LEADERSHIP STRATEGIES INFLUENCING EMPLOYEE ENGAGEMENT IN MSME – AN ANALYSIS.

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Abstract
India has emerged as one of the fastest growing economies in the world having recorded an annual growth of more than 8% over the last four years. The Government recognises that in order to sustain its current economic progress, broad based robust growth in industrial and services sector is required, which needs to be supported by the SME segment. SMEs play a vital role in the development of the economy and also ensure regional balance in economic development. This segment is the subject of intense focus from several Government institutions, corporate bodies and banks and is rightly viewed as an agent of economic transformation and growth.

One useful tool in promoting employee retention is the opportunity to train oneself in supervisory and leadership qualities which is not only an inborn trait, but also depends on the positive scope to develop such abilities in organisations.

Keywords : Leadership, Employee engagement, Qualities, Organisation.

Introduction
The concept of employee engagement needs special emphasis in this background as the company's success is related to the engagement levels of its workforce. All organisations irrespective of their size are adopting new techniques to keep their workforce constantly engaged as otherwise they will lose their talented and well trained employees to their competitors. Engagement is the key to attract and retain talent within the company and it will also create a feeling of belongingness to the employees who will not leave the job under any circumstances.

The View regarding of leadership has undergone changes from the concept of "born-leader" to "situation-leader" to "effective leader". It involves the exercise of influence by the leader on the perception, motivation, communication, personality and behaviour of the followers. Yukl (1989)[23]defined leadership as "the process whereby one individual influences other group members towards the attainment of defined group or organisational goals".

Table - 1.1,Characteristics of Successful Leaders

Trait/characteristic	Description
Drive	Desire for achievement, ambition, high energy, tenacity, initiative
Honesty and integrity	Trustworthy, reliable and open
Leadership motivation	Desire to exercise influence over others to reach shared goals
Self-confidence	Trust in own abilities
Cognitive ability	Intelligence, ability to integrate and interpret large amounts of information
Knowledge of the business	Knowledge of industry and relevant technical terms
Creativity	Originality
Flexibility	Ability to adapt to needs of followers and requirements of situation.

Source: Jerald Greenberg and Robert A. Baron, Behaviour in Organisation, Prentice Hall of India, 1999, Page. 501.

Leadership is a solution to the problem of collective effort – the problem of bringing people together and combining their efforts to promote success and survival. This implies that – i) leadership involves influencing individuals to willingly contribute to the good of the group, ii) leadership requires coordinating and guiding the group to achieve its goals and iii) group performance is essential as there is competition for the scarce resources.[24]

John and Jane[25]have in their article examined the leadership thinking of Kautilya and Ashoka which proposed that sustained organisational growth can best be stimulated by attention to the common good and the capacity of corporate leaders to create commitment to the common good. Both emphasised the leader's moral and legal responsibility for people's welfare, a healthy interaction between the business community and the state and the importance of moral training of leaders in identifying and promoting the common good. They also mentioned that by reorienting corporate priorities towards common well-being, both business and society will truly benefit.

The next factor that influences engagement is leadership that is considered in this study. "No one impacts the state of engagement more than an employee's immediate leader". The study believes that most people do not leave their jobs; they

leave their bosses. When the team is highly engaged, there is a strong likelihood that it is the leader who is coaching for success, setting clear goals, empowering others, providing open and honest feedback, and making the winners feel valued.[10] The next factor that sets **the tone** for engagement is leadership. A leader has to be engaged himself as only then he can lead an engaged team. In other words, engagement begins at the leadership level and **permeates** down to the employees. Engagement is more of a leadership function than an HR function. It needs to be understood that the seed of involvement should be sowed by the HR department and nurtured by the leader.[10]

McKinsey's (1998)[2] study, The War for Talent was among the first to talk about potential workforce shortages due to aging workforce and stressed on the need for retaining the existing employees and attracting new talent. To achieve this, it becomes imperative for employers to resort to employee engagement which will help in tiding over enormous financial strain due to high cost of turnover.

Meeting the career aspirations of the employees in an attempt to retain them is one of the biggest challenges facing employers across the globe. The only long lasting solution to this challenge is 'employee engagement'. According to a survey of 656 chief executive officers from countries around the world, engaging employees is the fourth most important management challenge, behind creating customer loyalty, managing mergers and alliances, and reducing costs. (Wah, 1999)[3]

Specific objectives of the study are:
1. To analyse the engagement level of employees in MSMEs based on the demographic details – age, level in the organisation, experience in the present unit, total experience and gender.
2. To study the impact of leadership strategies on employee engagement level.
3. To determine the key factors influencing performance at work and satisfaction at work.
4. To identify the key drivers of employee engagement.
5. To provide suggestions to improve leadership strategies and the engagement level of employees in MSME.

Limitations of The Study
The present study has the following limitations:
1. The main objective of the study is to examine the perceptions of the employees on their levels of engagement in the micro, small and medium enterprises. Hence, this study did not concentrate on individual organisations.
2. There are many variables that influence engagement, but the study is confined to five selected variables only.
3. Social and religious settings of the employees have not been considered for the study.
4. The educational qualifications of the employees have not been considered for the study.

I.15.Method of Research
Survey method through structured questionnaire was adopted for the study.

I.16. Research Instrument
The research instrument used for this study is questionnaire. It was designed to measure engagement, team work, leadership, relation with owner/top management, work culture and compensation of the workforce. The questionnaire comprises of three sections measuring the level of engagement of the employees and determining the important factor determining satisfaction and performance at work.

Relationship between leadership and other variables
 Hypothesis
H_0**:** There is no influence between leadership and other variables.
H_1: There is significant influencebetween leadership and other variables.
Leadership and other variables are entered in stepwise regression analysis as a part of this analysis. Dependent variable is leadership and the independent variables are engagement, teamwork, relation with owner and work culture.

Table 4.7,table showing the relationship between leadership and other variables

Model Summary			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.698 (a)	.488	.486	8.52365
2	.753 (b)	.568	.565	7.84335
3	.767 (c)	.588	.584	7.66622
4	.772 (d)	.595	.590	7.61240

a) Predictors (Constant) : Work culture
b) Predictors (Constant) : Work culture, team work
c) Predictors (Constant) : Work culture, team work, relation with owner
d) Predictors (Constant) : Work culture, team work, relation with ownerengagement

The above table shows the summary of the models for R, R^2, Adjusted R^2 and standard error of estimate. R^2 value indicates the percentage variance in the dependent variable that is accounted for by the linear combination of independent variables. The R^2 values for model 1,2,3 and 4 are 0.488, 0568, 0.588 and 0.595 respectively which indicates the variance explained by linear combination ofengagement, teamwork, relation with owner and work culture.

Table 4.8,Table Showing the Relationship between Leadership and Other Variables
Anova (E)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22064.023	1	22064.023	303.692	.000(a)
	Residual	23176.164	319	72.653		
	Total	45240.187	320			
2	Regression	25677.427	2	12838.713	208.698	.000 (b)
	Residual	19562.760	318	61.518		
	Total	45240.187	320			
3	Regression	26609.823	3	8869.941	150.924	.000 (c)
	Residual	18630.364	317	58.771		
	Total	45240.187	320			
4	Regression	26928.412	4	6732.103	116.174	.000 (d)
	Residual	18311.775	316	57.949		
	Total	45240.187	320			

a) Predictors (Constant) : Work culture
b) Predictors (Constant) : Work culture, team work
c) Predictors (Constant) : Work culture, team work, relation with owner
d) Predictors (Constant) : Work culture, team work, relation with owner engagement.

Table 4.8,Table Showing the Relationship between Leadership and other Variables Coefficients (A)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.680	3.296		7.185	.000
	Work culture	.704	.040	.698	17.427	.000
2	(Constant)	13.111	3.332		3.935	.000
	Work culture	.513	.045	.509	11.483	.000
	Team work	.337	.044	.340	7.664	.000
3	(Constant)	14.067	3.265		4.308	.000
	Work culture	.349	.060	.347	5.821	.000
	Team work	.314	.043	.317	7.245	.000
	Relationship with owner	.177	.044	.228	3.983	.000
4	(Constant)	8.294	4.071		2.037	.042
	Work culture	.307	.062	.305	4.943	.000
	Team work	.281	.045	.283	6.181	.000
	Relation with owner	.168	.044	.215	3.779	.000
	Engagement	.145	.062	.113	2.345	.020
a. Dependent Variable: Leadership						

Source: Primary data

The F test shows that the three models are statistically significant as represented in the above tables. Hence, the null hypothesis is rejected and there is significant relation between leadership, the dependent variable and the independent variables – team work, relation with owner, engagement and work culture.

1. The F test shows that there is no significant difference between male and female leaders.

Research Paper
Impact Factor: 3.853
Refereed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

2. Employees with more than 10 years' experience both in the same organisation and in more than one organisation are better leaders as indicated by the mean scores.
3. The mean score of leaders in the top management is the highest indicating that they make better leaders. The mean score is marginally lower in the middle management category.
4. Age is important factor that influences leadership, older employees make better leaders. The mean score of leaders between the age group of 25 and 50 years is almost the same indicating that there is not much difference in their approach to handling employees.

Conclusion
Leadership is better in the service department. It is lower in the manufacturing department. The F value shows that there is no significant differenceamong the employees in the different type of industries.The study reveals that employee engagement is marginally low among the employees in the SME sector. Employers should focus on the role of the leader / manager and improve the compensation paid to the work force. This will help in boosting the commitment of the employees which will make the sector the most sought after place to work.

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