

# Leadership Dimensions & Organizational Commitment in Small Scale Enterprises in Delhi

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*This study aims to deepen our understanding of Leadership Styles adopted by SME entrepreneurs and its impact on Employee Commitment. The study was limited to 100 units from four selected SME clusters in Delhi namely Electrical Engineering Equipment, Electronic Goods, Food Products and Sanitary Fittings. 10% of the units from each cluster were selected for the study. A sample of 93 respondents consisting of 40 entrepreneurs and 153 employees was selected by the stratified proportionate random sampling technique. The results showed a negative relationship between Leadership Dimensions and Employee Commitment. The result also displayed moderate impact of Leadership Dimensions (Production Matters, Technical Matters, Financial Matters, Personnel Matters, and Marketing Matters) on Employee Commitment (Affective, Continuance and Normative Commitment).*

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## **Introduction**

Small scale enterprises play an important role in developing economies like India. Apart from providing employment, they help in reducing regional disparities and in improving the living standards of the lower strata of population. In India, after agriculture, the MSME sector provides the maximum opportunities for both self-employment and employment in the country. In fact, the employment potential of this sector is unmatched by any other sector of the economy. The MSME sector has consistently registered a higher growth rate (18%) as compared to the overall industrial sector in the last five years (Kumar, 2012). The SMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports (UNIDO, 2010). In India too, the SMEs play a pivotal role in the overall industrial economy of the country. In recent years the SME sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and

adaptability to survive the recent economic downturn and recession.

**There is a growing tendency of small scale enterprises becoming sick.**

Keeping this in view, various policies, provisions, procedures, schemes and programs have been initiated from time to time. But the performance of small scale enterprises could not be improved. There is a growing tendency of small scale enterprises becoming sick. The reasons for the low productivity and slow growth of SMEs are numerous. One of the causes for industrial sickness in small scale industrial sector in India is the ineffective leadership. Bigger industries can afford to hire the services of professionals whereas the small industries cannot do so because their economics do not permit them to employ professionals who have to be paid large sums as salaries.

SME's in India largely adopt autocratic style of leadership which negatively affects the level of employee commitment in small enterprises. Autocratic style depicts a dominating and ineffective working environment in the workplace, leaving the employees dissatisfied with their jobs leading to larger labor turnover and inefficient performance of SME's.

### **Organizational Commitment**

It is very important for employees to be motivated not only to increase in-role performance but also to engage in citizenship behaviors that are important to the

wellbeing of the organization. Paternalistic leadership has positive impact on increased commitment of the employees as well as improved citizenship behaviors (Rehman & Afsar, 2012). On the other hand, position of the leader also influences the level of commitment. Positional identity has been found to significantly impacting on leadership style perception and organizational commitment (Raja & Palanichamy, 2012). Moreover, management styles have significant impacts on employee's performance that is associated with firm's financial performance (Gul, et.al, 2012). Sabir, et.al, (2011) suggested that the leadership style is a strong dimension of organization commitment. Employees would be more satisfied if the organization meets their expectations so that they are more committed with the organization. Chiun et.al (2009) examined the leadership style and employees' organizational commitment and indicated that several dimensions of transactional and transformational leadership have positive relationship with organizational commitment but the impacts are stronger for transactional leadership style. Transformational leadership style and affective and normative employee commitments are related and laissez-faire leadership style is negatively associated with employees' affective commitment (Buciuniene & Skudiene, 2008).

### **Literature Review**

There have been abundance of studies in the areas of leadership behavior (Shankar & Sayeed, 2012; Obiwuru et al, 2011; Patwardhwan & Rangnekar, 2009; Ghosh, 2009; Colbert et al. 2008; Dannhauser & Boshoff, 2006; Bass &

Avolio, 1990; Patrick, 2011; Mallik et al, 2010; Yilmaz & Bokeoglu O.C., 2008; Salami, 2008; Youssef & Luthans, 2007; Gupta, & Agarwal, 2006; Bennett et al, 2003; Cooper, 2002; Allen & Meyer, 1991). There are numerous studies which relate the leadership behavior and employee commitment (Rustogi, 2011; Ekaterini, G., 2010; Cardona & Rey, 2009; Poon et al, 2006).

**Leadership is often seen as the premier force behind the success and failure of enterprises and the well-being of the personnel.**

Leadership is often seen as the premier force behind the success and failure of enterprises and the well-being of the personnel. In spite of the vast amount of studies, leadership in small enterprises has seldom been in focus in leadership research. The increasing importance of small firms to the economic growth and competitiveness raises questions about the role and practice of leadership in small enterprises. Mitonga et.al (2012) examined the relationship between the perceived leadership style and employee participation. They found that participants' perceptions of a leader's behavioral style have significant influence on the employee participation. Leadership styles also significantly affect and predict individual and organizational performance (Ojokuku et.al, 2012). Out of the leadership styles viz, transformational, transactional, laissez faire leadership styles, transformational leadership style is related with performance outcomes (Pradeep & Prabhu, 2011; Javed et.al, 2012; Boerner et.al, 2007; Raja &

Palanichamy, 2012; Gul et.al, 2012). These results were contradicted by the Chiun et.al (2009) and it was proved that transactional leadership style influences the commitment of employees as compared to transformational leadership style.

Organizational commitment predicts work variables such as turnover, organizational citizenship behavior, and job performance. It has been reviewed that organizational commitment is the individual's psychological attachment to the organization. Some researchers argued that there exist differences among male and female employees and females are more committed to organization than their counterparts in SMEs (Khalili & Asmawi, 2012). Many research studies proved that organizational commitment leads to job satisfaction (Javad & Davood, 2012).

Leadership styles create a strong footprint on the level of organizational commitment. Rehman & Afsar (2012) concluded that paternalistic leadership has positive impact on increased commitment of the employees as well as improved citizenship behavior in various SMEs. Leader's behavior is more important than organizational climate in small scale enterprises (Pyngavil et.al, 2011). Bakshi et.al, (2011) explored the linkages between Allen and Meyer's (1991) three component model of organizational commitment and organizational citizenship behavior. Analysis showed that affective commitment, continuance commitment and normative commitment were positively correlated with aggregate measure of OCB. Sabir et.al (2011) concluded that leadership style is a strong dimension of organization commitment.

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## Methodology & Design

To explore how the entrepreneur's leadership dimensions create a strong footprint on the level of organizational commitment in the context of selected SME clusters in Delhi, we framed the following objectives for the research:

1. To identify the various leadership dimensions adopted by entrepreneurs in SMEs in Delhi.
2. To understand the various dimensions of organizational commitment.
3. To examine the relationship between entrepreneur's leadership dimensions and employees organizational commitment
4. To study the impact of leadership dimensions adopted by entrepreneurs on the level of commitment of the employees.
5. To open new vistas of research.

## Scope of the Study

This research is limited to 4 clusters in West, South and Northern districts in Delhi region dealing with Electrical Engineering Equipment, Electronic Goods, Food Products and Sanitary Fittings. The number of units in these clusters is approximately 100. Sample units are selected by using stratified proportionate random sampling technique. 10 percent of the units in each cluster are selected for the purpose of this study.

The sample includes a total of 193 respondents. Two categories of respondents

were involved in this research. The first category consisted of entrepreneurs of SMEs from four selected clusters to whom the questionnaires on "Leadership Styles" were distributed. The second category of respondents were employees who were further subdivided into supervisors and workers who filled the questionnaire on "Organizational Commitment".

Two standardized questionnaires have been used to collect the primary data viz., to identify leadership styles of entrepreneurs and to examine organization commitment of employees. To identify leadership style of entrepreneurs, a questionnaire developed by Syed Vazith Hussain (2003) which consists of 21 situations which depicts the leadership dimensions of entrepreneurs has been administered. To identify organizational commitment of employees, the questionnaire developed by Allen and Meyer (1990) that measures affective, continuance and normative commitment through a 5-point Likert scale, was distributed among workers and supervisors of four selected SME clusters in Delhi. These tools were translated to Hindi with the help of a language expert.

## Hypotheses of the Study

- H01: There is no significant difference in the leadership dimensions of entrepreneurs in SMEs.
- H02: There is no significant difference in the organizational commitment of employees in SMEs.
- H03: There is no significant relationship between Leadership Dimensions of

entrepreneurs and Organizational Commitment of employees.

H04: There is no significant impact of Leadership Dimensions of entrepreneurs on Organizational Commitment of employees.

**Analysis**

The data is analyzed through hypothesis testing by conducting various tests in both MS Excel and SPSS (Statistical Package for Social Sciences) Statistics 20.0. The hypotheses were tested through one-sample t- test, correlation and regression analysis. One-

Sample t-test was applied to analyze any significant difference in leadership styles among entrepreneurs and any significant difference in organizational commitment among employees. Correlation analysis was performed to measure the relationship between Leadership Dimensions and Organizational Commitment and regression analysis was done to measure the impact of Leadership Dimensions on Organizational Commitment.

The demographic details of the 40 entrepreneurs and 153 employees of SMEs are summarized in Tables 1&2

**Table 1 Demographic Profile of Entrepreneurs in SMEs (N=40)**

Respondent	Socio Economic Profile		Frequency	%	Total
Entrepreneurs	Type of Cluster	Electrical Engineering Products	10	25	40
		Electronic Goods	10	25	
		Food Products	10	25	
		Sanitary Fittings	10	25	
	Age	26-30	3	7.5	40
		31-35	6	15	
		36-40	8	20	
		41-45	12	30	
		46-50	4	10	
	Marital Status	51-55	7	17.5	40
		Married	37	92.5	
		Unmarried	3	7.5	

Source: Primary Data.

A total of 40 entrepreneurs were selected based on proportionate sampling wherein an equal number of 10 entrepreneurs from each of the four clusters were selected for study. 30% of the entrepreneurs belonged to 41-45 age bracket followed by the 36-40 age group consisting of 20% of the entrepreneurs. The table also displays that the SMEs

largely consist of married entrepreneurs and have low percentage of unmarried entrepreneurs.

A total of 153 employees were included in the study consisting of 44 supervisors and 109 workers. Majority of the employees were under 31-40 years of age category with 40.52%. Employ-

ees in the age bracket of 21-30 and 41-50 were 31.37% and 26.14% respectively. A majority (66.66%) of the employees have above four years of experience. About 47% of the employees are paid Rs. 5000-10000 per month, while only a negligible percentage are paid below Rs.5000 per month.

**Table 2 Demographic Profile of Employees in SMEs (N=153)**

Respondent	Demographics	Frequency	Percentage	Total	
Employees	Age	Below 20	3	1.97	153 (100)
		21-30	48	31.37	
		31-40	62	40.52	
		41-50	40	26.14	
	Designation	Supervisor	44	28.75	
		Worker	109	71.25	
	Experience	Less than 2 years	16	10.45	
		2-3 years	35	22.87	
		Above 4 years	102	66.68	
	Income	Below 5000	3	1.96	
		5001-10000	47	30.71	
		10001-15000	44	28.75	
		15001-20000	15	9.80	
		Above 20000	44	28.75	

Source: Primary Data.

**Table 3 Reliability Statistics- Cronbach's Alpha Values**

Questionnaires	No. of Items	Cronbach's Alpha
Leadership Dimensions	21	.836
Organizational Commitment	18	.917

**Table 4 KMO & Bartlett's Test**

KMO & Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.639
Bartlett's Test of Sphericity	Approx. Chi-Square	48.061
	Df	6
	Sig.	.000

### Cronbach's Alpha Values

Reliability analysis was conducted using SPSS to check the consistency of the responses to the questionnaires. It depicts the degree to which the instrument provokes consistent responses. Reliability of the leadership style responses of the entrepreneurs and orga-

nizational commitment responses of the employees were evaluated and reliability coefficient was computed.

Cronbach's Alpha value reflects that the reliability coefficient for the responses for leadership dimensions of entrepreneurs is 0.836 and the reliability value for the responses gathered for organizational

commitment of employees is 0.917. Cronbach's Alpha values for both the questionnaires are more than 0.7 which indicates that the reliability of the questionnaire is high.

**Sample Adequacy & Sphericity**

The Kaiser-Meyer-olkin Measure of Sampling Adequacy value is 0.639 which is greater than 0.50 and indicates that the sample is adequate to consider the data as normally distributed and analysis is useful with the data. The Battlets's Test of Sphericity is carried out through Chi-Square value which is 48.061, significant at 0% i.e. less than 0.05 % level of significance and indicates that the inter-items correlation matrix is not an identity matrix and, therefore, the data were suitable for T-test (independent sample), correlation and regression.

**Hypothesis Testing**

Four hypotheses statements were tested through various statistical tests such as t-test (One Sample), Karl Pearson correlation and regression.

*One Sample t-test (Leadership Dimensions & Organizational Commitment):* A one sample t-test is used to test whether the sample mean (of a normally distributed interval variable) significantly differs from a hypothesized value. One sample t-test is computed for the purpose of determining the following hypotheses:

- H01:** There is no significant difference in the Leadership Dimensions of entrepreneurs in SMEs.
- H02:** There is no significant difference in the Organizational Commitment of employees in SMEs.

**Table 5 One Sample t test (Leadership Dimensions & Organizational Commitment)**

One Sample Test						
Test Value = 3						
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Leadership Dimensions	27.02	39	.000	46.18	42.72	49.63
Organizational Commitment	102.39	152	.000	60.91	59.73	62.08

The "t" value of 27.02 and 102.39 with the p-value less than 0.05 which indicate that the average weight of the sampled population is significantly different. Therefore, the null hypothesis that suggests no significant difference in Leadership Dimensions of entrepreneurs and Organizational Commitment of employees' stands rejected and the alternative hypothesis accepted.

*Correlation Analysis:* Karl Pearson's correlation coefficient was computed for the purposes of determining the relationship between the independent variable (Leadership Dimensions) and dependent variable (Organizational Commitment).

- H03:** There is no significant relationship between Leadership Dimensions of entrepreneurs and Organizational Commitment of employees

**Table 6 Descriptive Statistics & Karl Pearson's Correlation Matrix (Leadership Dimensions & organizational commitment)**

Dimen sions	Mean	SD	LD1	LD2	LD3	LD4	LD5	OC1	OC2	OC3
<b>LD1</b>	10.15	2.94	1	.714** (.000)	.419** (.007)	.325* (.041)	.578** (.000)	-.213 (.188)	-.093 (.569)	.056 (.730)
<b>LD2</b>	8.53	2.86		1	.289 (.071)	.106 (.513)	.475** (.002)	-.097 (.553)	.083 (.611)	-.026 (.873)
<b>LD3</b>	5.75	1.90			1	.246 (.127)	.403** (.010)	-.189 (.243)	-.252 (.117)	-.176 (.278)
<b>LD4</b>	12.95	4.14				1	.433** (.005)	-.143 (.379)	-.379* (.016)	-.128 (.432)
<b>LD5</b>	8.80	3.14					1	-.095 (.561)	-.235 (.114)	-.005 (.975)
<b>OC1</b>	10.15	2.94						1	.396** (.000)	.224** (.005)
<b>OC2</b>	8.53	2.86							1	.160* (.048)
<b>OC3</b>	5.75	1.90								1

\*\* Correlation is significant at the 0.01 level (2-tailed). \* Correlation is significant at the 0.05 level (2-tailed) Leadership Behavior- LD1-Production Matters, LD2-Technical Matters, LD3- Financial Matters, LD4-Personnel Matters, LD5- Marketing Matters Organizational Commitment- OC1- Affective Commitment, OC2- Continuance Commitment, OC3- Normative Commitment

A total of 40 entrepreneurs responded to the five dimensions of leadership decision making namely production matters, technical matters, financial matters, personnel matters and marketing matters which ultimately reflected their overall leadership behaviors. Decisions for personnel matters have the highest arithmetic mean of 12.95. The arithmetic means of production matters, technical matters, financial matters and marketing matters are calculated as 10.15, 8.53, 5.75 and 8.80 respectively. Organizational Commitment was measured in three dimensions namely, Affective Commitment, Continuance Commitment and Normative Commitment. With an arithmetic mean of 10.15 and standard deviation of 2.94 majorly displayed Affective Commitment which means that employees in SMEs have greater Affective Commitment as com-

**There is greater tendency among the employees to stay in the organization due to emotional attachment.**

pared to Continuance and Normative Commitment. This shows that there is greater tendency among the employees to stay in the organization due to emotional attachment but the responses depicted highest variation in this regard. It also shows that the employees have least level of Normative Commitment in SMEs which means that employees do not feel a sense of obligation towards the organization. A negative relationship exists between LD4 (Leadership Dimension pertaining to personnel matters) and OC2 (Continuance Commitment) where  $r = -3.79$  at 0.05 or 95% significance level. There exists a low insig-

nificant negative correlation between LD1 and OC1 ( $r = -0.213, p = 0.188$ ), LD1 and OC2 ( $r = -0.093, p = 0.569$ ) and LD1 and OC3 ( $r = 0.056, p = 0.730$ ). LD2 also found insignificant correlation with OC1 ( $r = -0.097, p = 0.553$ ), OC2 ( $r = 0.083, p = 0.611$ ) and OC3 ( $r = -0.026, p = 0.873$ ). However, in all other cases the null hypotheses are accepted as no significant relationships could be identified. The inter correlations between dimensions of Leadership Dimensions were positive. LD1 was found to be positively correlated with LD2 ( $r = 0.714, p = 0.000$ ), LD3 ( $r = 0.419, p = 0.007$ ), LD4 ( $r = 0.325, p = 0.041$ ) and LD5 ( $r = 0.578, p = 0.000$ ). The inter correlations between dimensions of Organizational Commitment were also positive. OC1 was found to be positively related with OC2 ( $r = 0.396, p = 0.000$ ), OC3 ( $r = 0.224, p = 0.005$ ). Continuance Commitment (OC2) was also found to be positively related to Normative Commitment (OC3) with a correlation value of  $0.160, p = 0.048$ . This lead to the inference that leadership dimensions of entrepreneurs in decisions related to personnel matters, if rigid and autocratic, may result in low level of employee commitment in SMEs as negative correlation was found between decisions in personnel matters and employee's Continuance Commitment. Thus, hypothesis 3: there is no significant relationship between Leadership

Dimensions of entrepreneurs and Organizational Commitment of employees is partially rejected.

**Regression Analysis**

The linear regression was computed for the purposes of determining the following hypotheses:

**H04:** There is no significant impact of Leadership Dimensions (production matters, technical matters, financial matters, personnel matters, and marketing matters) of entrepreneurs on Organizational Commitment (Affective Commitment, Continuance Commitment, Normative Commitment) of employees.

Table 7 reflects the impact of Leadership Dimensions on Affective Commitment. Linear regression summary shows that LD1, LD2, LD3, LD4 and LD5 contribute and predict 7.10% (R Square is 0.071) of Affective Commitment. The corresponding ANOVA value from the regression model indicates  $F = 0.519$  which is insignificant. From the above analysis it is seen that there is an insignificant impact of leadership dimensions viz production matters, technical matters, financial matters, personnel matters, and marketing matters on affective commitment.

**Table 7 Regression Model & ANOVA Summary for Affective Commitment as Dependent Variable**

Model	R	R Square	Adjusted R Square	Std Error Change	R Square Change	Change Statistics			
						F	Df1	Df2	Sig F Change
1	.266	.071	-.066	3.75	.519	5	34	.760	

Predictors (Constant): LD5, LD3, LD4, LD2, LD1  
 Dependent Variable: OC1

**Table 8 Coefficients Summaries for Affective Commitment as Dependent Variable**

Model		Non-standardized Coefficients		Standardized Coefficients		Sig
		B	Std Error	Beta	t value	
<b>1</b>	<b>(Constant)</b>	25.673	2.750		9.337	.000
LD1		-.300	.333	-.243	-.902	.373
LD2		.098	.312	.077	.313	.756
LD3		-.244	.357	-.128	-.684	.498
LD4		-.072	.167	-.082	-.434	.667
LD5		.112	.256	.096	.435	.666

Dependent Variable: OC1

Regression equation for showing the relationship of Leadership Dimensions (production matters, technical matters, financial matters, personnel matters, and marketing matters) and Affective Commitment is as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$$

$$Y = 25.673 + (-.300)x_1 + .098x_2 + (-.244)x_3 + (-.072)x_4 + .112x_5 + e$$

Table 9 reflects the impact of leadership Dimensions on Continuance Commitment. The model summary shows that LD1, LD3, LD4 and LD5 make 21.3% (R Square is 0.213) contribution to Continuance Commitment. The corresponding ANOVA value from the regression model indicates  $F = 1.843$ . From the above analysis it is seen that there is moderate impact of Leadership Dimensions on Continuance Commitment.

**Table 9 Regression Model & ANOVA Summary for Continuance Commitment as Dependent Variable**

Model	R	R Square	Adjusted R Square	Std Error Change	R Square Change	Change Statistics			Sig F Change
						F	Df1	Df2	
1	.462	.213	.098	2.758		1.843	5	34	.131

Predictors: (Constant), LD5, LD3, LD4, LD1

Dependent Variable: OC2

**Table 10 Coefficients Summary for Continuance Commitment as Dependent Variable**

Model		Non- standardized Coefficients		Standardized Coefficients		Sig
		B	Std Error	Beta	t value	
1	(Constant)	24.144	2.021		11.949	.000
LD1		-.011	.244	-.011	-.046	.964
LD3		-.287	.262	-.188	-1.093	.287
LD4		-.206	.123	-.294	-1.680	.102
LD5		-.131	.188	-.141	-.694	.492

Regression equation for showing the relationship of Leadership Dimensions (production matters, technical matters, financial matters, personnel matters, and marketing matters) and Continuance Commitment is as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$$

$$Y = 24.144 + (-.011)x_1 + (-.287)x_2 + (-.206)x_3 + (-.131)x_4$$

Table 12 shows the impact of Leadership Dimensions on Normative Commitment. The model summary shows that LD1, LD2, LD3, LD4 and LD5 contribute and predict 8.80% (R Square is 0.88) to Normative Commitment. The corresponding ANOVA value from the regression model indicates F = 0.653 which is significant at 0.661% significance level which implies that the model predicts the dependent variable.

**Table 11 Regression Model & ANOVA Summary for Normative Commitment as Dependent Variable**

Model	R	R Square	Adjusted R Square	Std Error Change	Change Statistics			
					R Square Change	F	Df1	Df2
1	.296	.088	-.047	1.624	.653	5	34	.661

Predictors: (Constant), LD5, LD3, LD4, LD2, LD1  
 Dependent Variable: OC3

**Table 12 Coefficients Summary for Normative Commitment as Dependent Variable**

Model	Non- standardized Coefficients		Standardized Coefficients			
	B	Std Error	Beta	t value	Sig	
<b>1</b>	<b>(Constant)</b>	19.055	1.190			
LS1		.166	.144	.308	1.115	.256
LS2		-.111	.135	-.200	-.823	.416
LS3		-.197	.154	-.237	-1.279	.210
LS4		-.072	.072	-.187	-.990	.329
LS5		.045	.111	.088	.401	.691

Dependent Variable: OC3

Regression equation for showing the relationship of Leadership Dimensions (production matters, technical matters, financial matters, personnel matters, and marketing matters) and Normative Commitment is as follows;

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$$

$$Y = 19.055 + .166x_1 + (-.111)x_2 + (-.197)x_3 + (-.072)x_4 + .045 + e$$

Thus, hypothesis 4: there is no significant impact of Leadership Dimensions

on Organizational Commitment of employees in small scale enterprises under study is established as partially rejected.

### Major Findings

- Larger numbers of employees in SMEs display Affective Commitment, which reflects that employees have commitment towards the organization as they have strong emotional attachment towards it. However, lesser number of employees shows Normative Commitment as they do not feel a 'sense of obligation' towards the organization.
- The one- Sample t- test result showed that there is significant difference in the Leadership Dimensions of entrepreneurs and organizational Commitment of employees in SMEs.
- Karl Pearson's correlation tests reflected negative correlation between Leadership Dimensions for personnel matters and resultant Continuance Commitment ( $r = -3.79, p < 0.05$ ).
- Hypothesis 3 is stated to be partially rejected as the results showed a significant negative relationship between Leadership Dimensions for personnel matters and Continuance Commitment. However, no significant relationship was found between other Leadership Dimensions and Organizational Commitment dimensions.
- Regression analysis revealed that dependent variables have an impact on Leadership Dimensions (LD1,

LD2, LD3, LS4 and LD5). There was a significant impact of leadership dimensions on Continuance Commitment. ( $R^2=0.213$ ).

- Leadership Dimensions has a lesser impact on two Organizational Commitment dimensions namely Affective Commitment and Normative Commitment. ( $R^2=0.071, R^2=0.088$ ).

### Conclusion & Recommendations

There is a close association between Leadership Dimensions and Organizational Commitment. The leadership style adopted by the entrepreneur affects the level of Organizational Commitment portrayed by the employees. Thus, adopting an appropriate leadership style becomes an important criterion to increase the commitment level of the employees. A committed employee showcases better morale and enthusiasm to perform the work allotted to him which in turn leads to better productivity in the organization.

Entrepreneurs should adopt 'autocratic style' of leadership at the initial stages of operations in SMEs. It would ensure close supervision and better control over the activities of the enterprise. At the later stages of operations, the entrepreneur can adopt 'transactional style' and progress to 'transformational style' as employees become clearer about their job roles and become capable of working independently without much supervision from entrepreneurs.

The quality of entrepreneur- worker relationship is important to understand

the needs and aspirations of the employees. A mutually beneficial relationship would help the employees to retain employees within the organization and in turn motivate them to perform the best.

Employee commitment can be sought if the employees are given the opportunity to express their views and ideas. This practice is to be encouraged in the SMEs with the adoption of joint consultation and participative decision making style in the enterprise. Entrepreneurs should take some extra time and resources to recognize the employees publicly for their achievements. Recognition of efficient talent is seen as an effective way to increase employee commitment and retention of good performers in the enterprise.

### **Implications**

The study has been conducted in four selected clusters located in North and South Delhi. The study is limited to a sample of 193 respondents, consisting of 40 entrepreneurs and 153 employees. The sample of employees consisted mainly of workers who are illiterate; hence they faced difficulty in understanding the questions. The workers were reluctant to express their views towards commitment due to fear of owners/supervisors. Many of the small scale enterprises in India are being managed by owner-managers. Since, there are regional differences in the development of SMEs in India; more specific studies are needed in these areas. The entrepreneurs, by and large, portray autocratic Leadership style

which have a negative impact on the level of employee commitment and in turn results in greater employee turnover. The analysis and findings of this research give an insight into the current impact of leadership dimensions on employee commitment. The recommendations suggested can help the SMEs to employ an effective leadership style in order to gather greater commitment from its employees.

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