



LEADERSHIP AND ORGANIZATIONAL PERFORMANCE IN SMALL-SCALE BUSINESSES: A STUDY OF SIVAGANGAI DISTRICT

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In an economy like India, small businesses make up the bulk of industrial units. Over 40% of all industrial units are made up of small businesses. Approximately 45% of all Indian exports are made to small businesses. Convenience stores, small grocery stores, bakeries or delicatessens, hair salons or trade, restaurants for people, hotels, photographers, very small- scale manufacturing, and Internet-related enterprises like web design and programming are examples of small-scale businesses. Both small and large company organizations have recently suffered from bad leadership owing to inefficiency and lack of concentration, which is concerning as good leadership is essential to the existence of any commercial activity. Thus, the necessity of leadership and organizational success cannot be overstated. Every organization inside the corporation has received the instruction and training required to perform effectively. This article discusses the enhancing and discouraging factors that affect the organizational performance of small businesses and comes to the conclusion that it is the duty of every leader to create an organization that will operate efficiently because the extent to which a corporation succeeds depends on how well its leaders set expectations for their subordinates.

Keywords: *Small Scale Business, Leadership, Organizational Performance, Education and Training.*



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1. INTRODUCTION

Small Scale business indicates that Corporations, Partnerships, or Sole Proprietorships that are smaller in size than a regular-sized firm or Corporations and have fewer employees and lower yearly revenue. Small-scale businesses are considered to be "small" insofar as they qualify for favorable tax treatment and can submit applications for government assistance. The number of

employees is one of the most frequently used metrics, even if small businesses can also be categorized using other criteria including annual revenues, shipments, sales assets, or by annual gross or net revenue or net profits (Mithila, S. P., & Menaka, B. 2020).

While a person maintains a regular job with an employer or takes care of family members in the home, many small enterprises can be created at a minimal cost and on a part-

time basis. Many small scale enterprises that generate modest incomes in developing nations are sole proprietorships, such as those that sell goods from a market stall or prepare food to be sold on the street. Small firms can market with lower expenses thanks to internet marketing. Small business owners typically have more personal interactions with their clients and consumers than do huge businesses because they see their customers every week in person (S. Poorani Mithila, Dr. B. Menaka, Seethal keloth, 2019).

2. REVIEW OF LITERATURE

Sh. SohanLal (2023) in his study entitled "A Study on Challenges of Small Scale Industries in India", has analysed Small businesses are essential to a nation's development. More than 40% of the Indian economy's gross industrial value added is accounted for by it. State borders are not an obstacle for small firms to serve regional need. Additionally, the government has launched a number of initiatives and rewards to encourage SSI and build institutional infrastructure for SSI.

ShashankB.S and SureshramanaMayya (2021) in their study entitled "A Conceptual Study on Performance of Small-Scale Industries in India" has analysed SSIs are crucial to regional development as a result. Subsidies are predicted to increase, enhancing SSIs for export competitiveness. To maintain and strengthen their operations, SSIs in India are increasingly concentrating on improved production techniques, penetrating marketing tactics, and management skills. The ability to be dynamic, adaptable, and creative must also be developed. The SSIs' promoters need to be well-educated, informed about current world events, and supportive in their efforts to obtain the necessary skills.

DilipJagdale and Sarang Shankar Bhola (2014) in their study entitled "Entrepreneurial Leadership and Organizational Performance with reference to Rural Small Scale Engineering Industry in Pune District" has analysed the Indian economy is supported by small-scale businesses. This sector plays a critical role in creating significant job possibilities at a capital cost that is significantly lower than that of large enterprises. It also aids in the industrialization of rural and underdeveloped areas, which helps to

reduce regional imbalances and ensures a more fair distribution of wealth and income across the country. Small businesses today are dealing with a variety of issues in the areas of operations, finance, and marketing. The number of failing industries keeps rising. One of the causes of this is the entrepreneur's management style.

3. STATEMENT OF THE PROBLEM

The specific research issue being evaluated in this study was managers' misuse of leadership abilities at the expense of organizational effectiveness. Some managers need to locate the growth of small businesses and exhibit the leadership qualities needed in a dynamic business climate. Because of this, it is anticipated that adopting particular leadership styles and an entrepreneurial mindset may improve their organizational performance (POORANI MITHILA.S & Dr.B.MENAKA 2018). Age, gender, experience, qualifications, and designation can also have an impact on an individual's perspective and, consequently, on their subordinates or staff.

4. OBJECTIVES OF THE STUDY

- To know the demographic profile of the respondents.
- To study the leadership style of respondents in small scale business.
- To identify the factors influencing on organisational performance in small scale business.

5. HYPOTHESIS OF THE STUDY

- There is no significant relationship between the age of the respondents and their enhancing factors of organisational performance in small scale business.
- There is no significant relationship between the nature of business and their enhancing factors of organisational performance in small scale business.
- There is no significant relationship between the experience of the business and their contrary factors of organisational performance in small scale business.

6. METHODOLOGY

Both primary and secondary data are used in this investigation. Questionnaires were used to get primary data. Through publications, internet pages, written articles in periodicals, and journals, secondary data were gathered.

7. SAMPLING DESIGN

The study is mainly based on survey method and it is relevant only in SIVAGANGAI DISTRICT town. The researcher selected 135

respondents from the small scale business units by adapting convenience sampling method. A structured questionnaire was used to collect the relevant data.

8. LIMITATIONS OF THE STUDY

- The researcher has collected the data for limited respondents.
- This study has used for limited statistical tools only.

9. RESULT AND DISCUSSION

This section shows the analysis and interpretation of data used for the study.

Table-1: Demographic Factors

Factors	Sub-category	Frequency	Percentage
Age (in years)	21-30	95	70.3
	31-40	31	23
	41-50	05	3.7
	Above 50	04	3
	Total	135	100
Gender	Male	105	77.8
	Female	30	22.2
	Total	135	100
Educational Qualification	School level	36	26.7
	Under graduate	45	33.3
	Post graduate	30	22.2
	Professional	36	26.7
	Total	135	100
Area of Residence	Rural	70	51.9
	Urban	56	41.5
	Semi-urban	9	6.7
	Total	135	100

Source: Primary data

Table 1 shows that out of 135 respondents, majority of the respondents are belongs to the age group of 21 – 30 it indicates for 70.3%, majority of the respondents are male it indicates for 77.8%, majority of the respondents are under graduates it indicates for 33.3% and majority of

the respondents are resident in rural area it indicates for 51.9%.

Table-2: Business Factors

Factors	Sub-category	Frequency	Percentage
Nature of Business	Candle industry	16	11.9
	Bakery	13	9.6
	Jaggery production	12	8.9
	Others	94	69.6
	Total	135	100
Experience in small scale business	Less than 2 years	80	59.3
	2-10 years	40	29.6
	11-15 years	9	6.7
	More than 15 years	6	4.4
	Total	135	100
Number of workers employed	Less than 3 workers	75	55.6
	3-6 workers	38	28.1
	7-10 workers	10	7.4
	More than 10 workers	12	8.9
	Total	135	100
Location of the Business	With residence	71	52.6
	Far away from residence	23	17
	Near-by residence	41	30.4
	Total	135	100
Maintenance of Savings	Banks	87	64.4
	Chit funds	18	13.3
	Insurance	6	4.4
	Own business	24	17.8
	Total	135	100
Employee Promotion	Year of service	77	57
	Input to the company	32	23.7
	In Favourers	7	5.2
	Others	19	14.1
	Total	135	100

Source: Primary data

Table 2 shows that out of 135 respondents, majority of the respondents are doing small level of retail businesses it belongs to the others category and it indicates for 69.6%, majority of

the respondents are experienced business activity for less than 2 years it indicates for 59.3%, majority of the respondents are to be employed for less than 3 workers of their business it

indicates for 55.6%, majority of the respondents are doing their business in residence it indicates for 52.6%, majority of the respondents are maintaining of savings in banks it indicates for

64.4% and majority of the respondents are to be promoting employee for year of service it indicates for 57%.

Table-3: Study factors

Factors	Sub-category	Frequency	Percentage
Enhancing factors of Organisational Performance	Recruitment of well educated	42	31.1
	Participative leadership and proper motivation of the staff	43	31.9
	Research and development	33	24.4
	Free flow of information and personal recognition	17	12.6
	Total	135	100
Contrary factors of Organisational Performance	Lack of good equipment	67	49.6
	Insufficient staff and fund	29	21.5
	Autocracy and bad leadership	13	9.6
	Lack of attention to the staff	26	19.3
	Total	135	100

Source: Primary data

Table 3 shows that out of 135 respondents, majority of the respondents are enhancing the factors of organisational performance is participative leadership and proper motivation of the staff it indicates for 31.9% and majority of the

respondents are contrary the factors of organisational performance is lack of good equipment it indicates for 49.6%.

9.1 ONE-WAY ANOVA

Table-4: Age of the respondents and their enhancing factors

H₀: There is no significant relationship between the age of the respondents and their enhancing factors of organisational performance in small scale business.

Factors	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	48.164	3	16.055	116.658	.000
Within Groups	18.029	131	.138		
Total	66.193	134			

Source: Primary data

9.2. CHI-SQUARE TEST

Table-5: Nature of business and their enhancing factors

H0: There is no significant relationship between the nature of business and their enhancing factors of organisational performance in small scale business.

Factors	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	130.384 ^a	9	.000
N of Valid Cases	135		

Source: Primary data

Table 5 shows that there is no significant relationship between the nature of business and their enhancing factors of organisational performance in small scale business. Significant

value (.000) is less than the level of significance (0.05). Hence the null hypothesis is accepted.

Table-6: Experience of the business and their contrary factors

H0: There is no significant relationship between the experience of the business and their contrary factors of organisational performance in small scale business.

Factors	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	155.156 ^a	9	.000
N of Valid Cases	135		

Source: Primary data

Table 6 shows that there is no significant relationship between the experience of the business and their contrary factors of organisational performance in small scale business. Significant value (.000) is less than the level of significance (0.05). Hence the null hypothesis is accepted.

10. CONCLUSION

Understanding the socioeconomic background, including the respondents' residential area, gender, age, educational background, family type, and size, will help us better understand the impact of leadership and organizational performance in small businesses in Sivagangai District Town. These kinds of data will aid shops in developing effective business plans. In order to accomplish the goals of the company, leadership is crucial. As a result, there is a clear link between organizational goal achievement and the effectiveness of leadership. The study also demonstrates the necessity to

alter the impact of leadership as it becomes required in an organization to improve performance. Organizations are created with a clear purpose and goal in mind. People join organizations to meet their needs, and by doing so, they help the organization operate better and accomplish its goals. Since the amount to which a corporation thrives depends on both the leader's chosen leadership style and the expectations of the subordinates, it is the duty of every leader to create an organization that will run efficiently. The paper's conclusion explains how organizational performance has drawn significant attention because of the importance of leadership abilities.

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