CHAPTER VII

SUMMARY OF FINDINGS AND CONCLUSION

The success of an organisation depends to a great extent on the leadership styles followed by the executives. Many can be successful using positional power but only few could be successful and effective. The effectiveness is attained with the ability of leaders to influence the organisational members in achieving the pre-determined goals through enthusiasm and willing compliance from members. The process of influence involves a series of social interactions affecting the perceptions, attitudes, job satisfaction and behaviours. It all depends upon the personality and the characteristics of the leader and the led, characteristics of situation, job demands, pressure of time, division of work, organisational structure, production technology, cultural differences, amount of ongoing interactions, nature of the group task, subordinates’ maturity and the organisational culture. The available literature reveals the point that executives follow either transformational or transactional style in many countries including America, Japan and Korea. It is also found that an organisation could maintain a good culture, where leaders follow both styles depending on the situation. In short, leadership styles, organisational culture and the effectiveness are inter-dependent for team success in any hierarchical organization. In this context, an attempt has been made in this study to examine the impact of leadership styles and
the subordinates’ perceptions about organisational culture on the effectiveness of the organisation measured in terms of subordinates’ job satisfaction. The study also analyses the various factors determining self-reported transformational and transactional leadership styles. The researcher has also made an attempt to study the discrepancy between self-reported and perceived leadership styles.

Neyveli Lignite Corporation has been making profit for more than two decades and maintaining good organisational climate inspite of inter and intra union rivalry with over 50 trade unions. It has been maintaining good industrial relations through collective bargaining. So, the researcher has chosen the NLC for studying leadership styles of executives and job satisfaction of their subordinates.

The study makes use of both primary and secondary data. The researcher framed four sets of scales for measuring self-reported leadership styles, perceived leadership styles, perceived organisational culture and perceived job satisfaction. These scales were prepared based on the knowledge gained by the researcher through the survey of literature and suitably modified based on the feedback received from the experts and academicians in the field. The modified scales were pre-tested through convenience samples of 15 executives of NLC and 15 subordinates. The pre-tested scales were used to elicit information from
sample executives and subordinates. A sample of 162 executives from Thermal Power Stations, Mines and Corporate office of NLC were chosen based on simple random sampling technique. Another sample of 188 subordinates working in various departments of NLC namely Thermal Power Stations, Mines and Corporate office was also chosen using simple random method. The primary data were collected by the researcher himself by interview schedules containing the scales and questions relating to the characteristics of both executives and subordinates. The data were collected from October to December, 2009. The secondary data were collected for a period of 10 years from 1998-1999 to 2007-2008 from the annual reports of NLC and the statistical handbooks published by the Government of Tamilnadu.

Objective-wise analysis was made in this study. The Cronbach’s Alpha Test has been exercised to test the construct reliability of scales developed for measuring self-reported leadership styles, perceived leadership styles, perceived organisational culture, and perceived job satisfaction. Responses to items measuring organisational culture and job satisfaction have been factor-analysed and factor scores have been used for subsequent data analysis. The researcher applied Percentile analysis, Chi-square test, t-test and Discriminant analysis for analyzing the primary data. A structural equation model has been framed to study the direct and indirect effects of leadership styles on
subordinates’ perceived job satisfaction. The trend lines were fitted to analyse the performance of NLC.

7.2. SUMMARY OF FINDINGS OF THE STUDY

The following are the major findings of the study:

1) The Debt-Equity ratio increased from 20.75 in 1998-99 to 30.98 in 2007-08. This shows that the company depends more on debt fund than on equity capital. The return on capital has been showing fluctuating trend since 1998-99. The current ratio fell down from 4.24 in 1998-99 to 3.21 in 2007-08. However, the current ratio was more than one during the entire study period revealing that the current assets of NLC exceeded current liabilities. The data on this ratio indicate that the liquidity portion of the company is strong. The value added per employee increased from Rs.6.35 lakh in 1998-99 to Rs.12.77 lakh in 2007-08. The trend lines were fitted for studying the compound growth rates of these performance indicators during the study period. The results bring out the following three points:

i) The return on capital, on an average, declines every year. Its compound growth rate for the study period of ten years was 0.828.

ii) The debt-equity ratio and current ratio have been showing fluctuating trend during the study period. The trend analysis, however, shows that the trend co-efficients are statistically
insignificant. The implication is that the fluctuations in the debt-equity ratio and current ratio are statistically insignificant.

iii) The value added per employee showed fluctuating trend during the study period. The trend analysis, however, points out that the trend co-efficient is statistically significant and the compound growth rate of value added per employee for the study period of 10 years was 1.248. The inference is that the value added per employee at current prices grew at the rate of 1.248 per cent per annum during the study period.

2. The analysis of the self-reported leadership styles of executives reveals that 84 out of 162 top level executives claim that they are transformational in extracting work from their subordinates. It is also found that nearly 47 per cent of the sample executives working in corporate office are transactional in executing their decisions relating to the operations of NLC. Around 53 per cent of the executive working in Mines also report that they follow transformational leadership styles. No executives have reported that they have both transactional and transformational behaviours.

3. The analysis of the personal, professional and family characteristics of the executives in terms of their leadership styles shows that the executives who have put in more number of years of service in
Thermal Power Stations of NLC are transformational. The executives whose spouses are employed and who have more number of dependents in the family are transactional leaders in Thermal Power Stations of NLC. The executives whose parents are educated and who have put in more number of years of service in the Mines of NLC claim that they follow transformational leadership style. It is also inferred that the executives whose family income is relatively more are transactional leaders in the Mines of NLC.

The analysis for studying the significant difference in the profile of two groups of executives working in corporate office in regard to their self-reported leadership styles reveals that the executives who are relatively aged and educated with MBA degree report that they are transformational. Further, the executives who have put in more number of years of service in NLC and in the present position, in which they have been appointed by NLC claim that they are transactional.

4. An attempt has been made in this study to examine the perceptions of the subordinates about the leadership styles of their superiors and the organization.

The regression analysis reveals that the variables namely idealized influence, inspirational motivation and NME have positive impact on the innovative culture in Thermal Power Stations. The meaning
is that the leaders must ideologically influence and inspirationally motivate their subordinates to create innovative culture in Thermal Power Stations. The other determinants namely intellectual stimulation, individual consideration and contingent reward exert insignificant impact on innovative culture. The implication is that these components of leadership style are not responsible for innovative culture in Thermal Power Stations of NLC.

The regression analysis also indicates that the variables namely, idealized influence, inspirational motivation and contingent reward exert positive impact on competitive culture. The meaning is that ideological influence, inspirational motivation and contingent reward are essential for creating competitive culture in Thermal Power Stations of NLC.

The regression analysis reveals that the variables namely innovative culture and competitive culture positively determine the subordinates’ perceived job satisfaction. The meaning is that innovative culture and competitive culture are the most important predictors of perceived job satisfaction in Thermal Power Stations of NLC.

Idealized influence and contingency reward emerge as having the strongest total effect on perceived job satisfaction. Innovative culture and competitive culture make an effective direct effect on perceived job
satisfaction. Inspirational motivation exerts the next greatest impact on job satisfaction. This indicates that job satisfaction is closely related to motivation. The variables namely bureaucratic culture, community culture, non-management by exception, individual consideration and intellectual stimulation exert trivial effect on perceived job satisfaction. The analysis brings out the point that idealized influence and contingent reward styles of NLC executives working in Thermal Power Stations have greater impact on subordinates’ perceived job satisfaction through the mediating effects of innovative culture and competitive culture. Inspirational motivational style also influences the influences the perceived job satisfaction. Therefore, through the initiating effect of culture idealized influence, inspirational motivation and contingent reward styles are essential for the successful functioning of the Thermal Power Stations of NLC.

It has been found that idealized influence, inspirational motivation, individual consideration and contingency reward have been exerted positive impact on innovative culture in Mines of NLC. The meaning is that the leaders must ideologically influence and inspirationally motivate their subordinates to create innovative culture in the Mines of NLC. Further, individual consideration and contingency reward are the critical variables for creating innovative culture in the Mines of NLC.
The regression analysis shows that idealized influence, inspirational motivation and individual consideration determine competitive culture of Mines of NLC positively. The meaning is that ideological influence, inspirational motivation and individual consideration are essential for creating competitive culture in the Mines of NLC.

The study brings out the point that the innovative culture positively determines subordinates’ perceived job satisfaction. The meaning is that innovative culture is the most important predictor of perceived job satisfaction of subordinates working in the Mines of NLC. The variable namely competitive culture exerts insignificant impact on perceived job satisfaction among subordinates working in the Mines of NLC.

Idealized influence and inspirational motivation emerge as having the strongest total effect on perceived job satisfaction. Innovative culture makes an effective direct effect on perceived job satisfaction. Contingent reward exerts the next greatest impact on job satisfaction. The variables namely bureaucratic culture, community culture, non-management by exception and intellectual stimulation exert trivial effect on perceived job satisfaction. The analysis brings out the fact that idealized influence and inspirational motivation styles of NLC executives working in the Mines of NLC have greater impact on subordinates perceived job satisfaction through the mediating effects of innovative
culture and competitive culture. Individual consideration and contingent
reward styles also effectively determine the perceived job satisfaction
through the mediating effect of culture. Therefore, idealized influence,
inspirational motivation, individual consideration and contingent reward
styles are essential for successful functioning of the Mines of NLC.

The discrepancy analysis has been done to examine whether
the gaps between reported and perceived leadership styles are
statistically significant or not. The students’ independent ‘t’ test has been
applied. The results show that the gaps are insignificant in the cases of
individual consideration and non-management by exception styles of the
executives working in thermal powers stations of NLC. The statement-
wise analysis brings out the following points:

i) The executives working in Thermal Power Stations of NLC
claim that they looked at problems from many different angles and
encouraged their subordinates to be more creative about their jobs.
Subordinates working in Thermal Power Stations, however, hold the view
that their superiors neither looked at problems from different angles nor
did they encourage them to be more creative.

ii) The executives above the age of 45 years point out that
they sought different perspectives while solving problems and
encouraged their subordinates to be more creative about their jobs.
Subordinates working in thermal power stations, however, hold the view that their superiors neither sought different perspectives while solving problems nor did they encourage them to be more creative.

iii) The executives with PG degree claim that they encouraged their subordinates to be more creative about their jobs and reexamined critical assumptions underlying the way of achieving targets. Subordinates working in Thermal Power Stations, however, hold the view that their superiors neither reexamined the assumptions nor did they encourage them to be more creative.

iv) The married executives claim that they encouraged extra work and expressed confidence of goals being achieved. Subordinates working in thermal power stations, however, hold the view that their superiors neither expressed confidence nor did they encourage their extra work.

v) The executives with more than one year experience in the present position in Thermal Power Stations of NLC claim that they talked optimistically about the future and encouraged subordinates for their extra work. Subordinates working in thermal power stations, however, hold the view that their superiors neither talked optimistically nor did they encourage them for their extra work.
vi) Executives hailing from educated family claim that they act in ways that build respect and they articulate a compelling vision of the future. Further, they claim that they express satisfaction when expectations are met. Subordinates working in thermal power stations, however, are of the view that executives hailing from educated family do not do all these things to improve the performance in Thermal Power Stations of NLC.

The results of the discrepancy analysis indicate that the gaps are insignificant in the cases of idealized influence, inspirational motivation, intellectual stimulation and non-management by exception. The gaps are significant in the cases of individual consideration and contingent reward styles of executives working in the Mines of NLC. The statement-wise analysis brings out the following points:

i) The claims of NLC executives working in Mines that they help their subordinates to develop their strengths and counsel subordinates to improve their performance are not acceptable to the subordinates working in the Mines of NLC. Executives report that they counsel their subordinates and display a sense of power and confidence. They also claim that they encourage extra work and suggest a new way of looking at how to complete assignments. Subordinates working in the Mines of NLC perceive that their executives are not so.
ii) Further, these subordinates hold the view that the executives above the age of 45 years working in Mines of NLC never express satisfaction even when their expectations are met.

iii) Subordinates working in the Mines of NLC have expressed their opinion that executives in the PG Degree have never gone beyond self-interest for the good of the group and have not articulated a compelling vision of the future as they have reported.

iv) The married executives claim that they encouraged extra work and expressed confidence of goals being achieved. Subordinates working in Mines, however, hold the view that their superiors neither expressed confidence nor did they encourage their extra work. It has been found from the statement-wise analysis that in subordinates’ perception, married executives working in Mines never settled the conflicts when they occurred in the group.

v) The executives with more than one year experience in the present position in NLC claim that they talked optimistically about the future angles and encouraged subordinates for their extra work. Subordinates working in Mines, however, hold the view that their superiors neither talked optimistically nor did they encourage them for their extra work.
vi) Executives hailing from educated family claim that they act in ways that build respect and they articulate a compelling vision of the future. Further, they claim that they express satisfaction when expectations are met. Subordinates working in Mines, however, are of the view that executives hailing from educated family do not do all these things to improve the performance in Mines of NLC.

7.3. CONCLUSION

The organisational effectiveness of NLC measured in terms of current ratio, debt-equity ratio, return on capital and value added per employee could be improved if the employees and the subordinates of the organisation are made satisfied with their jobs. It is quite true that job satisfaction is determined by a host of factors including leadership styles. The present study points out that the subordinates working in Thermal Power Stations perceive that idealized influence, inspirational motivation and contingent reward styles of their executives could make them satisfied with their duties and responsibilities in the organization. Further, the executives working in the Mines of NLC perceive that idealized influence, inspirational motivation, individual consideration and contingent reward styles are essential for their satisfaction with jobs. The implication of these findings is that both transformational and transactional leadership styles are essential for ensuring the organisational effectiveness through the satisfied workforce of the organization. The executives, however,
report that they exhibit either transformational or transactional leadership styles. Further, the discrepancy analysis shows that the gaps between reported and perceived leadership styles are significant in the cases of the subcomponents namely individual consideration and contingency reward styles. Executives of NLC may be stimulated to reduce the gaps in these styles. Further, they may be motivated to follow both the leadership styles. This would result in effective leadership behaviours and ensure satisfied workforce. The effective leadership behaviours and satisfied workforce may help the organisation perform well in terms of current ratio, debt-equity ratio, return on capital and value added per employee.

7.4. POLICY SUGGESTIONS

Based on the findings of the study, the following suggestions are made to ensure the organisational effectiveness of NLC:

1. No executives of NLC have reported that they have adopted both transformational and transactional leadership styles. The effectiveness of any organisation measured in terms of subordinates’ perceived job satisfaction, however, will be greater only when the leaders follow both styles depending on the situation. So, the executives of NLC may be trained to have both transactional and transformational behaviours. In this regard, the NLC may recruit or
hire executives who demonstrate positive transformational and transactional leadership styles.

2. The discriminant analysis reveals that aged executives working in Thermal Power Stations and corporate office of NLC prefer transformational leadership behaviour to transactional leadership behaviour. Further, executives with PG degree do not prefer transactional styles.

3. The study is designed to provide empirical evidence of the links between organisational culture, leadership styles and organisational outcome measured in terms of subordinates’ perceived job satisfaction. The study brings out the point that idealized influence, inspirational motivation and contingent reward styles of NLC executives working in Thermal Power Stations and Mines of NLC have greater impact on subordinates’ perceived job satisfaction through innovative and competitive forms of culture. In addition, individual consideration is positively and significantly associated with job satisfaction through innovative and competitive forms of culture. These findings suggest that a potential solution to the difficulties associated with changing organisation culture may involve focusing on leadership styles. While conceptually and practically managing culture is at best difficult and at worst impossible, changes to
leadership styles are comparatively achievable. Thus, it is suggested that appropriate leadership change programmes may be formulated for ensuring subordinates’ perceived job satisfaction. Further, the NLC should organise non-extension leadership related workshops and seminars to assist the executives in developing a higher level of competence with transformational and transactional behaviours.

4. The discrepancy analysis shows that there is a wide gap between reported and perceived idealised influence and contingent reward leadership styles of executives working in thermal power stations. So, executives may be trained to express satisfaction when their expectations are met and encourage their subordinates for their innovative ideas. Additional training may be offered to these aged executives to understand importance of the components of transactional leadership styles.

7.5. AREAS FOR FURTHER RESEARCH

1. A research on the comparison between preferred and perceived leadership using the full-range leadership theory is exploratory in nature. Hence, the further research could expand in this area.

2. An exclusive study may be carried out to analyse the laissez faire Leadership behaviours of Indian managers working in public enterprises.
3. A study may be undertaken to examine the relationship among leadership behaviours, organisational culture and organisational performance measured in terms of sales value, profitability and so on. Understanding the relationship among these three aspects would broaden the theory and its implications for organisational success.

4. Further studies may also be carried out to explore gender differences in expected leadership conflict management styles in a male dominated Indian society.

5. An indepth study may be done to examine the situational leadership study in terms of organisational culture and subordinates’ organisational commitment.