticized. □ Individualized Consideration (IC): The leaders act as mentors and coaches. Two way communication is regular and differences are accepted. They respect individual desires and needs. They also assign multiple tasks to develop follower skills.

### **Organizational culture**

Organizational culture is a complex phenomenon (Dubkevics & Barbars, 2010). This concept can be very broad and take on many aspects. While conducting research the researcher can come across many definitions of organizational culture. However many define organizational culture as a value system which determines attitude (Schein, 1985, 1990; Peters & Waterman, 1982). The most popular organizational culture definition was given by Edgar Schein (1985). He defined organizational culture as “(a) a pattern of shared basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with its problems of external adaption and internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is to be taught to new members as the (f) correct way to perceive, think and feel in relation to those problems”.

Schein (1990) and Daft (2005) discussed that there are three levels of culture manifestation namely: 1. the observable values (artifacts): this is the level that can be observed, the visible organizational structures and processes. This level is still hard to understand; 2. The espoused values: on this level an image of the organization is created. The strategies, goals and philosophies are formulated through answered certain questions, to create that image; 3. Basic underlying assumptions: these are deep beliefs which form the essence of culture. In this empirical study the following definition for organizational culture will be applied: “Organizational culture is the shared understanding of the beliefs, values, norms and philosophies of how things work (Wallach, 1983)” According to Wallach (1983) another way to analyze culture is by dividing culture into three categories namely: (1) Bureaucratic, (2) Innovative or (3) Supportive cultures. A bureaucratic culture is a very organized and systematic culture based on power and control with clearly defined responsibilities and authority. Organizations with this culture are mature, stable, structured, procedural, hierarchical, regulated and power oriented; An innovative culture has a creative, result oriented, challenging work environment and is portrayed as being entrepreneurial ambitious, stimulating, driven and risk taking; A supportive culture displays teamwork and is a people-oriented, encouraging, and has a trusting work environment. This culture is open

harmonious, trusting, safe, equitable, sociable, humanistic and collaborative.

Wallach (1983) also stated that an employee is more effective in doing the assigned job and realizes his or her full potential when the individual motivation and the organizational culture match. This is very important in recruiting, managing, motivating developing and retaining employees.

### OBJECTIVES

The main objective of this paper is to know the impact of leadership behavior and organizational culture on knowledge management practices & the other objectives are like

- To analyze the behavior of immediate supervisor /team
- To measure organizational culture
- To measure knowledge management processes

### RESEARCH METHODOLOGY

Methodology is a systematic procedure of collecting information in order to analyses and verifies a phenomenon. To entire study is based on both the primary data and the secondary data.

#### DATA COLLECTION

Data is collected through two sources. They are

#### PRIMARY DATA

Primary data is collected from the selected sample employees (200) by using structured questionnaire.

#### SECONDARY DATA

Secondary data is collected from various journals magazines. The data was analyzed with the help of tables. Findings

for each problem were written and suggestions were offered at the end of the report.

### SAMPLING METHOD

Random sampling method used for this study.

### SAMPLE SIZE

The respondent under study was selected through the simple random sampling technique. Among the total population in every organization the respondents were selected randomly. In fact the size of the sample was 200 employees out of the total strength

### DATA ANALYSIS AND INTERPRETATION

#### I. Analysis on Behaviour of immediate supervisor /team leader

#### 1) Provides Me Assistance In Exchange For My Efforts

PARTICULARS	NO.OF RESPONDENTS
Not at all	30
Once in awhile	10
Some times	100
Fairly often	10
always	50
Total	200

From the above table it is observed that out of 200 employees 30 members were said that their leaders did not provide the assistance, 10 members were said that once in awhile, 100 members were said that some times, 10 members were said that fairly

often,50 members were said that always leaders provide the assistance to followers

**2)He is absent when needed**

PARTICULARS	NO.OF RESPONDENTS
Not at all	50
Once in awhile	10
Some times	60
Fairly often	30
always	50
Total	200

From the above table it is observed that out of 200 employees 50 members were said that not at all,10 members were said that once in awhile,60 members were said that some times,30 members were said that fairly often,50 members were said that always leaders were absent when needed

**3) Helps to develop my strengths**

PARTICULARS	NO.OF RESPONDENTS
Not at all	40
Once in awhile	45
Some times	20
Fairly often	35
always	60
Total	200

From the above table it is observed that out of 200 employees 40 members were said that not at all,45 members were said that once in awhile,20 members were said that some times,35 members were said that fairly

often,60 members were said that always leaders develop their strengths

**4) Express satisfaction when i meet expectations**

PARTICULARS	NO.OF RESPONDENTS
Not at all	10
Once in awhile	40
Some times	45
Fairly often	80
always	25
Total	200

From the above table it is observed that out of 200 employees 10 members were said that not at all,40 members were said that once in awhile,45 members were said that some times,80 members were said that fairly often,25 members were said that always leaders were express satisfaction when followers met expectations.

**5) Suggests new ways of looking at how to complete assignments**

PARTICULARS	NO.OF RESPONDENTS
Not at all	45
Once in awhile	15
Some times	60
Fairly often	30
always	50
Total	200

From the above table it is observed that out of 200 employees45 members were said that not at all,15 members were said that once in awhile,60 members were said that some

times,30 members were said that fairly often,50 members were said that always leaders suggests new ways of looking at how to complete assignments

## II.MEASURING ORGANISATIONAL CULTURE

### 1) Decisions are usually made that the level where best information is available

PARTICULARS	NO.OF RESPONDENTS
Strongly Agree	90
Agree	70
Neutral	10
Disagree	20
Strongly Disagree	10
Total	200

From the above table ,it is observed that, out of 200 members 90 employees are strongly agreed, 70 employees are agreed ,10 members are neutral with the statement20 members are disagreed , 10 members are strongly disagreed i.e Decisions are usually made that the level where best information is available

### 2)Leaders and managers are follow the guide lines that they set for rest of the organization

PARTICULARS	NO.OF RESPONDENTS
Strongly Agree	48
Agree	70
Neutral	10
Disagree	32
Strongly Disagree	40
Total	200

From the above table ,it is observed that, out of 200 members 48 employees are strongly agreed, 70 employees are agreed ,10 members are neutral with the statement,32 members are disagreed , 40 members are strongly disagreed i.e Leaders and managers are follow the guide lines that they set for rest of the organization

### 3)We have shared vision of what this organization will be like in the future

PARTICULARS	NO.OF RESPONDENTS
Strongly Agree	100
Agree	50
Neutral	5
Disagree	40
Strongly Disagree	5
Total	200

From the above table ,it is observed that, out of 200 members 100 employees are strongly agreed, 50 employees are agreed ,5 members are neutral with the statement,40 members are disagreed , 5 members are strongly disagreed i.e they have shared vision of what this organization will be like in the future.

### 4)there is is a clear strategy and mission for future

PARTICULARS	NO.OF RESPONDENTS
Strongly Agree	90
Agree	60
Neutral	5
Disagree	30
Strongly Disagree	10
Total	200

From the above table, it is observed that, out of 200 members 90 employees are strongly agreed, 60 employees are agreed, 5 members are neutral with the statement, 30 members are disagreed, 10 members are strongly disagreed i.e there is a clear strategy and mission for future

### III.MEASURING KNOWLEDGE MANAGEMENT PROCESSES

#### 1) Learning by doing

PARTICULARS	NO.OF RESPONDENTS
Never	5
Infrequently	5
Moderate frequently	10
Frequently	30
Always	150
Total	200

From the above table it is observed that out of 200 employees 5 members were said that their Never, 5 members were said that Infrequently, 10 members were said that Moderate frequently, 30 members were said that Frequently, 150 members were said that always learning by doing is available.

#### 2) On the job training

PARTICULARS	NO.OF RESPONDENTS
Never	10
Infrequently	10
Moderate frequently	30
Frequently	50
Always	100
Total	200

From the above table it is observed that out of 200 employees 10 members were said

that their Never, 10 members were said that Infrequently, 30 members were said that Moderate frequently, 50 members were said that Frequently, 100 members were said that always On the job training is available

#### 3) chat group/web based discussion groups

PARTICULARS	NO.OF RESPONDENTS
Never	120
Infrequently	30
Moderate frequently	10
Frequently	20
Always	20
Total	200

From the above table it is observed that out of 200 employees 120 members were said that their Never, 30 members were said that Infrequently, 10 members were said that Moderate frequently, 20 members were said that Frequently, 20 members were said that always with statement.

#### 4) Repositories of information, best practices and lessons learned

PARTICULARS	NO.OF RESPONDENTS
Never	20
Infrequently	25
Moderate frequently	35
Frequently	40
Always	80
Total	200

From the above table it is observed that out of 200 employees 20 members were said that their Never, 25 members were said that

Infrequently,35 members were said that Moderate frequently,40 members were said that Frequently,80 members were said that always they have Repositories of information, best practices to lessons learned

## **CLOSURE AND RECOMMENDATIONS**

Leadership, knowledge management, organizational culture is plays vital role in business world. They are most important factors for business success in this competitive market environment. Research related to these topics can be found in many professional journals, yet, no research has examined the relationships among leadership behaviors, organizational culture, and knowledge management practices. This study is, therefore, useful in helping to fill this gap. More specifically, this study aimed at investigating the relationship between leadership behaviors and knowledge management, and interaction of organizational culture on such relationships To achieve the aims of the study, a research model comprising four concepts transformational leadership, transactional leadership, organizational culture, and knowledge management practices, was developed. Importantly, the results of this study also suggest that leadership behaviors play a crucial role in building and maintaining a supportive culture for knowledge management. These findings, hence, provides practical implications to managers/leaders by offering a preliminary map that explain the leadership behaviors and organizational mechanisms for enhancing knowledge management

practices. It is suggested that leaders must attach a high value to knowledge, encouraging questioning and experimentation through empowerment, build trust, and facilitate experimental learning of knowledge. Finally, this research is closes with recommended future research directions which hopefully would help pave the way for researchers willing to enhance and extend the findings of this research study.

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