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**BUSINESS STRATEGY IMPLEMENTATION AND LEADERSHIP STYLE:
IMPACT ON ORGANIZATIONAL PERFORMANCE IN SELECT
MANUFACTURING FIRMS, KRISHNA DISTRICT, ANDHRA PRADESH**

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ABSTRACT

In this study, the organisational performance of manufacturing firms in Vijayawada, Krishna district was examined in relation to leadership styles and business strategy. This was important because the material that was already out there on the issue lacked specificity regarding the leadership style and approach that would be most effective in raising performance in the area of study that had been chosen. A field survey (using questionnaires) was carried out in Vijayawada with the participation of 60 CEOs and senior managers chosen at random from 10 different firms for the study. In order to create performance indices for organisations, time series data on sales, profits before tax, and employment from the 10 organisations were also gathered from 2021 to 2022. After that, regression and analysis of variance (ANOVA) were conducted to investigate the connection between organisational performance, strategy, and leadership. The study found that while both company strategy and leadership had statistically significant effects on organisational performance, strategy had a bigger impact. Once more, Transformational leadership significantly influenced organisational behaviour ($p=.000-.01$), whereas transactional leadership, differentiation, and focus strategies did not. According to the survey, manufacturing firms should use cost leadership and transformational leadership to boost growth and improve organisational performance.

Key words: Leadership Style, Business strategy implementation, Organizational performance, Manufacturing firms.

INTRODUCTION

Particularly in this period of escalating globalisation and market competitiveness, the impact of leadership and business strategy implementation on organisational performance has attracted a lot of attention. For instance, Matzler et al. (2008) hold that the top management of manufacturing firms can significantly affect the performance and level of innovation of the companies. As a result, manufacturing firms must create new sets of vision as the business environment becomes more competitive on a global scale. In this regard, the leadership styles of a company's owner or management are crucial in establishing the necessary direction and a distinct vision, both of which must be supported by all personnel working there (Yang, 2008). Transformational leadership is thought to have a favourable impact on the performance of manufacturing firms, and a relationship

between these two factors is shown to be significant (Pedraja et al., 2006; Matzler et al., 2008). The research is contradictory, nonetheless, regarding how transactional leadership affects organisational success. For instance, Pedraja et al. (2006) reported a considerably negative link between the same factors, whereas Yang (2008) found a significantly favourable relationship (albeit modest) between transactional leadership and the performance of manufacturing firms. Yang et al. (2008) discovered that only transformational leadership was a significant predictor of organisational success, as opposed to transactional leadership, in one of those investigations. The research environment or the relevant sector may be able to explain these discrepancies in the findings.

It must be underlined that manufacturing firms' performance is also a result of their strategy, which is developed in large part by the management or owner of the company (Philipsen and Kemp, 2003). The understanding and use of strategic management and planning depend on the owner's or manager's competitive development and personal ambitions (Postma and Zwart, 2001). Schwenk and Shrader's (1993) meta-analysis of prior research revealed a beneficial relationship between strategy and growth. Porter (1991) noted that planning produces superior and long-lasting performance. As a result, a company's competitive posture on the market may be affected when it creates and implements successful long-term strategy.

Based on these hypotheses, this study investigates the impact of leadership and strategy on the operation of manufacturing firms in Vijayawada, krishna district. Despite the fact that there has been a lot published about manufacturing firms, very little of it focuses on the specific leadership behaviours and business tactics that manufacturing firms may employ to enhance their success (Hanlon and Scott, 1993, and Pelham, 2000). This study is important because it appropriately discusses leadership and strategy in the context of selected manufacturing firms in krishna district.

STATEMENT OF THE PROBLEM

The majority of manufacturing sector are sole proprietors. These owners base their company decisions not on extensive consultations but rather on their own preferences and management styles, which occasionally prevent the companies from performing as intended. Additionally, the majority of manufacturing firms are so busy dealing with operational concerns that they are unable to devote enough time to issues of effective leadership and strategic management. As a result, the business owners and managers give formal planning, strategic thinking, and creating long-term visions very little consideration (Pelham, 2000). Most manufacturing firms do not endure past their second "anniversaries" due to poor managerial and leadership skills (Kayanula and Quartey, 2000). Despite this, little research has been done on manufacturing firms and how they might benefit from strong leadership practises and growth strategies to enhance company success. By examining the effect of leadership behaviours and strategy implementation on the performance of selected manufacturing firms, this study aims to fill that knowledge gap in the literature.

OBJECTIVES

a. To investigate how the performance of manufacturing industry is impacted by leadership behaviours.

- b. To evaluate the proportional effects of transactional and transformational leadership on organisational performance.
- c. To investigate how business strategy implementation affects organisational performance.
- d. To determine how the competitive strategies implementation affect organisational performance.
- e. To assess the relative weights of leadership and strategy in influencing the performance of manufacturing firms.

HYPOTHESES

For the empirical study, the following were hypotheses developed:

1.H₀ = Leadership styles doesn't have a significance effect on the performance of manufacturing firms in krishna district

H₁= Leadership styles have a significance effect on the performance of manufacturing firms in krishna district

2.H₀ = Transformational leadership style doesn't have a significant relation than transactional leadership with the organization performance of manufacturing firms in krishna district

H₁= Transformational leadership style do have a significant relation than transactional leadership with the organization performance of manufacturing firms in krishna district

3.H₀ = There is no direct relation between Business strategy implementation and organizational performance of manufacturing firms in krishna district

H₁ = There is a direct relation between Business strategy implementation and organizational performance of manufacturing firms in krishna district

4.H₀= Leadership styles, Strategy doesn't have positive significance on organisational performance of manufacturing firms in krishna district.

H₁= Leadership styles, Strategy do have positive significance on organisational performance of manufacturing firms in krishna district.

5.H₀ = Leadership styles doesn't show effect on organizational performance compared to Business strategy in manufacturing firms in krishna district.

H₁ = Leadership styles do show effect on organizational performance compared to Business strategy in manufacturing firms in krishna district.

REVIEW OF LITERATURE

Leadership and Organizational performance:

Different scholars have given their own definitions of leadership. According to Tead (1935), leadership is the process of persuading others to work together toward a common objective that they eventually find desirable. While Hersey and Blanchard (1969) see leadership as working with and through people to achieve goals, Day (2000) defines leadership as the formation and maintenance of a sense of vision, culture, and interpersonal relationships. Additionally, management, which is concerned with coordinating activities, overseeing day-to-day operations of the company, and allocating resources and tasks to meet organisational goals, has been separated

from leadership (Day, 2000; Hersey and Blanchard,1969). Various leadership models, such as those of Bass (1985), have been put forth, including transformational, transactional, and laissez-faire leadership styles, in addition to democratic and situational leadership styles, according to Gelderen, Frese, and Thurik (2000). The transformational and transactional leadership styles, as described below, are of importance to this study.

It has been said that transformational leadership is the capacity to mobilise people, inspire a vision, inspire followers to action, and empower people to effect change (Bromley and Krischner-Bromley, 2007) By attending to their needs, listening intently, advancing their development, counselling, and guiding them, they provide care and attention to each individual employee (Bass, 1985; Sanda, 2010).

Contrarily, transactional leadership encourages team members through contingent rewards or penalties depending on adherence to predetermined objectives and goals (Burns, 1978). Therefore, the three main characteristics of transactional leadership are contingent reward, management by exception, and laissez-faire (Avolio and Bass, 2001).

Boyatzis (1982), Kirkpatrick, and Locke claim (1991). A firm's performance is influenced by leadership, which has its roots in the literature (Bass, 1985; Brown and Posner, 2001). Mendl, Ehrlich, and Dukerich (1985), while acknowledging that leadership styles have an impact on organisational performance, go on to say that transformational leadership has a positive relationship with organisational performance on some parameters, including follower job performance, "group" performance, follower motivation, and leader job performance, whereas the laissez-faire aspect of transactional leadership had negative results using the same parameters.

Business strategy and Organizational performance:

According to Chandler (1962), strategy refers to the fundamental long-term organisational goals, the actions taken to accomplish those goals, and allocating the resources needed to carry out those actions. The policies and significant managerial choices that are intended to have a significant impact on an organization's financial performance are also included in Buzzell and Gale's definition of strategy from 1987. Porter (1996) defined strategy as a process for developing a distinctive and valued position that relies on a series of actions that are distinct from those of an organization's rivals. Similarly to Mintzberg (1973), Seth and Thomas (1994) believe that the plan or pattern rather than the viewpoint or perspective is what constitutes a strategy. The goal of having a strategy is to benefit customers and acquire a competitive edge (Hart,1992).

Many different sorts of strategies, including intended and realised strategies and their variations like planned, entrepreneurial, ideological, umbrella, process, disconnected, consensual, and imposed strategies, have been proposed by various academics (Mintzberg and Waters,1985). The "generic strategies" have also been addressed by Miles and Snow (1978) and Porter (1980). While Porter (1980) created three generic strategies, namely cost leadership, differentiation, and focus

strategies, Miles and Snow (1978) offered four generic strategies, including the defender, prospector, analyst, and reactor. Cost leadership refers to a company's strategy for becoming a low-cost producer in its sector. Focus strategy is crucial when a company wants to gain a competitive edge in its target segment. Differentiation strategy refers to a company's attempt to stand out in its industry. Accordingly, the businesses strive to create effective scale facilities, use cutting-edge manufacturing facilities, streamline their operations, reduce sales costs, conduct research and development and service, monitor the costs of activities provided by third parties, and exercise strict control over production costs and overhead. Acquah and Ardekani (2008) remark that an emerging economy's manufacturing sector has low consumer preference regardless of product quality in connection to differentiation strategy. Due to the excessive reliance on imported items, the utilisation of distinctiveness is therefore rather unproductive (Amoako-Gyampah and Acquah, 2008). In the literature, there has been a lot of discussion about the connection between strategy and performance. It was once again stressed by Schwenk and Shrader (1993) in their meta-analysis of prior research that there is a positive correlation between strategy and firm growth. Porter (1991) also made the case that a good strategy produces greater, long-lasting organisational performance. He pointed out that a business may get a competitive market advantage by creating and putting into place long-term initiatives, such as practical policies. Thus, a company's success depends on its strategy, which aims to establish and take advantage of circumstances that will offer it a distinct competitive advantage. Dess and Davis (1984) also claim that because of the nature of size, businesses looking to become more entrepreneurial must use differentiation tactics rather than cost leadership. Pelham (1998), on the other hand, believed that a growth strategy or distinctiveness, as opposed to a cost leadership plan, has a favourable impact on performance.

However, the cost leadership strategy leads to increased efficiencies, according to a study on business strategy by Acquah (2011). These qualities include the ability to lower prices while increasing market share and sales growth. Other initiatives include balancing volume and flexibility, while also attempting to reduce costs, raise quality, and increase market appeal in order to transform market outcomes into high performance.

RESEARCH METHODOLOGY

The selected manufacturing firms of Krishna district is the study area for this study, which uses a quantitative and qualitative method to data collecting and analysis to investigate the relationship between leadership, strategy, and organisational performance. To ascertain the affects of leadership and strategy on specific organisational performance, both primary data (by way of questionnaires) and time-series data (on sales, profits before tax, and employment from 2019 to 2022) were collected and analysed. The number of employees, sales, and net profit before taxes were the performance indicators considered. Measures were employed to assess the effects of transactional and transformational leadership styles on performance. The strategy measurements

were based on Porter's (1985) generic competitive strategy model, which includes elements of focus, cost leadership, and differentiation strategies.

The manufacturing industry, based on zones, made up the majority of the population. A total of 641 active manufacturing sector were found, and 10 of them were chosen at random. Six employees from each of the ten firms were thereafter chosen at random to reply to the research questionnaires.

Using the statistical package for social scientists version 20, multiple regression analysis models and paired sampling t-tests were utilised to evaluate and assess the hypotheses on the relationship between leadership styles, strategy implementation, and organisational performance (SPSS 20).

FINDINGS & SUGGESTIONS

4.1:The study found that there is 33% of variations as the ($R^2=32.8$), it resulted that the null hypothesis is rejected and there is a significance effect of leadership styles on organizational performance of manufacturing firms at krishna district. The pearson correlation is positive Pearson correlation=.499($.000 < p < .01$). Additionally, the results are consistent with earlier research by Bass (1981), Aneetal (2006), and Vliert et al (2004) that demonstrated that leadership styles have an impact on organisational behaviour. As a result, the findings mostly concur with those of past studies, in contrast to Pfeffer (1981), who found no evidence of a causal relationship.

4.2:80% of the disparities in organisational performance were attributed to transformational and transactional leadership styles. Organizational performance was statistically and significantly influenced by transformation ($p = 0.000-.001$). Transactional($p=0.314$). This supports studies by Avolio and Bass (2004) and Bosson (2005) that discovered a strategic connection between transformative leadership and organisational success, although it conflicts with more recent research by Obiwuru et al (2011). The findings states that transformational leadership style has a greater and significant relation than transactional leadership style with the organizational performance of manufacturing firms.

4.3:The association between strategy and organisational performance was statistically significant ($p=.000$), and the strategy contributed around 32.6% of the variance in organisational performance ($R^2 = .326$). The alternate hypothesis was accepted in place of the null hypothesis as a result. So to some extent there is a relation between Business strategy and organizational performance of manufacturing firms. So finally, the findings got are in synchronize with the previous studies and analysis.

4.4: Differentiation strategies were not statistically significant ($p=.496$ and $.790$, respectively), with the exception of leadership style, which has a statistically significant link with organisational performance ($.000 < p < .01$). In terms of leadership, the null hypothesis is partially accepted, while it is denied in terms of differentiation tactics. The results are at odds with those of Dean et al. (1998) and Schwenk and Shrader (1993), who discovered beneficial connections between strategy implementation, leadership style and organisational performance of manufacturing firms.

4.5: Leadership style and business strategy had a statistically significant link ($0.23 < p < .04$), Pearson Correlation = .296). Despite being favourable, this relationship is not very strong because it is not a 1:1 relationship. The differences between leadership and strategy methods were statistically significant at $p < .001$. Strategy, on the other hand, had a higher mean and coefficient than leadership, indicating that it has a greater impact on organisational performance than leadership. The null hypothesis was therefore accepted. Despite this, 57% of organizational behaviour is influenced by both strategy and leadership ($R^2 = .430$), ($.000 < p < .01$). The literature had evaluated the joint effect of strategy and leadership on organisational performance. Each variable has undergone independent testing. However, there is every reason to think that a company with strong leadership will create effective plans to affect organisational performance of manufacturing firms. In some prior research, this aspect of the problem has been taken into account (Schwenk and Shrader, 1993; Dess et al., 1999 and Pelham, 1998).

CONCLUSION & RECOMMENDATION

At Krishna district-Vijayawada, manufacturing firms perform significantly better when leadership and strategy are used, particularly when transformational leadership and cost leadership are used. However, the fact that leadership and strategy together account for majority of organisational success (all other factors being equal) suggests that other factors also account for organisational performance, making it important to identify these other elements.

However, it is advised that manufacturing firms should make the most of the transformational leadership style for a more successful and sustained growth through effective employee training and development. Additionally, via research and development, the essential components of leadership strategies should be more successfully incorporated into the operations of the manufacturing firms.

LIMITATIONS & IMPLICATIONS FOR FUTURE STUDY

Only the owners or top managers of the manufacturing firms provided the data on leadership and strategy, therefore the respondents may have overestimated their leadership performance. Therefore, conducting a cross-sectional empirical study with additional respondents from each organisation would be acceptable.

Once more, the manufacturing industry was the focus of the investigation as the present study limited to only Krishna district manufacturing firms. Therefore, the conclusions cannot be applied to all manufacturing sector. Future assessments in other manufacturing industries will need to be comparable.

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