CHAPTER - I

INTRODUCTION

Himachal Pradesh is a new emerging State on the industrial map of our Country. It contains hilly terrain. The State was not having industrial activities worth mentioning in the past. This was because of the reasons such as poor transportation facilities, lack of communication system, non-availability of raw materials, poor infrastructural facilities etc. Himachal Pradesh State has gone a long way in strengthening its transportation facilities, communication system to enhance the pace of development. The Himachal Government has assumed the responsibility of developing its public sector to bring about socio-economic transformation. The infrastructure facilities and other long term incentives provided by the Government have encouraged the private sector to establish new units. The abundance of cheap electricity, that to without load shedding to the industrial units acted as a boon to the industry here.

It was only after the statehood which was conferred on 25th January, 1971, the State accorded high importance to public sector units. It was in the later years of planning that the importance of private sector was recognised. To encourage private sector some incentives and
other facilities were provided by the Government and resultanty the private sector made its presence in the State and today its performance is upto the expectations. There are about one hundred and fifty large to medium scale organisations in the State. Of these, there are around 120 in private sector alone. There are many units established as subsidiary companies to these large to medium scale organisations. Public sector organisations which have brought major socio-economic changes in public sector are: HPSEB, HRTC, HP Forest Corporation, HimFed, Milk Federation, State Industrial Development Corporation, Agro Industrial Package India Ltd., Civil Supply Corporation etc. And some of the private sector organisations which are giving better performance, better growth and inculcating good work culture are Himachal Fiber Ltd. Barotiwala (Solan), Winsome Textile Industry Ltd. Baddi (Solan), Sidharatha Super Spinning Mills Ltd. Nehla Khera (Solan), Himachal Wool Processors Pvt. Ltd. Nalagarh (Solan), Pure wools Spinning Mills Pvt. Ltd. Baddi (Solan), Mohan Meakin Ltd. Brewery, Solan, Khanna Watches Pvt. Ltd. Parwanoo (Solan) etc.

Since the public sector is run on the business principles yet profit making is not the only motive of these entreprese. They have to cater to the expectations of various segments of society through their respective business and industrial activities. Whereas private sector
might seem to be solely functioning for profit making and exhibiting little concern for social welfare. Because of the above cited differences and other organisational and policy making peculiarities, these sectors may exhibit different decision-making styles.

Certain relationship is experienced in decision-making styles and overall performance of organisations. Present study is an attempt to examine the relationship between the decision-making styles and organisational effectiveness in public as well as private sector undertakings in Himachal Pradesh. For studying the style of functioning of these two sectors organisations, we have observed their preference for participation and the chances decision-makers come across for participation and also the entrepreneurial nature they exhibit for their respective organisation.

According to Peter Drucker, doing the right thing is the best synonym for the word effectiveness. In its simplest meaning organisational effectiveness refers to how well an organisation has achieved its specified objectives or stands well against performance criteria. As effectiveness is multi-dimensional, the present study has been focused on three dimensions namely perceived organisational effectiveness, growth effectiveness, profit
effectiveness to know the overall effectiveness of the organisations under study.

To be effective, an organisation should have clear objectives, ability to utilize opportunities and respond to new challenges (V. Nagarajan, 1986). All organisational variables such as decision-making, control, leadership, communication, motivation, goal orientation, structure, environment and culture play a vital role in shaping and efficient running of the organisations. Decision-making is one of the most important activity in the organisational life. Drucker (1954) considered organisation or business as a continuum of decision. Thus decision-making is a process that includes recognising problems, search for the solution as well as analysing and choosing the course of action to be taken.

Rajender Kaur (1990) concluded in her study that the effectiveness of an organisation depends not only upon the technological efficiency or the facilities available for research and development but also to a great extent on the managerial approach to the decision-making.

Katzell (1975) observed that organisational effectiveness is typically measured in terms of performance, productivity, profit etc. But Sinha (1980) viewed that the term effectiveness is often used inter-changeably with
productivity and efficiency.

Mintzberg (1983) identified five ideal types of organisations in his theory such as simple structure, machine bureaucracy, professional bureaucracy, divisionalised form and adhocracy. An organisation that approximates one of these ideal type is hypothesised to be more effective than other organisations.

There are many theories of organisational decision-making which are divided into two categories: (i) the normative mathematical economic theories (ii) behaviourial theories. The first category of theories deals with what is expected to happen and the second category with what actually happens (Andrew, 1973).

There are so many theories which inclusively and exclusively dealt with decision-making and organisational effectiveness, morale, motivation, anxiety. But the theme of present study is based on significant correlation between decision-making style and organisational effectiveness.

1.1 CONCEPT OF ORGANISATIONAL EFFECTIVENESS:

The concept of organisational effectiveness refers to the worth of success of an organisation. It is functional rather than structural concept. Since it deals with the question that how far an organisation has been
successful in attaining its goals. Various scholars have defined it in their own ways such as Etzioni (1964) viewed effectiveness as the degree of goals achievement. Khan (1966) considered organisational effectiveness in two components which are efficiency and maximisation of return. Yuchtman & Seashore (1967) defined organisational effectiveness as "the ability of an organisation to exploit its environments in the acquisition of scarce and valued resources to sustain its functioning". Redin (1970) described effective organisation as that which does right things, produce creative alternatives, optimises resources utilisation, obtains results and increase profits. Rausch (1971) defines organisational effectiveness in terms of behavioural attributes observable in organisational setting i.e. discipline and morale. The greater degree of achievement in morale is likely to make an organisation effective. Chris Argyris (1972) clarified that effectiveness is related to: (i) achieving its objectives (ii) maintaining itself internally and (iii) adapting to its external environments. David Lawless (1975) "Organisations may be considered as effective which succeeds in achieving the desired objective with efficiency in a given environmental setting". Mott (1977) elaborated the concept of organisational effectiveness as "the ability of an organisation to mobilise its centres of powers for action of production and adoption".
However, if effectiveness is viewed in terms of attaining the operational goals, then management should have considered all these following factors which are (i) strategic goals setting (ii) resources acquisition and utilisation (iii) the performance environment (iv) communication process (v) decision making organisational adaptation and innovation (Steers; 1977).

Hall (1980) said "effectiveness establishes the degree to which an organisation realises its goals under a given set of conditions".

According to V. Nagarajan (1984) an effective organisation can be defined as "one which can achieve growth and earn a profit without eroding its internal resources".

Zahir (1984) in his study defines organisational effectiveness as the degree to which an organisation accomplishes its goals. But V. Nagarajan (1986) viewed that an organisation is to be effective which have clear objectives, ability to utilise opportunities and respond to new challenges.

Traditionally, researchers have defined effectiveness in terms of objectives, but recent studies focus their emphasis to the subjectivity of the goal concept. In recent years strategic goal setting and
planning have become increasingly important for organisational "Success" and "Survival".

What makes some organisations more effective than others? This is one of the most important question in organisation's development. Today, the literature so far has provided few consistent answers. The controversy appears to revolve around two related issues - (i) what criteria are to be used in assessing organisational effectiveness and (ii) what factors in the organisation’s setting are likely to influence the effectiveness (Barnard & Reimann; 1975).

**APPROACHES OF ORGANISATIONAL EFFECTIVENESS : GOAL APPROACH**

The approach upto 1950's may be described as a single variate approach. Under this approach effectiveness was confined merely to the realisation of organisational goals or objectives. Goal attainment has been taken as the "Survival" of a successful organisation. Etzioni, 1964 defined goal as "a desired state of affairs that organisation attempts to realise". Goal-based theory has been the best predictor of motivated effort, and performance (Miher, 1984; Pinder, 1984).

Mumford (1977), Hall (1980), Zahir (1984) studied that effectiveness can be defined in terms of accomplishment of goals. The most common distinction among types of organisational goals is "official" and "operative goals"
(March & Simon, 1958; Perrow, 1961; Porter, 1975). Official goals represent the statements regarding the nature of organisational mission. It described the broad based activities and policies of the organisation. Operative goals represent the action plan of the organisation.

The goal-based approach has been accepted by many researchers and scholars but it has some limitations. For instance organisation has multiple goals, some of which are quite intangible and further there is potential conflict between goals i.e. profit vs. growth etc. (Maheshwari, 1980).

Perrow (1970) viewed in a study that managers are generally interested in operational goals although other members may be interested in official goals. So it would be difficult to decide which goals are to be taken into consideration.

Dubin (1976) pointed out there are inherent dilemmas in measuring organisational effectiveness in terms of accomplishment of goals. According to the view point of managers it means usually in terms of efficient utilisation of resources, profit maximisation and from the view point of outsiders, it may be considered or measured from society’s needs i.e. how far organisation is able to fulfil the needs of various segments of society.
SYSTEM RESOURCES APPROACH

Under this approach organisational effectiveness is termed as the ability of an organisation to exploit its environment in the acquisition of scarce resources. Yuchtman & Seashore (1967) described that an organisation may be termed effective which have ability to secure an advantageous bargaining position and to capitalise on that position to acquire scarce and valued resources.

Hirsch (1972) considers institutional environment as the main factor which effects an organisational profitability. In his study he compared two companies in the same industry and viewed that the variation in performance among companies is due to the internal organisational environment and management style.

Osborn and Hunt (1974) also pointed out that the manner in which the organisation attempts to link itself with environment has an important influence on effectiveness. Therefore, the system resources approach has some validity in inter-firm comparison on performance for organisations operating in the identical environment. But this approach has limitations such as it does not take into consideration the resources optimisation and utilisation, which are the main factors for strengthening the position of an organisation (B.L.Maheshwari, 1980).
SYSTEM APPROACH:

This approach is also called goal-derived approach. Mumford (1977) emphasised adoption to the environment for resources mobilisation and goal attainment.

Georgopoulos and Tannenbaum (1957) used system perspective theory and emphasis has been laid on the importance of organisational-environment interaction. They stressed upon the inter-relationship between both inside and outside factors because they jointly influence the organisational success or failure.

Katz and Khan (1966) viewed organisation as an open system and Yuchtman and Seashore (1977) were of the view that effectiveness can be achieved only if all the sub-systems maximise the return to the organisation by all means.

Evan (1976) conceptualised organisational effectiveness into four systematic processes:- inputs -> Transformation -> output -> feeding back. He defined organisational effectiveness as "the capacity of an organisation to cope with all the four systematic processes relative to its goal-seeking behaviour".

The goal approach concentrated by and large on "end" but system's approach emphasised on the "means" only. Although this approach may be viewed as means for goal
attainment (N.S. Gupta, 1988).

Geogopoulos and Tannenbaum (1957) argued that definition of organisation success must consider not only the objective of an organisation, but also the mechanisms by which it maintains itself and pursues its objectives.

**MULTIPLE CONSTITUENCY APPROACH:**

The extent to which an organisation responds to the demands and expectations of its "strategic constituencies" or people who have a stake in the organisation, measures the effectiveness of an organisation. This model has validity because external constituencies have a powerful influence on the organisation's operation. Multiple constituency model viewed organisation as "intersection of particular influence loops, each embracing a constituency biased towards assessment of the organisation's activities in terms of its own exchange within the loop" (Connolly, Conlon & Deutsch, 1980). Zammuto (1982) has identified four criteria from the multiple constituency literature: relativism, power, social justice and evaluation. Sunderajan (1988) has defined effectiveness as a multi-dimensional phenomenon which encompasses not only productivity but also the quality of management, the efficiency with which it utilises its resources in terms of money, material and manpower, and the manner in which it
copes with the external influences of the Government and Unions.

CRITERIA FOR EVALUATING ORGANISATIONAL EFFECTIVENESS:

Although many sets of criteria exist that have been used to evaluate effectiveness. A few attempts have been made here to integrate such sets in a systematic and comprehensive way.

Thompson and McEwen (1958) have observed that the external environment such as market, economic conditions, competitors and Government agencies have the potential influence upon organisation action and success. In their model, Cyert and March (1963) viewed the role played by different organisation's members in the determination or modification of an organisational objectives. Ganguli (1964) observed that traditionally effectiveness is measured in terms of productivity or net profit. He also suggested to consider the human aspects of organisational functioning in evaluating its effectiveness. While examining organisational effectiveness, Compbell (1973) has given the following five important measures of effectiveness (i) overall performance - measured by employee's supervisory rating. (ii) Productivity - measured with actual output data (iii) employee's satisfaction (iv) Profit (v) turnover and absenteeism.
Morse (1978) suggested to take into consideration the three following factors. These are: individual characteristics, profit maximization and managerial job. Sinha (1980) listed socio-cultural value factors such as lack of commitment, preference for personalised relationships, lack of team orientation, desire for leisure and preference for showing off or status mindedness, all these factors are relevant for organisational behaviour.

Zahir (1984) developed a model for evaluating organisational effectiveness in a developing and planned economy. The model expressed that external environment influence the management philosophy and then both influence the management effectiveness. He concluded that organisational effectiveness cannot be achieved without management effectiveness.

P.N. Rastogi (1990) suggested that the process of effectiveness involves multilateral interaction of individual competence, creativity and motivation, organisational leadership, policies, value system and strength of productivity.

Mishra (1993) concluded that the effectiveness heavily depends on the cultural contents. Maheshwari (1980) measured organisational effectiveness on the basis of four factors: environment, technology, structure and people of
the organisation. Robbins (1983) has made a long list of thirty items which have been described as criteria and measurement of organisational effectiveness. Steers (1975) in a review of seventeen multivariate models of organisational effectiveness commented that the conclusion emerging from a comparison of these multi-variate models is the lack of consensus as to what constitutes a useful and a valid set of effectiveness measurement.

All these sets of criteria explained above may not necessarily be relevant to every organisation. One can judge one effectiveness or ineffectiveness of an organisation according to the nature and organisational setting.

1.2 DECISION MAKING STYLE:

Decision making is the art of determining one's own mind upon an opinion or course of action. The important elements in decision making are the decision, the process of deciding and decision maker (Leigh, 1983). Decision depends on the process and process is influenced by the characteristics of decision makers, therefore, efficiency of an executive depends to a considerable extent upon the quality of the decision made by him / her.

Drucker (1954) considers organisation or business
as a continuum of decision making. Decision making is a process that includes identification of problems, search for the solution as well as analysing and choosing the course of action to be taken. According to A.C. Ganguli (1964) decision making can be defined as a deliberate and conscious selection of a given course of action from among a number of alternatives for the solution of a given problem.

According to Shull & Cumming (1970) "Decision making in organisations is a process of selecting among available alternatives."

Terry (1972) defined decision making as "a pervasive activity which permeates through all management that exists in every enterprise and in every possible subject."

According to Steafan Vandel (1983) "the school of thought explains the decision making in terms of learning new conditioned responses through experiences."

Successful decision making requires implementation and building commitments among those who carry the decision. There are the two most important activities an executive can perform. Both are essential to the executive's success. Executives spend much of their times reviewing and acting on the proposal of associates, upper management and non-management personnel (Blanchard, 1988).
Management is sometimes considered as synonym to decision making. Therefore, his major concern is to study the ways in which decisions are being made in management more scientifically and effectively (Simon, 1958). Decision making is an intrinsic requirement for the viability of an organisation and for the formulation of all plans and policies. According to Donald J. Clough, the decision making process involves a problem to be solved, a number of conflicting objectives to be reconciled, a number of possible alternative courses of action from which the "best" has to be choosen and some ways of measuring the value of pay-off alternative courses of action.

Simon (1960) opined that there are stages in overall process of decision making: (i) intelligence activity, it is the process of judging and assessing when and where decisions are needed (ii) design activity, is a process of inventing, developing and analysing the possible course of action. In his theory Simon also described that carrying out the decision is also be regarded a decision making process.

From the above cited opinion the entire process of decision making can be broken down in the following steps (i) recognising and defining the problem that exists (ii) analysing the problem (iii) developing the alternative
solution to the problem (iv) evaluation of the alternatives that a particular course of action embodied in one of the alternatives to be maximally efficacious (v) choice of particular course of action (Ganguli, 1984) Sherlekar, 1980). In brief decision making process involves (i) information gathering and processing to evaluate risk in various alternatives (ii) Choosing from among the alternatives.

Simon (1960) classified decision into two categories (i) programmed decisions (ii) non-programmed decisions. Programmed decisions are those which are repetitive and routine, for which a definite procedure has been worked out for handling them. For instances, dealing with orders from customers, leave benefit for employees etc. Non-programmed decisions are those which are new and unstructured, for which no established procedure exists. For instance, decision to introduce a new product, new policies for staff selection etc.

DECISION STYLE:

The term "style" refers to distinctive but adaptive behaviour of a manager. It reflects the manner in which he behaves or will behave in an adaptive relationship to an environment or a situation. (Jauhari Lal, 1983).

Style is a way of behaving and every person may
have his own style of functioning. The differences that exist among various styles of decision makers are based on the assumption that how they make use of their power, authority and human resource.

McGregor (1967) defined "style" as the predictable ways of coping with reality of work environment.

However, a manager not only makes decisions but also designs, regulates and selects social process that could be employed for decision making. There may be a variety of such social processes and different alternatives may provide for varying degrees of subordinates involvement in decision making.

According to R.P. Kangle (1986) "decision making" is based on three types of information which includes "directly perceived" "unpreceived" and "inferred" information. Generally two types of styles adopted by managers are (i) exploitation oriented, i.e. manager intent to exploit and manipulate the subordinates for self interest (ii) help-oriented i.e. managers provide necessary help and assistance to subordinates for interest of organisation. (S. Sharma, 1992).

Jannis and Mann (1977) classified styles into three categories: vigilance, hypervigilance and defensive avoidance. He mentioned that decision making style during
stressful decisional conflict is the true style of the individual rather than routine decision making.

The term "leader" and "manager" are not necessarily interchangeable because leadership is a part of management. All management functions are performed by the managers and to lead them all directions are also given by the managers. Therefore, a manager's ability to lead effectively may affect his ability to manage, but a leader needs only to influence the behaviours of others and not required to perform all functions of managers. Although it may be said that effective leadership can increase one's managerial ability. The style of leadership, a manager chooses to use greatly influences his effectiveness as a leader. Leadership styles ranges from autocratic to participative to laissez faire. All these styles at one time or another are mostly used by the managers and these managers are as autocratic, participative and laissez faire leaders. Autocratic leadership consists of orders issued to subordinates from leader. Participative leadership allows an interchange of ideas among all involved persons. In laissez faire, the leader furnishes leadership when asked or required (Herbert, 1975).

Sinha (1980) in his research emphasised on three basic styles i.e Authoritarian, nurturant-task and
participative leader. Similarly views has been presented by Srivastva (1992) that the decision style commonly used by the managers are autocratic, participative and permissive.

An examination of the studies regarding with decision making styles in the Indian context produces meagre results. A number of investigations conducted by Setty (1982); Greenspan (1985); Mumford (1986); Meindle (1987); Srivastava (1990) have viewed that different situations require different leadership or decision making styles. Ansari (1990) writes that the effective leadership is a function of the characteristics of a leader, the characteristics of subordinates and the situation surrounding the leadership environment.

**DIMENSIONS OF ORGANISATIONAL EFFECTIVENESS:**

Three measures developed by B.L. Maheshwari (1980) for assessing the organisational effectiveness in public as well as private sectors are:-

I) **Perceived effectiveness scale** : Under this scale he identified six dimensions:

i) **Quality of product:** This criterion indicated the quality of product which is provided by the organisation.

ii) **Efficiency of people:** indicates a ratio that reflects
a comparison of some aspect of unit performance to the cost incurred for that performance.

iii) & iv) Morale of Members:— (workers and managers) :
Criterion assessed the extent to which the members of organisation put extra efforts for achieving goals and objectives of the organisation.

v) Rate of growth:— Criterion assessed the extent of organisational development such as increase in assets, profit and innovation etc. It is a comparison of an organisation’s present state with its own past state.

vi) Efficiency in resource utilisation:— indicates the extent to which the organisation successfully interacts with its acquiring scarce valued resources necessary to its effective operation. It is a degree to which it requires a steady supply of manpower and financial resources.

II) Growth effectiveness Scale: Under this scale four dimensions are identified:

i) Sales Volume:— indicates the income generated from sales of product. It includes both volume of production and price.

ii) Capital employed:— refers to the total investment
made in a business.

iii) **Net worth** :- represents the share holders fund including equity capital and reserves.

iv) **Net Block**: indicates fixed assets of organisation which cannot be sold in short period.

I) **Profit effectiveness scale**: This scale has identified three dimensions, which are :-

i) Profit before tax, interest and depreciation.

ii) Profit before tax.

iii) Net profit after tax.

**Types of decision making styles** :-

B.L. Maheshwari (1990) has identified two types of decision making styles : (1) participative decision style (2) entrepreneurial decision style.

1) **Participative Decision style** :- Under this style managers consult with subordinates. Participative Decision style has eight elements through which we can assess the participative style adopted by the managers.

i) Consultation on job related decisions : indicate that superiors make decisions alone but after consulting with their subordinates.

ii) Involvement of subordinates : refers to the degree of participation while making decisions related to their
work.

iii) Involvement in policy decisions: indicates the degree of involvement of subordinates while making any decision related to the policy of their own department.

iv) Delegation of authority: refers to the degree of authority delegated to his subordinates for making decision.

v) Autonomy: refers to the extent to which all decisions are made by superiors or subordinates himself without any interference of one another within concerned field.

vi) Joint decision making: indicates that the decision emerges as the result of joint efforts of superior and subordinate discussion in which both take an equal share in final determination.

vii) Decision making in group: indicates that decisions which are made by the joint consultation of the group itself.

viii) Participation in goal setting: indicates that organisational goal setting decisions are taken with the help of subordinates suggestions.
Entrepreneurial style: under this style decisions are taken by the managers themselves. The dimensions under this scale are identified as:

i) Anticipation of problem: refers to the degree of competence, awareness about new development, environment trends and efficiency of the organisations on the basis of which decision-makers are able to anticipate the future problems.

(ii) Problem solving: indicates the degree of effectiveness in handling emergencies, quality of dealing with people in solving anticipated problems.

(iii) Reliance on Precedents and Rules: refers to the degree of extent to which decision-makers are reliant on precedents and rules.

(iv) Goal setting and control: indicates the extent to which goal are set and controlled by the top, middle and lower management.

(v) Consistency of top management: refers to the degree to which top management people follow the policies framed by themselves.

(vi) Quality / acceptance of decision: indicates the degree of quality of Decision and the extent to which
people accept the decisions.

vii) Source of influence: it indicates the extent to which status/position, personal relationship of decision-maker influence on decision-making.

viii) Communication process: refers to the degree of openness, willingness to share information and methods of communicating decisions to subordinates.

ix) Role of staff group: the extent to which staff group plays an important role in providing information for decision making.

Present study attempts to analyse organisational effectiveness and decision-making styles of public and private sector in Himachal Pradesh. The dimensions of organisational effectiveness and types of decision-making styles considered under present study are those given by B.L. Maheshwari (1980). These dimensions have been measured with the help of scale developed by Maheshwari (1980).
CHAPTER - II

REVIEW OF LITERATURE

The main objective of this chapter is to study the literature available on organisational effectiveness and decision making styles among the managers of business organisations. The whole literature review has been presented under the following main headings:

2.1 Organisational Effectiveness
2.2 Decision Making Process and Styles
2.3 Organisational Effectiveness and Decision Making Style

2.1 Organisational Effectiveness

Researchers in the last twenty years, have attempted to clarify the meaning of organisational effectiveness. Studies have been made with references to efficiency, productivity, turnover, absenteeism, profitability as indicators of effectiveness. But there is no conclusive evidence about the dimensions of effectiveness. Seashore (1962) studied that the rate of growth determined effectiveness. It was found to be different at different stages of the organisational life cycle. Mohr (1971) described that organisations that employ very routine, repetitive technology may perform best when they rely on a highly formalised structure. Similar
results were noted in several studies. (Burns, 1961; Lawerance and hirsch, 1967; Perrow, 1967; Zwerman, 1970).

In a study, More (1971) has tried to find out the relationship between organisational effectiveness and administrative efficiency. He has observed significant relationship between these variables. Some investigators have stressed upon the task design as a factor which affects both employees performance and satisfaction and these variables in turn affect the effectiveness (Hackman, 1971; Steers, 1974; Porters, 1975).

Mott (1972) found that there are certain aspects of normative environment such as rules, policies, and guidelines which are closely related to overall effectiveness and there also exists strong relationship between functional integration and effectiveness. Negandhi and Shetty (1972) also attempts to find out the relationship between organisational effectiveness and utilisation of human resources. The sample of study included 15 American subsidiaries and local firms in India. Higher effectiveness was found in those companies which have better utilisation of human resources. But McIntire (1972) concluded that organisational effectiveness is not directly related to individual behaviour.

Kashefi -Zihagi (1972) described that there were
certain value patterns that found to be interrelated with organisational effectiveness namely sense of accomplishment, social recognition, ambition, broad mindedness, responsibilities imaginativeness, courage etc.

Osborn and Hunt (1974) carried out a study on social service agencies. The results of study indicated that the degree of risk present in the external environment was not related to effectiveness. However, both environmental dependency and inter organisational interaction were found to be positively and significantly related to measures of effectiveness. It was concluded that the manner in which the organisation attempts to link itself with the environment has an important influence on effectiveness.

Michael and John (1974) found that organisational flexibility, adaptability, rationality, trust environment, external work environment are strongly correlated with effectiveness. It was concluded that internal organisational characteristics are more important causes of effectiveness.

Paul M. and Hirsch (1975) explored the interface between constraints imposed by the environment of two industries despite similarities in technology and other aspects of their operation, both industries are compared in
terms of institutional environments primarily from 1950 to 1965. Strong differences in organisation effectiveness, regarding their ability to control these aspects of environment were: pricing and distribution, patent and copy right law, external opinion leaders etc.

Johannes & Pennings (1976) examined the relationship between influence and effectiveness in organisations. The data was collected from 40 widely dispersed offices of a large brokerage firm in the United States. In this study participativeness, centralization and organisational autonomy were analyzed conceptually and operationally and subsequently related to five indicators of organisational effectiveness. The criteria of effectiveness included total production, decline in production, financial loss due to errors, morale and anxiety. The individual and joint effects of variables on organisational effectiveness were very strong. Participatives, decentralised and autonomous organisations were more effective.

Mintzberg (1979) explored that young organisations with simple but dynamic environments and simple technology will be more effective if they rely on simple structure and internal co-ordination via direct supervision. These young organisations will be less effective if they rely on bureaucratic structure and internal co-ordination via direct supervision. These young organisations will be less
effective if they rely on bureaucratic structure and internal co-ordination via formalisation.

Saga, Omer and Bin (1980) investigated the various behavioural and organisational factors as they influenced various features of productivity, organisational health, effective functioning of Bank branches. It was concluded that organisational productivity, effectiveness and health are multi-dimensional concepts. Specifically a number of behavioural and organisational variables contribute to the overall functioning of the bank branches.

Sinha (1980) has also shown statistically significant relationship between organisational climate and perceived measures of organisational effectiveness.

Harold & James (1981) attempted to relate the organisational commitment of lower level employees to organisational effectiveness in organisations offering bus services. The criteria of effectiveness included: adaptability, turnover, tardiness, operating cost and absenteeism. Organisational commitment was found to be associated with organisation’s adaptability, turnover and tardiness rate but not with operating cost and absenteeism.

Kim and David (1981) concluded that appropriateness of any particular model of organisational
effectiveness may depend on the environment, the constituency under investigation and the life cycle stage. The system resources model appears to be the most appropriate model when uncertainty, complexity and turbulence are high, or when formalization is low. It was concluded that as the organisations developed, the importance of effectiveness in acquiring inputs gave way to the importance of effectiveness in production output. Individual effectiveness becomes less important over time while organisational effectiveness become more effective.

Azma and Mansfield (1981) explored the relationship between centralization and different measures of organisational effectiveness. Data was conducted on 52 Companies by using a questionnaire. It was found that there were differences in the relationships between centralisation and the different behavioural and economic measures of effectiveness.

Mishra (1982) investigated organisational objectives, structures and process variables as moderators of organisational effectiveness. The sample was considered from three public sector corporations. The results showed a positive correlation between specificity of organisational objectives, centralization, autonomy, supportiveness, control, shared decision making, fair appointment, promotion criteria and free communication. Bureaucracy was negatively
correlated with effectiveness.

Allen (1982) studied the relationship between stress and the perceived effectiveness of formal organisation. The sample consisted of 183 respondents from 4 firms. The findings of study reveal that there exists negative relationship between stress and perceived organisational effectiveness.

Zahir (1984) has developed a model for evaluating organisational effectiveness in a developing and planned economy. Treating external environment factors as independent variables, management philosophy and process as intermediate variables and management effectiveness as a dependent variable, organisational effectiveness as an end result variable. The model expresses the basic formulation that external environment influence management philosophy and then both effect management process that in turn determines the management effectiveness. To determine the ultimate effectivness organisational goals and national goals have to be integrated. It was concluded that organisational effectiveness cannot be achieved without management effectiveness.

Baack (1987) investigated five measures of effectiveness namely - Survival, growth, system development of inputs, system development of the
transformation process, efficiency and sub unit prestige. It was concluded that efficiency-effectiveness relationship may be more complex.

Taylor (1987) examined that size and centralisation were highly correlated but negatively contributed to the effectiveness measures. Formalisation related positively and significantly to all effectiveness measures, while complexity related similarly only with two of the structural variables. Formalisation was the best predictor of effectiveness.

Chatrain (1988) studied the relationship between two job related attributes, job satisfaction and organisational effectiveness. The results of the study showed that three subscales of the job description index that measures satisfaction were positively related to organisational effectiveness. On the other hand commitment was to be inversely related to organisational effectiveness. Finally, the two indicators of effectiveness, financial performance and consumer satisfaction was found to be negatively inter-related.

The results of study conducted by Ashton (1988) indicated that consideration was the highest contributor to effectiveness, followed by initiating structure and then adaptability.
Omer Bin Sayeed (1991) explored relationship between organisational health and organisational effectiveness parameters along with the assessment of individual differences to moderate the relationship between organisational health and effectiveness. The results of this study showed that organisational dimensions such as adaptiveness, organisational excellance contributed significantly to organisational effectiveness measures. The overall analysis revealed significant relationship between productivity and dimensions of effectiveness, whereas the relationship with adaptability and the composite measure of effectiveness was insignificant. Although moderate effects of individual differences were found to be statistically non-significant. The finding suggested a meagre influence of individual differences.

A.K.Tiwari (1992) assessed the relationship between union control and organisational effectiveness. The sample consisted of 240 respondents selected from 12 textile mills situated in U.P. Measures were used to assess organisational effectiveness. These were overall organisational performance, organisational satisfaction and organisational motivation. Results showed insignificant relationship between union control and measures of effectiveness. It was concluded that the amount of control was not related with organisational effectiveness.
Cheri Neal (1993) examined the relationship between effectiveness, efficiency and various characteristics of organisations namely: resources, inputs, context, rules and regulations, goals, climate and informal system. The analysis revealed that different sets or configurations of organisational characteristics were meaningfully related to the different organisational classification.

S.N. Bishwas (1993) explored a comparative study between regional rural banks and distinct co-operative banks on twenty six facts of organisational climate and eight dimensions of organisational effectiveness. The results showed mixed response that out of 26 facts of organisational climate, the organisations differed significantly on eleven facts. Co-operative banks having significantly higher scores on eight facts. But only two dimensions of effectiveness showed significant differences between the organisations.

Dean, David Lawrance (1993) measured the effectiveness of an organisation and it was concluded that efficient management has directly affected the effectiveness of an organisation.

Alexander Chacko & R.N. Anantharaman (1994) tested the relationship between organisational effectiveness and
organisational climate. The study was conducted in two public sectors and two private sector organisations. Significant correlations were found between organisational effectiveness and organisational climate. Multiple regression of the nine dimensions of organisational climate on organisational effectiveness showed 43% variation. Long range planning was considered as the most important criteria of organisational effectiveness by respondents in the public sector and in the private sector. The dimension of societal value was assigned greater importance in the public sector than in the private sector.

Kim, Helen (1994) explored the relationship of behaviours to effectiveness and advancement. The results indicated that the behaviours were significantly correlated with both effectiveness and advancement. It was concluded that behaviours which influence effectiveness also influence advancement.

Adith & Michael (1994) determined the relationship if any, between the level of planning practices sophistication and organisational effectiveness among the firms in France and the United States. Returns on sales and sales growth served as surrogate measures of organisational effectiveness. The findings of the study showed significant relationship between these variables. It was concluded that
organisational effectiveness can be improved by extensively engaging in planning.

On the basis of above studies, it can be concluded that organisational effectiveness is a multi-dimensional concept and it is related to employees performance and satisfaction, rules, policies and guidelines of the organisation, efficiency, climate and informal system.

2.2 Decision Making Process and Styles

The study of decision making process and decision making styles has been the major interest of both practitioners as well as researchers. During past several years, interactional behaviour of superiors and subordinates has been an object of speculation as well as scientific investigation by social and behavioural scientists. Several theoretical as well as empirical contributions have however revealed the basic agreement that various decision styles of the executives represent different degree of influence on subordinates and also it is the fact that there is no best style of decision making for all situations. Different situations required different styles (Tannenbaum, 1957).

Dubin (1970) have reported that subordinates who were involved in decision making process were more productive than those who were not involved in the decision
making process.

Witte (1972) found that communication activities dominate the decision making process.

Elance and Aggarwal (1975) investigated the leadership behaviour taking different variables affecting the leadership style along with delegation of authority of 123 executives from public and private sector undertakings. They found that 67% executives in private sector and 57% of them in public sector units have employed democratic decision style.

Sinha (1976) concluded in his study that nurturant task orientation style of leader or manager is important for achieving a moderate degree of productivity in an organisation. With this style employees can be motivated towards harder efforts and work commitment, and after that management can adopt the participative decision style.

Hitt and Middlemist (1979) found strong support for the validity of manager's decision models derived using simulated cases by obtaining evaluations from superiors who have observed these managers' actual decision making behaviour.

Habibullah and Sinha (1980) studied 523 executives of BHEL to find out various factors of leadership behaviour.
They have found ten factors namely: Subordinate based participation, leaders centered nurturance, authoritative guidance, encouragement, discretion task-orientation, friendly-orientation, power, role performance, distance and discipline.

White (1980) found that group decision making processes lead to effectiveness in implementation.

Richter (1980) studied the effects of participation in decision making among school students. It was found that participation in decision making lead to favourable attitude towards the school and the subjects.

Sahu (1981) found that workers have shown considerable interest to participate in decision making process of the organisation and the management has also shown willingness to accept workers' involvement in the decision making but at the distant level. He observed that most of the organisations were not functioning satisfactorily due to lack of decision making power and proper information sharing system.

Jauhri Lal (1983) examined the decision making style of managers and found that managers preferred the use of participative than unilateral decision making.

Kasperson (1985) analysed the relationship between
performance and decision making in emergent organisational structure. It was found that low performing organisations relied more upon uninspired decisions and took less time for the decision process.

Jans (1985) found that decision making had indirect effect on job involvement.

Sinha and Kumar (1986) explored interrelationship among leadership styles, interpersonal need structure and organisational climate in middle level executives. Dimensions of interpersonal need structure like expressed control and desired control were found to be positively related and "expressed affection" and "wanted affection" were negatively related with task orientation. Task oriented executives used autocratic modes and people oriented respondents used participative modes of decision making.

Jitendra V. Singh (1986) investigated the relationship between organisational performance and risk taking in organisational decision making. A complex model is proposed in which the direct relationship, which is triggered by performance below acceptable levels is negative, but indirect relationships which are mediated by organisational slack and decentralisation are positive. A test of the model for a cross-sectional sample of firms shows general support for the model.
Some studies have shown both positive and negative relationships between participative decision making and other variables. Positive relationships have been found between participative decision making and satisfaction, self-esteem, loyalty, productivity and positive manager-subordinate relation (Alexander, 1983; Hagannes and Hales, 1983; Osborn, 1983; Akel and Seigal, 1988). Participative decision making has negative relationship with high costs, inefficiency and incompetency (Marchington, 1979; Hunt, 1988).

Pollock and Colwill (1987) supported the assertion that participative decision making can result in a loss of managerial power.

The managerial decision making behaviour was studied by Thoha (1990) in relation to three different groups according to three elements of organisational structure (i) Size of organisation (ii) Hierarchical level and (iii) Span of control. The results showed that decision making behaviour among the Indonesian managers, in terms of size of the organisation and/or span of control was not different.

Parnel (1991) concluded that managers who employ participative decision making style with their subordinates also tend to experience higher level of participation with
their superiors.

Subhash Sharma (1992) concluded in his study that only 52% of the officers used directive (Bureaucratic procedural) style as a dominant or very dominant style and 37% used the behavioural decision style in its very dominant mode.

Mattson and Butterfield (1993) examined core decision making orientation of top executives in two organisational cultures i.e. the United States and Ghana (Africa). The findings of this study indicated that there were differences in the decision making orientation of United States and Ghananian executives with regard to rational metaphor. Executives in Ghana preferred more centralised decision making than executives in the United States. There was evidence of association between "decision centralisation" and "intuitive mode".

Hyun and Christin (1993) studied rationality and incrementality in decision process with environmental and organisational variables. The results of this study were

(i) Decision incrementality increases as the managerial perceptions of environmental uncertainty increases, while decision rationality increases as the preceptions decreases.

(ii) Organisations with high decision incrementality performs better in profitability than those with high
decision incrementality. (iii) The decision process becomes more rational as organisational structure becomes more formalised, while the decision process becomes more incremental as structure becomes less formalised.

The study by Johnson and Jeffrey (1994) supported the theoretical point that decision information can lead decision makers to make better decisions, but sources of information and the presentation format are important variables affecting the extent of benefit.

Suresh and Rajindra (1994) explored the relationship between information processing and decision making styles among the executives of a large public sector undertaking in South India. It was found that left brain information processing mode and vigilant decision making style are correlated. Right brain mode is negatively correlated with hyper vigilant, rationalisation and procrastination styles.

Pablo (1994) examined how the task, cultural and political characteristics of acquisition influence decisions about level of integration. The results of this study showed that all of the hypothesised situational features play a role in manager’s integration. For the managers in this study, task related criteria were dominant in decision models, but cultural and political determinants were
important as well. Decision policies were not universal among these executives but were instead influenced by their experience with acquisition and the industry classification of their organisations.

Sunder (1995) explored the relationship between risk taking and information seeking in decision making. The findings of the study indicated that there is no significant difference between the male and female participants on the risk taking dimensions but they do differ on information seeking style. No significant correlation was observed between risk taking and information seeking style leading to the conclusion that uncertainty reduction may not be the only goal of information gathering.

Suresh and Rajendera (1995) examined the relationship between decision, self esteem and decision making among executives of a large public undertaking. Decision and self esteem were measured with Flinder's decision making questionnaire-I and decision making questionnaire-II. The findings revealed that positive relationship exists between decision, self esteem and vigilance style but negative relationship is found between decision, self esteem and procrastination and rationalisation. The results have implication of decision, skill, training and decision counseling.
Most of the studies have shown preference for participation and have revealed that participative style leads to better performance.

2.3 Organisational effectiveness and decision making style

The area of research examining the relationship between organisational decision making and effectiveness has remained relatively unexplored.

Mullen (1975) compared the decision making style of managers in three divisions of large automobile insurance company and studied its relationship with efficiency and effectiveness in each division. Each manager showed distinct decision making style, one was democratic, another laissez-faire and third was authoritarian. It was concluded that all three divisions were operating equally at a high rate of efficiency and measures of effectiveness did not show any difference between divisions.

Singh (1977) found in his study that nurturant style had highly positive relationship with different variables of effectiveness.

B.L. Maheshwari (1980) explored relationship between decision making style and organisational effectiveness in public and private sector organisations. Results showed mixed trends. Findings indicated that Indian
managers were neither extremely authoritarian nor highly participative. Organisational effectiveness was multidimensional concept.

Pathak (1981) examined a study of leadership styles and organisational effectiveness of middle level managers in three different sectors namely public, private and government sector. The analysis indicated that the supervisors have flexible leadership style, but most of them did not delegate responsibility to their subordinates. It was concluded that the officers must be trained to delegate responsibility to ensure proper organisational growth.

Lovirch (1985) investigated that participative style in decision making is ethically imperative that improved organisational effectiveness.

Asha Hingra (1986) conducted the study on leadership style and the relationship of these styles to effectiveness. All five leadership styles were found to be significantly correlated with each other. Bureaucratic, nurturant, participative and task orientated style of leadership positively influenced effectiveness except the authoritarian style of leadership which showed a negative impact on the effectiveness.

McCay (1987) concluded in his study that
supportive style leads to more satisfaction and organisational effectiveness.

Six decision making styles were investigated by Hamm (1992) in relation to the effectiveness scale. The rational style of decision making was found to be related positively with effectiveness.

Carter (1992) also investigated the relationship between superintendents style of leadership and the effectiveness.

The conclusion of above cited studies are, as Mullen (1975) stated that decision making style has no effect on the efficiency and effectiveness of an organisation but Asha Hingra (1986) concluded in her study that decision making styles have directly affected the effectiveness of an organisation, B.L Maheshwari (1980) observed that Indian managers were neither extremely authoritarian nor highly participative. They adopt middle line of approach in decision making.

It can be concluded from the above cited review that organisational effectiveness is a multi-dimensional concept like growth of the organisation, profit of the organisation, efficiency, productivity, utilisation of resources etc. It has also been revealed by most of the
studies that various styles of decision making affect the organisational effectiveness.