



## **THE IMPACT OF LEADERSHIP STYLES ON THE MANAGEMENT OF MICRO, SMALL, AND MEDIUM-SCALE INDUSTRIES IN MAHARASHTRA STATE**

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### **Abstract**

This study examines the impact of leadership styles on the management of Micro, Small, and Medium-scale industries in Maharashtra state. A quantitative research approach was employed, and data was collected from 300 respondents using a structured questionnaire. The results show that transformational leadership style has a significant positive impact on the management of MSMEs, while transactional leadership style has a negative impact. The study recommends that MSME owners/managers adopt transformational leadership styles to improve their management practices.

**Keywords** - Leadership styles, Management, Micro, Small, and Medium-scale industries, Maharashtra state.

### **Introduction**

Micro, Small, and Medium-scale enterprises (MSMEs) play a vital role in the economic development of any country. In India, MSMEs account for over 80% of the total industrial enterprises and contribute significantly to the country's GDP. However, MSMEs face several challenges, including poor management practices, which hinder their growth and development. Leadership style is one of the critical factors that influence management practices in MSMEs.

### **Best leadership styles for Micro, Small, and Medium Enterprises (MSMEs)**

The best leadership styles are as follows -

#### **1. Transformational Leadership**

- Encourages innovation and creativity
- Fosters a culture of continuous learning and improvement
- Empowers employees to take ownership and make decisions
- Examples: Steve Jobs (Apple), Elon Musk (Tesla)

#### **2. Servant Leadership**

- Focuses on serving the needs of employees and customers
- Encourages collaboration and teamwork
- Fosters a culture of trust and empathy
- Examples: Howard Schultz (Starbucks), Mary Barra (General Motors)



### 3. Democratic Leadership

- Encourages employee participation and involvement in decision-making
- Fosters a culture of openness and transparency
- Empowers employees to take ownership and make decisions
- Examples: Sundar Pichai (Google), Satya Nadella (Microsoft)

### 4. Autocratic Leadership

- Makes decisions quickly and efficiently
- Provides clear direction and guidance
- Can be effective in crisis situations
- Examples: Jeff Bezos (Amazon), Mark Zuckerberg (Facebook)

### 5. Laissez-Faire Leadership

- Gives employees autonomy and freedom to make decisions
- Encourages innovation and creativity
- Can be effective in teams with experienced and motivated employees
- Examples: Richard Branson (Virgin Group), Arianna Huffington (Thrive Global)

### **Best Practices for MSME Leaders**

1. **Lead by example:** Demonstrate the behaviors and values you expect from your employees.
2. **Communicate effectively:** Clearly articulate your vision, goals, and expectations to your employees.
3. **Empower employees:** Give employees the autonomy to make decisions and take ownership of their work.
4. **Foster a positive culture:** Encourage a culture of innovation, creativity, and continuous learning.
5. **Stay adaptable:** Be willing to pivot and adjust your leadership style as needed.

By adopting these leadership styles and best practices, MSME leaders can create a positive and productive work environment that drives growth, innovation, and success.

### **Research Methodology**

This study employed a quantitative research approach. A structured questionnaire was used to collect data from 300 respondents, including owners/managers of MSMEs in Maharashtra state. The questionnaire consisted of questions related to leadership styles, management practices, and demographic characteristics of the respondents.

### **Significance**

This study is significant because it examines the impact of leadership styles on the management of MSMEs in Maharashtra state. The findings of this study will provide valuable insights to MSME owners/managers, policymakers, and researchers.



### **Scope**

This study focuses on the impact of leadership styles on the management of MSMEs in Maharashtra state.

### **Objectives**

The objectives of this study are:

1. To examine the relationship between leadership styles and management practices in MSMEs.
2. To identify the most effective leadership style for MSMEs.
3. To provide recommendations for MSME owners/managers to improve their management practices.

### **Hypotheses**

The following hypotheses were tested in this study:

1. There is a significant positive relationship between transformational leadership style and management practices in MSMEs.
2. There is a significant negative relationship between transactional leadership style and management practices in MSMEs.

### **Research Design**

This study employed a descriptive research design.

### **Research Sample**

The sample size for this study was 300 respondents, including owners/managers of MSMEs in Maharashtra state.

### **Limitations**

This study has the following limitations:

1. The sample size was limited to 300 respondents.
2. The study focused only on MSMEs in Maharashtra state.
3. The study did not examine the impact of other factors on management practices in MSMEs.

### **Findings**

The results of this study show that:

1. Transformational leadership style has a significant positive impact on management practices in MSMEs.
2. Transactional leadership style has a significant negative impact on management practices in MSMEs.



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## **Recommendations**

Based on the findings of this study, the following recommendations are made:

1. MSME owners/managers should adopt transformational leadership styles to improve their management practices.
2. Policymakers should provide training and development programs for MSME owners/managers to enhance their leadership skills.

## **Conclusion**

This study examined the impact of leadership styles on the management of MSMEs in Maharashtra state. The findings of this study show that transformational leadership style has a significant positive impact on management practices in MSMEs, while transactional leadership style has a negative impact. The study recommends that MSME owners/managers adopt transformational leadership styles to improve their management practices.

This study contributes to the existing literature on leadership styles and management practices in MSMEs. The findings of this study provide valuable insights to MSME owners/managers, policymakers, and researchers. The study's recommendations can help MSME owners/managers to improve their management practices, which can lead to improved performance and competitiveness.

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