

Vol 4 Issue 2 Aug 2014

ISSN No :2231-5063

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# International Multidisciplinary Research Journal

## *Golden Research Thoughts*

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**RNI MAHMUL/2011/38595**

**ISSN No.2231-5063**

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## ENTREPRENEURIAL LEADERSHIP AND ORGANIZATIONAL PERFORMANCE WITH REFERENCE TO RURAL SMALL SCALE ENGINEERING INDUSTRY IN PUNE DISTRICT

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**Abstract:** Entrepreneurial Leadership is a significant concept in entrepreneurship literature. Different leadership styles effect on effectiveness and performance of the organizations. Present research investigates the impact of Entrepreneurial Leadership style on Organizational Performance with reference to Rural Small Scale Engineering Industry in Pune District of India. A ten items scale developed by (Boltan 2012) was used to find leadership styles. The data were collected from one hundred and forty four (144) entrepreneurs from Rural Small Scale Engineering Industry of 13 tehsils of in Pune District of India. For statistical analysis Mean, Standard Deviation, T-Test, and Chi-square test were used. Study concludes that there is no significant association between leadership styles and organizational performance.

**Keywords:** Entrepreneurial leadership style; Rural Small Scale Engineering Industry; Organizational Performance.

### INTRODUCTION :-

Leadership is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals. Today's organizations need effective leaders who understand the complexities of the rapidly changing global environment (Nahavandi, 2002). Different leadership styles in organisation may affect organizational effectiveness or performance.

Leadership and entrepreneurship are critical concepts in academic research. Leadership is considered a mature field (Hunt & Dodge, 2000); entrepreneurship is a relatively young field (Hitt & Ireland, 2000). The two, however, are interconnected (Colbert, 2003).

Small Scale Industries are backbone of the Indian Economy contributing 45 per cent of manufacturing output. It creates nearly 6.5 crore employment. According to a report, since year 2008-2012, 4894 small scale enterprises are closed. The reasons of sickness of small scale enterprises have been studied from various perspectives. It has observed that small scale industry especially engineering small scale industry is promoted by technocrats who do not have sound knowledge of entrepreneurship and management. This study was designed to examine how entrepreneurial leadership styles can effect on organizational performance.

### REVIEW OF LITERATURE:

Leadership has been one of the most widely studied and written about concepts in the behavioural sciences. Leadership is "the ability to influence a group toward the achievement of goals" (Robbins, 1998). The GLOBE study of 62 societies has elaborated on leadership definition by describing it as "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members" (House et al., 2004).

Different leadership theories as “Great Man” theory (Denmark, 1993), trait theory, behavioral theory and earlier research works like Hawthorne studies, Iowa studies, Ohio studies and Michigan studies have direct implication for what style the leader’s uses in the in managing human resources.

#### **ENTREPRENEURIAL LEADERSHIP: A NEW PARADIGM**

Interestingly, entrepreneurship and leadership passed the same way of historical evolution. In order to gain better understanding of both phenomena and utilizing the synergy in sake of improving the two disciplines, scholars integrated them into a new paradigm as ‘entrepreneurial leadership’ (Yang, 2008; Gupta, et al., 2004).

By definition, entrepreneurial leadership is the process of creating an entrepreneurial vision and inspiring a team to enact the vision in high velocity and uncertain environments. It has three main components of proactiveness, innovativeness, and risk taking (Chen, 2007; Kuratko, 2007; Gupta, MacMillan & Surie, 2004) as follows:

**Proactiveness:** It is being able to anticipate future problems, needs for change, and improvement (Okudan & Rzasa, 2006).

**Innovativeness:** It is the distinctive attribute that differentiates entrepreneurs from those who want just to be self-employed (Okudan & Rzasa, 2006; Kuratko, 2005).

**Risk taking:** is the willingness to absorb uncertainty and take the burden of responsibility for the future (Chen, 2007).

Importantly, individuals need to develop all these qualities to be able to successfully perform the challenging tasks and roles of an entrepreneurial leader (Okudan & Rzasa, 2006).

#### **LEADERSHIP AND ORGANIZATIONAL PERFORMANCE**

Organizational performance is one of the most important dependent variable of interests for researchers concerned with just about any area of management (Richard et al. 2008). From an organizational point of view, there are a variety of performance indicators, some of which are financial performance, marketing performance, human resources performance, etc., all of which make up the general performance of an organization. Organizational performance is the total performance of the system (Col, 2008).

Understanding the effects of leadership on performance is important because leadership is viewed by some researchers as one of the key driving forces for improving a firm’s performance.

In small medium enterprises (SMEs), the leadership behaviors of the top management can have a strong impact on the innovativeness and the performance of the firm (Matzler et al. 2008). In general, however, the effects of leadership on organizational performance have not been well studied.

#### **RESEARCH PROBLEM:**

Small Scale Industries contribute 45 per cent of manufacturing output. It creates nearly 6.5 crore employment (Sharma, N. 2012). According to Director of Economics and Statistics of Maharashtra (2012), since year 2008-2012 i.e. in the period of four years 4894 Small Scale Enterprises are closed. This has resulted in loss of 30,362 jobs. During the year 2011-2012, up to February, 2012, the number of closed Small Scale Enterprises was, 1,714 affecting 9,054 workers while 14 medium and large scale enterprises were closed affecting 11,360 workers in the state.

Earlier the reasons of such failures and sickness of Small Scale Enterprises have been studied from various perspectives. Majority of the small scale units use old techniques of production and outdated machinery and equipment. Moreover it has observed that the small scale industry especially engineering small scale industry is promoted by technocrats who do not have sound knowledge of entrepreneurship and management.

#### **RESEARCH METHODOLOGY:**

The study was designed to examine how entrepreneurial leadership style can have effect on Organizational performance with reference to rural small scale engineering industry in Pune district of India especially with respect to outcomes of different functional area of management. Hence, study put to test the hypothesis i.e. entrepreneurial leadership style and organizational performance is associated. Organizational performance was measured in terms of functional output. (Behavioral determinants viz. working environment, financial determinants viz. turnover, profitability, HR determinants viz. labor turnover ratio, accident percentage, absenteeism rate, , production determinants viz. productivity, percentage of rejection). Study has undertaken with an objective to know the leadership style of entrepreneurs of sample units and its relationship with performance of different functional areas of management.

The study is conducted in rural area of Pune District. The small scale engineering units are focused. Data for

study has collected during 2012-2013.

The study is descriptive inferential in nature, which describes the leadership style of entrepreneur of small scale engineering industry. Inferential approach is used for data collection.

The data regarding number of engineering units in rural area of Pune, conceptual aspects of leadership and leadership style collected through secondary source like government reports, books, websites etc.

The data regarding profile of entrepreneurs, demographic data of entrepreneurs, perception of entrepreneurs about own leadership style, data regarding organizational performance viz. turnover, profitability, labor turnover, accident percentage, absenteeism rate, productivity, percentage of rejection collected interviewing samples on the basis of schedule. The numbers of small scale engineering units in rural Pune are 629 spread over 13 tehsils of Pune. The sampling technique is proportionate random sampling, and was determined by applying Slovin's Formula (Sekaran, 2000) for Sampling  $n = \frac{N}{1 + N(e)^2}$ .

The calculated sample size came to 94. The samples per tehsils are proportionately calculated and rounded off to next figure. Hence, the final calculated sample size of units comes to 94 but for the reliability researcher has taken 144 samples for the study.

Structured Schedules has used to collect primary data. Two distinct sections in a questionnaire has used for collecting data from entrepreneur. Entire schedules have natured as structured, close ended and codified. Section A Schedule for entrepreneur had two structures. Personal Information was the first structure of Section A questionnaire seeking Personal information of entrepreneur. The second structure is about opinion regarding entrepreneurial leadership style. On the basis of the work of (Bolton 2012) three different styles of the leadership have been mentioned i.e. Risk taking, Innovative and Proactiveness.

Section B Schedule also had two structures. First part was related with basic information of organisation and the second was related to information regarding organizational performance in the year 2012-2013. Data has analysed using measures of central tendency, measures of dispersion and variance analysis. Hypothesis has tested using chi square test.

#### DATA ANALYSIS:

##### Entrepreneurship Leadership Style

The ten statements prescribed by Bolton (2012) were executed on samples to assess the leadership style of sample entrepreneurs. The entrepreneur's opinions regarding their own leadership style have been assessed using five point scale and mean and standard deviation per parameter have calculated as below.

**Table 1**  
**Entrepreneurship Leadership Style**

Sr.	Parameter	Mean	S.D.	Rank
1	I like to take bold action by venturing into the unknown.	4.06	1.14	9
2	I am willing to invest a lot of time and/or money on something that might yield a high return.	4.35	0.80	3
3	I tend to act "boldly" in situations where risk is involved.	4.20	0.95	6
4	I often like to try new and unusual activities that are not typical but not necessarily risky.	4.13	0.88	8
5	In general, I prefer a strong emphasis in projects on unique, one-of-a kind approaches, rather than revisiting tried and true approaches used before.	3.80	1.05	10
6	I prefer to try my own unique way when learning new things rather than doing it like everyone else does.	4.19	0.87	7
7	I favor experimentation and original approaches to problem solving rather than using methods others generally use for solving their problems.	4.28	0.75	4
8	I usually act in anticipation of future problems, needs or changes.	4.42	0.70	2
9	I tend to plan ahead on projects.	4.24	0.83	5
10	I prefer to 'step-up' and get things going on projects rather than sit and wait for someone else to do it.	4.51	0.75	1

Source: (Field Data)

Above table shows the mean score and S.D. for the statements which were executed to know the entrepreneurship styles of individual samples. The mean value for all ten parameters shows positive inclination since

the mean score ranges from 3.80 to 4.51. The standard deviation is at little higher side and ranges from 0.70 to 1.14 which shows much deviation in the opinion. The mean and standard deviation does not make clear regarding any of the entrepreneurship leadership style possess by individual sample hence the distinct methodology is warranted to devise the exact leadership style of an individual entrepreneur.

#### Leadership Style as per Organisation

Table number 2 narrates individual leadership style possess by samples. The column number 1 denotes the sample number; column number two denotes an organisation of specific destination. Column number 3 to 5 denotes mean of parameters which determines the leadership style i.e. risk taking style, innovative style and proactive style. Column number six talks of code number given to respective leadership style of which one denotes for risk taking style, two denotes for innovative style and three denotes for proactive style. In the last seventh column the qualitative style of respective sample has mentioned.

**Table No.2**  
**Opinion of entrepreneurs on Leadership style as per organisation**

Sr.	Org.	1*	2*	3*	Code (\$)	Leadership Style
1	2	3	4	5	6	7
1.	Ambegaon1	2.67	4.50	5.00	3	Proactive Style
2.	Ambegaon2	5.00	4.50	4.00	1	Risk Taking Style
3.	Baramati1	4.67	4.50	5.00	3	Proactive Style
4.	Baramati2	4.67	4.25	4.33	1	Risk Taking Style
5.	Baramati3	4.67	4.00	4.33	1	Risk Taking Style
6.	Bhor1	4.33	4.75	4.67	2	Innovative Style
7.	Bhor2	5.00	3.75	3.67	1	Risk Taking Style
8.	Bhor3	4.67	3.75	4.00	1	Risk Taking Style
9.	Bhor4	4.67	4.00	4.00	1	Risk Taking Style
10.	Bhor5	3.67	4.50	4.00	2	Innovative Style
11.	Bhor6	4.67	4.00	4.33	1	Risk Taking Style
12.	Bhor7	4.33	4.00	4.33	5	Risk Taking Style/ Proactive Style
13.	Daund1	3.33	4.50	5.00	3	Proactive Style
14.	Daund2	4.67	2.75	3.00	1	Risk Taking Style
15.	Daund3	4.00	4.00	5.00	3	Proactive Style
16.	Daund4	2.00	3.50	5.00	3	Proactive Style
17.	Daund5	4.33	4.25	5.00	3	Proactive Style
18.	Haveli1	4.67	3.00	3.00	1	Risk Taking Style
19.	Haveli2	4.67	4.25	5.00	3	Proactive Style
20.	Haveli3	4.33	3.75	4.67	3	Proactive Style
21.	Haveli4	4.33	4.75	4.00	2	Innovative Style
22.	Haveli5	3.00	3.00	4.00	3	Proactive Style
23.	Haveli6	4.67	4.25	3.33	1	Risk Taking Style
24.	Haveli7	4.00	4.50	3.33	2	Innovative Style
25.	Haveli8	3.67	3.75	3.67	2	Innovative Style
26.	Haveli9	4.00	4.75	4.67	2	Innovative Style
27.	Haveli10	4.67	4.50	5.00	3	Proactive Style
28.	Haveli11	5.00	4.50	4.67	1	Risk Taking Style
29.	Haveli12	4.67	3.75	3.33	1	Risk Taking Style
30.	Haveli13	4.67	3.75	3.00	1	Risk Taking Style
31.	Haveli14	4.67	4.00	4.00	1	Risk Taking Style
32.	Haveli15	5.00	4.50	4.00	1	Risk Taking Style
33.	Haveli16	4.33	3.00	2.67	1	Risk Taking Style
34.	Haveli17	4.33	4.25	4.00	1	Risk Taking Style
35.	Haveli18	4.67	4.00	4.33	1	Risk Taking Style
36.	Haveli19	5.00	4.50	4.67	1	Risk Taking Style
37.	Haveli20	4.00	4.25	4.67	3	Proactive Style
38.	Haveli21	4.33	4.00	4.67	3	Proactive Style
39.	Haveli22	4.33	4.25	4.33	5	Risk Taking Style/ Proactive Style
40.	Haveli23	4.67	4.50	4.33	1	Risk Taking Style
41.	Haveli24	5.00	4.25	4.67	1	Risk Taking Style
42.	Haveli25	5.00	4.75	3.67	1	Risk Taking Style
43.	Haveli26	2.67	4.25	3.67	2	Innovative Style
44.	Haveli27	3.67	4.00	1.00	2	Innovative Style
45.	Haveli28	4.33	3.75	4.00	1	Risk Taking Style

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46.	Haveli29	4.67	4.00	3.67	1	Risk Taking Style
47.	Haveli30	4.67	4.50	4.33	1	Risk Taking Style
48.	Haveli31	4.00	2.50	4.33	3	Proactive Style
49.	Haveli32	3.67	4.75	5.00	3	Proactive Style
50.	Haveli33	5.00	4.25	3.67	1	Risk Taking Style
51.	Indapur1	4.33	4.25	4.33	5	Risk Taking Style/ Proactive Style
52.	Indapur2	4.33	4.50	4.67	3	Proactive Style
53.	Indapur3	4.33	4.75	4.33	2	Innovative Style
54.	Indapur4	4.33	4.50	4.67	3	Proactive Style
55.	Indapur5	4.33	4.25	5.00	3	Proactive Style
56.	Indapur6	4.33	4.75	5.00	3	Proactive Style
57.	Indapur7	4.33	4.75	4.33	2	Innovative Style
58.	Junnar 1	4.33	3.75	4.00	1	Risk Taking Style
59.	Junnar 2	4.33	3.75	4.00	1	Risk Taking Style
60.	Junnar 3	2.00	3.75	4.67	3	Proactive Style
61.	Junnar 4	4.33	5.00	4.67	3	Proactive Style
62.	Junnar 5	5.00	4.50	4.67	1	Risk Taking Style
63.	Khed1	4.33	4.50	3.33	2	Innovative Style
64.	Khed2	4.00	4.00	4.33	3	Proactive Style
65.	Khed3	3.33	4.25	4.67	3	Proactive Style
66.	Khed4	3.67	4.00	4.67	3	Proactive Style
67.	Khed5	4.33	4.25	4.67	3	Proactive Style
68.	Khed6	5.00	4.25	3.67	1	Risk Taking Style
69.	Khed7	3.00	4.25	4.33	3	Proactive Style
70.	Khed8	4.33	3.75	4.33	5	Risk Taking Style/ Proactive Style
71.	Khed9	4.33	4.50	4.67	3	Proactive Style
72.	Khed10	4.33	4.25	4.00	1	Risk Taking Style
73.	Khed11	5.00	4.00	4.00	1	Risk Taking Style
74.	Khed12	3.67	4.25	4.67	3	Proactive Style
75.	Khed13	3.00	1.00	5.00	3	Proactive Style
76.	Khed14	4.00	3.50	4.67	3	Proactive Style
77.	Khed15	4.33	3.00	4.67	3	Proactive Style
78.	Khed16	4.00	4.00	4.33	3	Proactive Style
79.	Khed17	3.67	4.50	5.00	3	Proactive Style
80.	Khed18	4.67	5.00	4.67	2	Innovative Style
81.	Khed19	5.00	4.25	4.33	1	Risk Taking Style
82.	Khed20	4.33	4.50	4.67	3	Proactive Style
83.	Khed21	4.67	3.75	3.67	1	Risk Taking Style
84.	Khed22	3.00	4.25	4.67	3	Proactive Style
85.	Khed23	4.67	4.50	4.33	1	Risk Taking Style
86.	Khed24	5.00	4.50	4.67	3	Proactive Style
87.	Khed25	5.00	4.50	4.33	1	Risk Taking Style
88.	Khed26	4.33	3.75	4.67	3	Proactive Style
89.	Khed27	4.00	3.25	4.67	3	Proactive Style
90.	Khed28	3.33	4.00	4.33	3	Proactive Style
91.	Khed29	2.67	4.00	4.67	3	Proactive Style
92.	Khed30	4.33	4.50	5.00	3	Proactive Style
93.	Khed31	4.67	4.25	5.00	3	Proactive Style
94.	Khed32	4.33	4.50	5.00	3	Proactive Style
95.	Khed33	4.67	4.50	4.67	5	Risk Taking Style/ Proactive Style
96.	Khed34	4.67	3.75	4.67	5	Risk Taking Style/ Proactive Style
97.	Khed35	4.33	4.00	4.67	3	Proactive Style
98.	Khed36	5.00	4.25	5.00	5	Risk Taking Style/ Proactive Style

99.	Khed37	4.33	4.75	4.67	2	Innovative Style
100.	Khed38	4.33	5.00	4.67	2	Innovative Style
101.	Maval1	2.67	2.50	4.00	3	Proactive Style
102.	Maval2	3.67	4.25	5.00	3	Proactive Style
103.	Maval3	4.00	4.00	3.67	4	Risk Taking Style/ Innovative Style
104.	Maval4	2.67	3.25	4.67	3	Proactive Style
105.	Maval5	3.33	3.75	4.33	3	Proactive Style
106.	Mulashi1	4.67	4.00	4.00	1	Risk Taking Style
107.	Mulashi2	4.33	4.50	4.00	2	Innovative Style
108.	Mulashi3	3.67	3.00	4.33	3	Proactive Style
109.	Mulashi4	4.67	4.25	3.33	1	Risk Taking Style
110.	Mulashi5	4.33	4.50	4.00	2	Innovative Style
111.	Mulashi6	4.67	4.50	4.00	1	Risk Taking Style
112.	Mulashi7	4.33	4.25	5.00	3	Proactive Style
113.	Mulashi8	3.33	3.75	5.00	3	Proactive Style
114.	Mulashi9	5.00	4.00	4.00	1	Risk Taking Style
115.	Mulashi10	4.33	3.75	4.33	5	Risk Taking Style/ Proactive Style
116.	Mulashi11	4.67	4.00	5.00	3	Proactive Style
117.	Mulashi12	4.33	4.50	4.00	2	Innovative Style
118.	Mulashi13	4.33	4.25	4.00	1	Risk Taking Style
119.	Mulashi14	5.00	4.00	3.67	1	Risk Taking Style
120.	Mulashi15	4.67	4.25	4.67	5	Risk Taking Style/ Proactive Style
121.	Pune1	2.67	3.25	4.00	3	Proactive Style
122.	Pune2	3.00	3.25	4.00	3	Proactive Style
123.	Purandar1	3.67	4.75	5.00	3	Proactive Style
124.	Purandar2	3.33	3.50	4.33	3	Proactive Style
125.	Purandar3	3.00	4.50	4.67	3	Proactive Style
126.	Purandar4	4.67	4.75	5.00	3	Proactive Style
127.	Purandar5	4.67	4.75	5.00	3	Proactive Style
128.	Shirur1	4.00	3.25	5.00	3	Proactive Style
129.	Shirur2	4.67	3.50	4.67	5	Risk Taking Style/ Proactive Style
130.	Shirur3	4.67	4.25	5.00	3	Proactive Style
131.	Shirur4	4.67	4.25	5.00	3	Proactive Style
132.	Shirur5	3.67	4.50	4.00	2	Innovative Style
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142.	Shirur15	3.33	3.75	4.67	3	Proactive Style
143.	Shirur16	4.67	3.75	5.00	3	Proactive Style
144.	Shirur17	4.67	4.75	5.00	3	Proactive Style

Source: (Field Data)

Note:

- \*: 1- Parameters related to Risk taking style
- 2- Parameters related to Innovative style
- 3- Parameters related to Proactive style

#### \$-Leadership Style

- 1-Risk Taking Style
- 2-Innovative Style
- 3-Proactive Style

In nutshell, following frequency table shows the leadership styles possess by sample entrepreneurs.



**Table 3**  
**Leadership Style**

Sr.	Leadership Style	Frequency	Percentage
1	Risk Taking Style	43	29.86
2	Innovative Style	18	12.50
3	Proactive Style	71	49.31
4	Risk Taking Style and Innovative Style	01	0.69
5	Risk Taking Style and Proactive Style	11	7.64
	Total	144	100

Source: Field Data

table 3 interprets that as per the entrepreneur's opinion 71 sample possess proactive leadership style, 43 samples opines to have risk taking leadership style and 18 samples think that they have innovative leadership style. Other than this, 12 samples having mixed opinion.

From the opinion of sample entrepreneurs towards their leadership style it has concluded that sample entrepreneurs spread over all the three leadership styles i.e. risk taking style, innovative style and proactive style.

#### **FINDINGS AND CONCLUSIONS:**

##### **Findings on Entrepreneurs Opinion**

Technocrats are found to have more inclination towards entrepreneurship. The samples prefer to start their carrier as entrepreneur by entering in the small scale industries with moderate or less risk. It has found that majority of sample entrepreneurs are second generation entrepreneurs with amount to 81% of total samples. From the opinion of sample entrepreneurs towards their leadership style it has concluded that sample entrepreneurs spread over all the three leadership styles i.e. risk taking style, innovative style and proactive style. Majority sample i.e. 71 inclined to proactive leadership style followed by 43 are risk taking and rest 18 are innovative style.

##### **Findings on Entrepreneurs Opinion regarding Organisation Performance**

Majority i.e. 84.03% small scale units indulge in manufacturing one product and that is preferably job work. The rate of turnover of white collared employees is minimal in sample units. More than 51% of unit's faces attrition. The rate of absenteeism has found to be reasonably considerable. Productivity has found to be satisfied with around 84% of sample units since the productivity is reported to be more than 70%. With respect to product rejection no sample unit found to have rejection beyond 12% of their total production. In this competitive market survival in competitive age, majority Small Scale Enterprises have maintained their plant run capacity above 75 percent. As per the sample opinion nearly half of the enterprises accomplish less than 5 percent average annual profit. Significance of implementing different managerial reform program is recognized by two third enterprises while it is ignored by one third enterprises.

##### **Findings on Hypothesis Testing**

Researcher tested the hypothesis using chi square test. Total nine chi square test have been worked out for hypothesis testing. After the test researcher found that, in eight tests the null hypothesis is accepted and in one test as per the opinions on entrepreneurs i.e. there is an association between leadership style and accident is accepted. The overall analysis of hypothesis is given in following table.

	Sr. No	Parameters	Value of Chi-Square	'p' value	Decision regarding Null Hypothesis
H <sub>1</sub>	01	Organisation's Working Environment	2.429	.488	Entrepreneurs Perception
H <sub>0</sub>	02	Turnover	15.029	.090	Accepted
	03	Profit	9.132	.425	Accepted
	04	Labor Turnover	10.664	.299	Accepted
		White Collar			
		Blue Collar	10.436	.316	
	05	Accident	16.740	.053	Rejected
	06	Absenteeism	4.717 <sup>a</sup>	.858	Accepted
	07	Productivity	9.636	.381	Accepted
	08	Rejection	12.561	.183	Accepted
	09	Plant Run Capacity/Efficiency	11.021	.274	Accepted
10	Management Reforms	4.570	.206	Accepted	

**SUGGESTIONS:**

- 1.Absentism, product rejection and plant run capacity has found to be associated with productivity of sample units hence for increasing productivity; organisation should emphasis on these variables.
- 2.Organisations turnover has found to be associated with Attrition of White Collar Employees, Honors Conferred on Organizations, Managerial Reform Program, and Implementation of Quality Model hence, the sample units are suggested to focus on these performance indicators to increase organisation turnover.

**CONCLUSION:**

Small Scale Enterprises are the backbone of the Indian Economy. This sector play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. These days Small Scale Enterprises are facing different problems in marketing, finance, operations area. Number of sick industries is going on increasing. One of the reasons behind this is leadership style of an entrepreneur running it. Working environment in the organisation has also major impact over its performance. To analyze above stated problem study of the entrepreneurial leadership style and its impact on organisational performance was conducted. For hypothesis constructed was, there is significant relationship between entrepreneurial leadership style and organizational effectiveness. On the basis of hypothesis objectives decided for this study were, to review the leadership style of entrepreneurs of sample unit, to study the impact of leadership style on working environment and to study the relationship between entrepreneurial leadership style and outcomes of different functional areas of management. Small Scale Engineering units from rural area of thirteen tehsils of Pune districts were selected as a sample. The study was intended to test the association between entrepreneurial leadership style and organizational outcomes especially with respect outcomes of different functional area of management. The data collected was taken on electronic spread sheet for validity, reliability and classification. The statistical analysis was performed on data using measures of central tendency and measures of dispersion. Chi-square was used to find association of leadership styles with organisational performance and working environment. After the test researcher found that, in 9 tests the null hypothesis is accepted and in one test i.e. there is an association between leadership style and accident is accepted. It shows that there is no strong association between leadership style and organisational performance.

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