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Empowering Small Business Leadership: Strategies for Engagement, Efficiency and Effectiveness

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Abstract:

This article focuses on strategies to empower leaders within small businesses through the fundamentals of engagement, efficiency, and effectiveness. Using engaging strategies creates a sense of belonging in the workplace among all employees, increasing employee retention and productivity. Using efficient strategies cuts losses and increases profits through streamlined operations, optimized resource use, and improved process management. Effective strategies through small businesses cut the need for extra workers and costs, creating a more profitable management strategy and increasing employee productivity.

This article highlights the need for better leadership and management within small businesses and the importance of creating adaptable leaders and better employees. It explores the implementation of strategies to increase employee retention, process optimization, and profit by creating better management and leadership strategies. In addition, this research shows the importance of relationships and empowerment of employees through inclusion in management decisions and processes. This paper also delves into the transformative impact of AI and technology on optimizing business operations and some theories and strategies to minimize human labor and costs.

This article offers insight and strategies that have proven successful in achieving better small business leadership. It also addresses challenges and solutions to the current state/struggle of small business ownership.

Keywords: Small business leadership, management, strategies

1. Engagement

1.1. Importance of Engaging Leaders

The importance of building engaging leaders in the empowerment process lies in its ability to better organizational performance, reduce employee turnover, and foster a culture of growth. Increasing leadership engagement is a strategic approach that focuses on increasing the managerial power of employees and leaders and making them feel involved in the organization's values and goals. Here are some more specifics as to why engaging leadership is so important:

- **Increased Work Engagement:** Engaging leaders plays a crucial role in boosting how involved and motivated employees feel at work, from those just starting out to those in top management. Studies show that when leaders are seen as engaging—meaning they inspire, support, and connect with their teams—employees are more likely to be engaged in their work one year later. A study conducted by Greta Mazzetti and Wilmar B. Schaufeli found a strong and meaningful connection between engaging leadership and employee engagement, with a solid number ($\beta = .16$) that shows this link isn't just a coincidence. This means that when employees see their leaders as engaging from the start, they're more likely to stay motivated and involved over time. When looking at individual engagement levels, the impact is even stronger ($\beta = .57$), highlighting how important it is for leaders to give feedback, build trust, and communicate effectively to keep employees engaged.
- **Development of Team Resources:** Engaging leaders helps build important team resources like managing performance, trusting feedback, effective communication, and involving team members in decision-making. This study also showed that these resources grow significantly when leaders are engaging, meaning they inspire and support their teams. One year after engaging leadership was first measured, the connection between this leadership style and stronger team resources was very strong ($\gamma = .59$), indicating a clear and positive impact. The measurements of these team resources were highly reliable, with strong numbers for performance feedback ($\lambda = .69$), trust in management ($\lambda = .86$), communication ($\lambda = .89$), and participation in decision-making ($\lambda = .71$). This data highlights how important engaging leadership is for creating a supportive and resourceful team environment, which is key to boosting overall team performance.
- **Employee Well-being:** Engaged employees with high well-being were 35% more connected to their organization. 28% of employees face stress in high-engaged organizations vs. 35% in low-engaged organizations. 91% of UK employees who are engaged at work say they experienced enjoyment "yesterday" vs. 72% of those who are disengaged (Gallup, 2013). These employees provide better customer outcomes and sales performance.

- **Conflict Resolution:** A study conducted by Yi Wang found that leaders who are both engaging and empowered greatly improve how well conflicts are handled within a team. This leadership style has a strong impact, explaining 86.3% of the effectiveness in managing conflicts. Additionally, when leaders and team members stay emotionally steady, it further strengthens how well conflicts are resolved. Engaging leadership not only boosts the team's overall resources but also leads to better conflict resolution, which helps save time and money, ultimately making the team more productive.

1.2. Strategies to Make Leaders More Engaging

- **Maintaining a clear and effective pathway for advancements and promotions:** This will provide employees with a vision or a path of goals that will motivate them to be engaged in their work. Being clear with this pathway is crucial as it could lead to the leader not being worthy of trust if not implemented properly or not having the same interpretation as the employees.
- **Recognition, increasing rewards and incentives:** Giving or increasing rewards and incentives makes the employees feel that their work is not going unnoticed, making them more engaged and motivated in their work. Leaders must make sure these rewards are fair throughout all levels of the organization to ensure trust with the employees.
- **Hiring employees who fit organizational culture:** Creating an organizational culture that values employee engagement is key to enhancing work engagement. Hiring employees who fit this culture is key to avoiding conflicts and increasing work productivity and engagement.
- **Leveraging employee innovation and ownership:** Using this practice makes the employees feel involved and valued, as well as the potential new ideas that come with it. Employees are no less to suggest ideas for all parts of the organization, and it should be made that their ideas are the most valued. Leaders who implement this practice should make sure to give employees credit for the idea; any hint of stealing innovation leads to distrust among the employees.
- **Engage employees in making leadership and management decisions:** Implementing this strategy is key to keeping employees engaged and happy. Employees being involved in management decisions will make sure there are no decisions made without the employee's well-being in mind.
- **Empower employees to develop new business processes:** Giving this responsibility to employees will make sure they feel as if they are valued members of the organization. They will feel an obligation to stick to the current company, reducing employee turnover and increasing work productivity.
- **Trust employees to lead themselves and teams:** Giving employees this empowerment will make sure their work is noticed by management and will also lead to better work procedures and the reduction of the costs of hiring new team leaders.
- **Create a clear, powerful and compelling vision:** Creating a compelling vision enhances Psychological Capital (PsyCap) by boosting employees' self-efficacy, optimism, resiliency, and flexibility. This leads to increased work engagement, higher motivation, and improved performance, resulting in a more resilient and satisfied workforce.
- **Enable employee interdependency:** Employee interdependence fosters collaboration and mutual support, leading to higher work productivity. This interconnectedness also boosts work engagement, as team members feel more connected and committed to shared goals.

2. Efficiency

2.1. Importance of Efficient Leaders

The importance of building efficient leaders in an organization lies in its ability to reduce costs and input time, streamline processes, enhance employee productivity, and drive sustainable growth. Efficient leaders foster a culture of continuous improvement, effectively manage resources, and implement strategic initiatives that align with the organization's goals, ultimately leading to improved financial performance and competitive advantage. Here are some more specifics as to why efficient leadership is so important:

- A study conducted at Najran University indicates leadership efficiency greatly impacts the administrative creativity process. This means that effective leaders characterized by high personal and administrative skills are required for an innovative administrative environment. The research reveals that leaders who have strong emotional and social skills, together with organizing, directing, and controlling abilities, can raise creativity in the relevant team. With the intermediate level of mental skills and planning skills of the leaders, it implies that the improvement brought about in these areas is not adequate to improve efficiency and drive administrative innovation. As such, leadership efficiency with respect to how the leaders skillfully manage and motivate teams effectively is directly linked to the ability to develop a creative and productive administrative environment.
- Operational efficiency is critical in today's economy, for it allows more with less through the optimization of resources to ensure productivity, quality, and cost-effectiveness. It has become essential for reducing costs, improving customer satisfaction, increasing flexibility, and adapting to technological changes. Efficient operations can be run by not having any kinds of waste and thereby assuring a bigger profit margin; the scalability of the business will be there along with customer requirement fulfilment by smoothening of operations. Moreover, digital disruption, shifting workforce dynamics, and mounting regulatory pressures dictate that businesses be

responsive and flexible. At the same time, customer-centricity is important, as business organizations must turn towards customer needs to remain competitive.

2.2. Strategies to Make Leaders More Efficient

The 5 Whys strategy is used to validate assumptions, a question-asking technique to find the root of the problems. For example, a problem could be inaccurate inventory tracking, leading to frequent stockouts. Using the 5 Whys technique to get to the root cause of frequent stockouts due to inaccurate inventory tracking starts with acknowledging the stockouts, then asking why the inventory tracking is inaccurate, identifying that records aren't updated in real-time, probing why they aren't updated, finding that the system is manual, and realizing the need for a digital, real-time tracking system.

- **Top-Down Buy-In:** Top-down buy-in refers to the endorsement and support from an organization's top leadership for initiatives crucial for successful digital transformation. This leadership commitment ensures the prioritization and allocation of necessary resources, fostering a culture receptive to new technologies. By actively promoting and participating in these changes, leaders help integrate digital tools seamlessly, enhancing organizational efficiency. Effective top-down buy-in overcomes resistance to change, accelerates the adoption of innovations, and significantly improves the efficiency and productivity of business processes.
- **Cloud Computing:** Cloud computing is a technology that enables one to obtain the required computer resources through the internet. These many resources include servers, storage, databases, networking, and software, amongst others. There is no physically positioned hardware in this technology or even locally managed hardware. Resources get scaled up and down whenever needed, making it very flexible and cost-efficient. Cloud computing makes a business more efficient by supporting the quick deployment of computing resources, thus reducing the time and effort required for maintaining and upgrading systems. It also provides access to remotely located resources, hence enabling employees to efficiently work from any location, therefore improving collaboration and productivity. Through cloud computing, this can be attained at significantly reduced IT (Information Technology) costs with optimized use of resources and increased response times to market and customer demand.
- **Leveraging AI:** Leveraging artificial intelligence (AI) is a key component of digital transformation, significantly enhancing organizational efficiency and productivity. AI enables the automation of previously manual processes, which not only speeds up operations but also reduces error rates and operational costs. By integrating AI into their systems, companies can make data-driven decisions more effectively, enhancing the accuracy and efficiency of business processes. This adoption of AI leads to increased output and profitability, demonstrating a clear return on investment from digital transformation efforts.
- **Perform an Audit of Current Operations:** Conducting an audit goes beyond merely identifying problems; it involves a thorough examination of a business's daily operations. This process helps highlight both the strengths that can be capitalized on and the weaknesses that need improvement, providing a basis for recognizing areas that may benefit from refinement or comprehensive transformation.
- **Streamline Current Systems and Processes:** Streamlining aims to simplify processes, integrate systems for improved communication and data flow, and optimize resource use to enhance productivity and quality. By refining the operational framework, a business can become more agile and responsive to market demands, scale effectively, and support sustained growth.
- **Lean Management:** Concentrate on creating value for the customer by identifying and removing unnecessary activities from the workflow to minimize waste.
- **Theory of Constraints (TOCs):** This approach focuses on enhancing organizational performance by pinpointing and optimizing the primary limiting factor (constraint) obstructing goal achievement. Once this constraint is addressed, attention shifts to the next one to continuously improve efficiency.
- **Just-In-Time (JIT) Production:** A management approach that coordinates raw material orders with production schedules, enhancing efficiency and reducing waste by receiving supplies only as needed for production, thus lowering inventory costs.

3. Effectiveness

3.1. Importance of Effective Leaders

In this vein, effective leadership is an influential driver that shapes employee performance for the betterment of overall company performance. Great leaders inspire trust and facilitate the free flow of knowledge, thus helping institute a culture that supports job satisfaction and productivity. It is by providing a clear direction and recognizing employee efforts that they help ensure better individual performance for the success and competitiveness of the organization in the long run. Through their influence, the leaders ensure that in a changing environment, only the development of the team and the company flourishes. Here are more specifics as to why effective leadership is so important:

- This study by Fatma Sönmez Çakır and Zafer Adiguzel shows that effective leadership plays a crucial role in improving how employees share knowledge, perform their jobs, and contribute to the overall success of the company. Specifically, strong leadership has a positive impact on knowledge sharing ($\beta = .539$), job performance ($\beta = .423$), firm strategy ($\beta = .536$), and overall firm performance ($\beta = .437$). The study also found that when leaders are effective, they create a culture where employees share knowledge more freely, which helps improve

job performance, company strategy, and overall success. This research highlights how important effective leadership is in building a successful organization by fostering a culture of knowledge sharing.

- Subordinates' ratings of the leaders provide an improved relationship of the suitability of leadership behaviors under efficient leaders. This shows a successful leader, as the subordinates have a better perception of them, building a more trustful relationship, reducing workplace conflict and creating a more successful organization.
- The case study of Henri Strzelecki, founder of Henri-Lloyd, highlights the role of efficient leadership in achieving organizational success. Strzelecki, a Polish-British leader, founded Henri-Lloyd Ltd. in 1963, introducing innovative 100% waterproof garments for sailors. His leadership was marked by valuing and appreciating his employees and treating them like family. This approach fostered a positive work environment and high employee engagement. Strzelecki's innovations led to significant market success, with products used by notable explorers like Sir Francis Chichester. His charismatic and hands-on leadership style demonstrated how efficient leaders can drive success by effectively implementing visionary ideas and harnessing team potential.
- A study conducted by Pushkar Dubey, Abhishek Kumar Pathak, and Kailash Kumar Sahu shows that effective leadership greatly boosts job satisfaction ($\beta = 0.76$) and encourages positive behaviors like going above and beyond at work, known as organizational citizenship behavior (OCB) ($\beta = 0.887$), among managers in private manufacturing firms. Additionally, there's a strong link between job satisfaction and OCB ($\beta = 0.774$). This means that leaders who communicate well, recognize their employees' hard work, and provide clear guidance can create a more satisfied and motivated workforce, leading to better employee performance and overall success for the organization.

3.2. Strategies to Make Leaders More Effective

- Demonstrate a sense of caring and value for employees and respect the employees and their opinions. This caring/valued feeling will create a more trustworthy and respected perception of the leader among the employees, leading to reduced turnover and workplace conflict, ultimately resulting in increased job productivity.
- Culture of Innovation and Continuous Improvement
 - Cross-Functional Collaboration: Cross-functional collaboration involves teams from different departments working together towards a common goal, leveraging diverse skills and perspectives. Implementing cross-functional collaboration can increase productivity by fostering innovation, improving communication, and ensuring that projects are aligned with the organization's overall objectives, thereby making the organization more effective.
 - Idea Incubation: Providing time and resources for employees to work on ideas without the pressure of immediate results will significantly increase productivity and may even provide successful business ideas. Idea incubation sparks creativity and innovation, making employees feel more valued and making the organization more successful.
- Transformational Leadership: Transformational leadership involves engaging employees, identifying their strengths and weaknesses, and fostering effective communication to inspire and motivate them. By focusing on the interests of their followers and involving them in organizational processes, transformational leaders can enhance employee skills, improve work culture, and significantly boost productivity and job satisfaction.
- Servant Leadership: Servant leadership involves prioritizing employees' needs, understanding their emotions, and incorporating their feedback to foster a supportive environment. By empowering employees to develop their own creativity and putting their needs first, servant leaders can enhance employee productivity, improve organizational culture, and inspire positive attitudes and behaviors.
- Interpersonal Communication Skills: When leaders use effective interpersonal communication skills, employees feel valued by their organization and improve the quality of their productivity. When leaders encourage their employees to adopt interpersonal communication skills, it can help them improve employee performance and behavior.
- Decisive Problem-Solving Skills: Leaders adopting and learning these skills will lead to less workplace conflict and increased productivity. Decisive problem-solving skills enable leaders to establish clear business strategies, identify effective performance parameters, and optimize resources, thereby maximizing productivity and organizational success. By fostering creativity and critical thinking among employees, leaders can enhance their team's ability to independently resolve issues, further boosting productivity and innovation.

Strategic planning provided these small businesses with a destination and goal, helping sustain them over long periods of time. It also highlighted the organization's needs and made the core values known, ultimately making sure everyone was on the same page, reducing conflict, and increasing productivity.

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