

Impact of management styles and organizational effectiveness (Case Study small and medium-sized enterprises in Mazandaran)

Smaeel Sadri^{1*}

[1] Master of Industrial Engineering, Islamic Azad University, Noor Branch

*Corresponding author's E-mail: sadrinsh@yahoo.com

ABSTRACT

Organizational effectiveness is the extent to which an organization uses a particular resource and without unnecessary waste of resources and without deterioration of its members and the community, meets the goals. With regard to the importance of the issue of the effectiveness of organization the importance of using strategies for improving organizational effectiveness has increased. The present study has been done with aimed to investigate the relationship between management style and organizational effectiveness. Decisive leadership is accompanying with management style and corporate culture atmosphere and strategies of the organization. Leadership style is a set of attitudes, attributes and managers' skills that form by operating four factor, values, confidence in staff, leadership tendencies and the nature and type of activities and the sense of security in an ambiguous situation. Researchers have demonstrated that there is a positive relationship between leadership styles and organizational effectiveness. In this study, a questionnaire was designed and distributed among 267 employees of companies producing electroyonic products. In Mazandaran we have done a fieldwork in the relationship between management style and organizational effectiveness. The research hypotheses were tested using Spss software. The results showed there is a positive relationship between leadership styles and organizational effectiveness. The present study also showed that among the styles of leadership, participative leadership style has the most relevant to organizational effectiveness.

Keywords: management styles, organizational effectiveness, electrical products manufacturer

1. Introduction

Many leadership theories have been used through the course of time to create more and more improvement among the organization. Many researchers believe that employees can only be motivated if some of their personal concerns are satisfied, while others are of the view that motivation can be created by creating a deep relationship among employer and employee. Many theories have created some serious impact on the workplace performance of employees and are still implemented in various multi-national organizations.

The business environment is fraught with encumbrances arising from the fluidity and dynamics of the world economy and the global business environment. The threats and opportunities occasioned by the uncertainties and changes associated with the business environment stifled the growth of a good number of these enterprises while a few were able to weather the economic storms, exploited the opportunities and improved product quality, productivity and profitability in Anambra State. The decline in the performance and effectiveness of these private enterprises have been attributed to the direction and magnitude of the oil price in the international market, monetary and fiscal policy management, managerial skills, management and leadership styles, obsolete equipment employed, supervisor-subordinate relationship, lack of motivation of workers and the like. Management style is one of the critical antecedents to organizational effectiveness. Management style is simply construed as a way to manage an organization. It is the general approach of a manager in dealing with people at work and exercising of authority over subordinates in an effort to reach organizational goals (Quang, 2002; Hartzell, 2006). In view of organizational effectiveness, Davidmann (1995) opines that the effectiveness of any organization is largely determined by the manner of work co-ordination, level of workers commitment to the entity and the extent to which workers co-operate with one another, management and the community. Due to the importance of leadership style on organizational effectiveness, the study seeks to examine the relationship between leadership styles and organizational effectiveness.

2. Literature Review

Management Style

The term management style can be understood simply as a way to manage an organisation. According to Schleh (1977: 10), management style is “The adhesive that binds diverse operations and functions together. It is the philosophy or set of principles by which you capitalise on the abilities of your people. It is not a procedure on „how to do,“ but is the management framework for doing. A management style is a way of life operating throughout the enterprise. It permits an executive to rely on the initiative of his people.”

In terms of management functions, Khandwalla (1995b: 48) defined management style as the distinctive way in which an organisation makes decisions and discharges various functions, including goal setting, formulation and implementation of strategy, all basic management activities, corporate image building, and dealing with key stakeholders. Depending on an organisation’s operating conditions, styles vary.

A variety of formal styles of management have been described since the 1950s. Likert (1961, 1967) defined four styles that constitute a continuum from authoritarian to participative. Burns and Stalker (1961) introduced the organic and mechanistic styles of management. Mintzberg (1973) described the entrepreneurial, the planning and the adaptive type of strategic planning. Following Japan's economic success, other scholars studied the Japanese style of management, which emphasises paternalism, lifetime employment, seniority, life long learning, collective decision making, hard work, cooperation ethics, continuous adaptation and improvement (Pascale & Athos, 1981; Williamson & Ouchi, 1981; Wilkins & Ouchi, 1983). In the mid 1970s, having drawn findings from several studies of American, Canadian and Mazandarann firms, Khandwalla (1995a, 1995b), conceptualised five dimensions of management style, namely risk taking, technocracy, flexibility, participation, and authoritarianism and suggested that these be the building blocks of most styles. In the early 1980s, Peters and Waterman (1982) came up with a typical management style of American companies whose traits differed sharply from those of the idealised Japanese style, and which focuses more on core values, highly flexible structures, business unit autonomy, interactivity and innovation. More recently, de Geus (1997) advocated the adoption of the management of tolerance for learning organisations and knowledge-based companies instead of the „action-oriented“ management style. But in their search for ideal styles, most scholars have overlooked the applicability of a management style to a given organisation (Khandwalla, 1995b).

organizational effectiveness

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce (Amitia, 1964). The idea of organizational effectiveness is especially important for non-profit organizations as most people who donate money to nonprofit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals.

How organizational effectiveness has been constructed and evolved over 4 decades, examined against a ground of how an organization's self-conception is reflected in its unique construct.

The idea is to use organizational effectiveness as the probe into the effects (i.e., nature and characteristics) of the organization; the message that reveals the medium, corresponding to the guided narrative that reveals role*.

Campbell (1977): Determinants of Organizational Effectiveness

- What makes organizations effective is directly related to decision-making criteria and processes; calls for all to make explicit their “theories of effectiveness”
- Goal-centred vs. natural systems perspectives of effectiveness.
- In the “real world” proponents of each see these as mutually exclusive
- Underlying objective was to determine a parsimonious set of effectiveness determinants to be used for organizational design.
- Campbell found 30 in the literature, but warned against assumptions of objectivity, even among “hard,” statistically-obtained artefacts; determining effectiveness criteria is a political process

Pennings & Goodman (1977): Framework for Organizational Effectiveness

- Organization comprised of constituencies; effectiveness is a matter of coordination of these subunits (hence degrees of interdependency are important).
- Dominant coalitions of constituencies set the agenda (and there's a good, hegemonic reason for this – they're the "rational" ones)
- Organizations exist in an environment of external constituencies with whom they have exchange relationships. The organization plus its external constituencies comprise the "organizational set."

3. Methodology

The present study is an applied research. Methods This study was a library and documentary. Also, this study is descriptive and based on this, trying to explain the systematic, objective and accurate presentation of the subject. In order to collect information on the use of books and articles have been published.

Hypotheses

1. There was a significant relationship between Participative and organizational effectiveness.
2. There was a significant relationship between Paternalistic and organizational effectiveness.
3. There was a significant relationship between Authoritarian and organizational effectiveness.
4. There was a significant relationship between entrepreneurial and organizational effectiveness.
5. There was a significant relationship between Conservative and organizational effectiveness.
6. There was a significant relationship between Bureaucratic and organizational effectiveness.

4. Finding

The research hypotheses were tested using Spss software. First, in order to assess the normality of data distribution Kolmogorov-Smirnov test was used. The test results in Table 1 below.

Table 2: Kolmogorov-Smirnov test

	Participative	Paternalistic	Authoritarian	entrepreneurial	q5	q6	
N	130	130	130	130	130	130	
Normal Parameters ^{a,b}	Mean	3.6462	3.5231	3.7000	3.5231	3.4769	3.4846
	Std. Deviation	1.13344	1.16948	1.10426	1.20216	1.25886	1.22148
Most Extreme Differences	Absolute	.284	.274	.299	.262	.238	.263
	Positive	.154	.149	.162	.144	.157	.149
	Negative	-.284	-.274	-.299	-.262	-.238	-.263
Kolmogorov-Smirnov Z	3.239	3.120	3.413	2.986	2.714	3.004	
Asymp. Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

a. Test distribution is Normal.

b. Calculated from data.

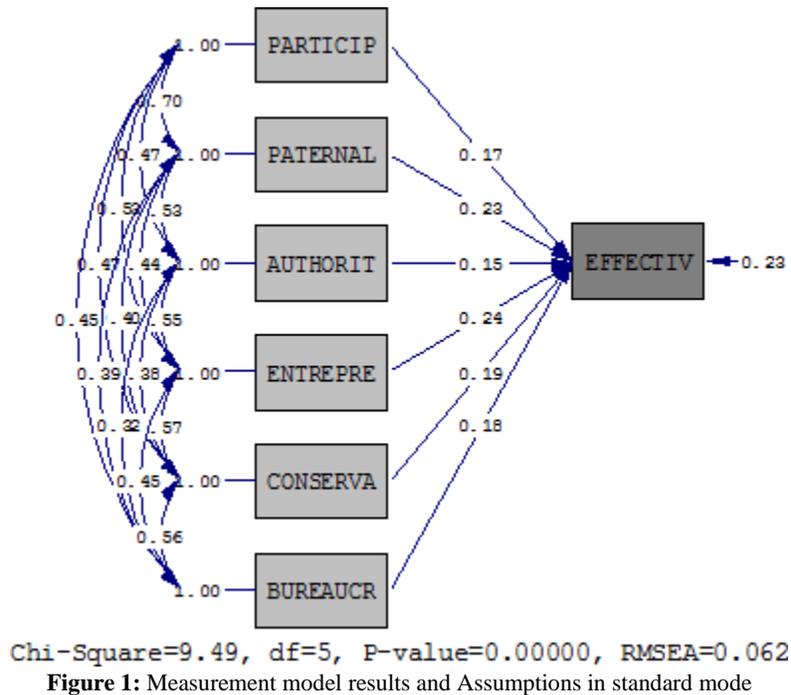
Given the normal distribution of variables, we used Spearman correlation coefficient instead of Pearson. Pearson's test results are given in Table 2:

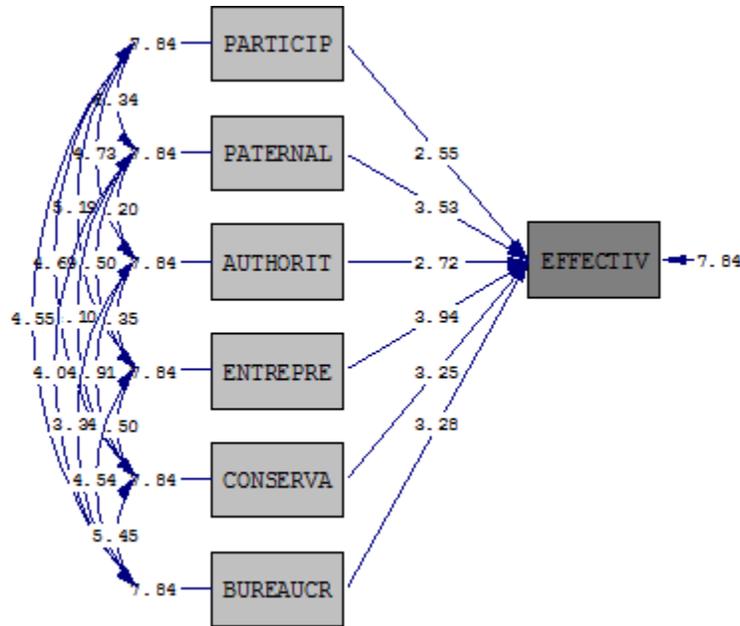
Table 2: Pearson's test

		organizational effectiveness
Participative	Pearson Correlation	.696
	Sig. (2-tailed)	0.000
	N	267
Paternalistic	Pearson Correlation	.472
	Sig. (2-tailed)	0.000
	N	267
Authoritarian	Pearson Correlation	.529
	Sig. (2-tailed)	0.000
	N	267
entrepreneurial	Pearson Correlation	.476
	Sig. (2-tailed)	0.000
	N	267
Conservative	Pearson Correlation	.450
	Sig. (2-tailed)	0.000
	N	267
Bureaucratic	Pearson Correlation	.641
	Sig. (2-tailed)	0.000
	N	267

Hypothesis testing using structural equation modeling

In order to assess the conceptual model and also ensure that there is a causal relationship between the variables and the observed data fit with the conceptual model, research hypotheses were tested using structural equation modeling. Hypothesis test results are reflected in the graph.





Chi-Square=9.49, df=5, P-value=0.00000, RMSEA=0.062

Figure 2: measuring and results in significant Assumptions

Table 3: Indicators fit the conceptual model

X2/df	RMSEA	RMR	GFI	CFI	NNFI	IFI
1.89	0.062	0.025	0.97	0.94	0.94	0.99

The following table is a significant factor and results hypotheses briefly show.

Table 4: Results Assumptions

Result	T_Value	Standard	Assumptions
Confirm	2.55	0.17	Effective ← Participative
Confirm	3.53	0.23	Effective ← Paternalistic
Confirm	2.72	0.15	Effective ← Authoritarian
Confirm	3.94	0.24	Effective ← entrepreneurial
Confirm	3.25	0.19	Effective ← Conservative
Confirm	3.28	0.18	Effective ← Bureaucratic

5. Discussion & Conclusion

The study concluded that different management styles were adopted in the running of electrical products manufacturer company in Mazandaran depending on the characteristics inherent in such enterprises in Mazandaran. The study found that participative management style was predominantly adopted among managers of electrical products manufacturer company in Mazandaran. The finding suggests that employees of these private enterprises were involved in setting goals, making decisions, solving problems and making changes where necessary in the organizations. Furthermore, the paternalistic style of management was also widely in practice. This study also demonstrated a significant relationship between the management styles and organizational effectiveness there.

Overall, the study showed:

1. There was a significant relationship between Participative and organizational effectiveness.

2. There was a significant relationship between Paternalistic and organizational effectiveness.
3. There was a significant relationship between Authoritarian and organizational effectiveness.
4. There was a significant relationship between entrepreneurial and organizational effectiveness.
5. There was a significant relationship between Conservative and organizational effectiveness.
6. There was a significant relationship between Bureaucratic and organizational effectiveness.

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