CHAPTER VIII: CONCLUSIONS AND SUGGESTIONS
8.1 Conclusions

The conclusions drawn on the basis of analysis of the data have been listed below:

1. In terms of participation, public sector manufacturing enterprises in Nepal have been found in between the extremes of participation and authoritarian. Goal setting, communication, decision making and decentralization have been used as important dimensions of participative decision style. However, significant difference has been found with respect to some elements of participation dimension of sample organizations. Although participation in decision making is moderately high but top management seems to retain the power for final decision. A culture of giving opportunity to subordinates to make decisions regarding their goals, activities and departmental activities seems to be lacking. The practice of informing subordinates of the true situation arising in organization is also lacking. What seems is that
participative style prevails moderately in making decisions related to policies, sales and production but prevails inadequately in communication and other influence processes.

2. Managers in administration and finance functional areas perceive moderate level of participative style, while the extent of participation for other functional areas is low. The perception of middle level managers with respect to participation is higher than the perception of lower level managers. A significant difference between the opinions of these two level managers has been observed. Managers of 5 to 10 years' and above 15 years' experience group feel more participative style followed by their organizations than managers of 10 to 15 years' experience group.

3. Flexible decision style has been viewed from adaptive – mechanistic approach, which is supposed to embody organizational characteristic such as structure, line of authority, communication and behavioral aspects. The overall flexibility has been found low in these organizations. Tasks, methods, duties and line of authority are well defined and subordinates are insisted to follow the prescribed rules and procedures. However, some openness has been observed in terms of communication and use of own style. Conflicts between the organizational members are practically solved by common superiors and control system is impersonal and formal. The flexibility in
communication seems to be slenderized by the well-defined structure and task definition and formal control system, which result into less flexible decision style. Significant differences have been found among the organizations with respect to the extent of application of some of the elements of flexible style.

4. Managers of production function and managers having experience of 10 to 15 years' experience group perceive more flexibility (moderate extent of flexible style) in their organizations than that perceived by their counterparts. Managers of lower and middle levels feel less flexible style in their organizations.

5. The use of coercion as power has been assumed to affect the whole organization. Application of little high extent of coercive decision style has been found in these organizations. What appears is that threats and pressures are usual practices in these organizations. No explanation or clarification is prompted to subordinates with respect to introducing changes in organization.

6. Managers of all functional areas and all experience groups have perceived almost equal magnitude of coercive style (moderate extent of coercive style). Lower level managers feel more coercion than middle level managers do.
7. Entrepreneurial dimension of decision style has been found to be least considered aspect in these organizations. Although moderate level of initiation exists for risk seeking subordinates but they seem to be deterred by management reliance on dogmatic approach. Bold decisions and use of research and development are uncommon.

8. Managers of all functional areas, levels and experience groups have a common experience that prevalence of innovativeness is less and conservatism is more in their organizations.

9. Planning style has been related to management's orientation toward planning, functions, scientific and systematic analysis of problems, strategic planning and reliance on experts. Planning style has been found in practice to moderate extent. Management of these organizations seems to assign adequate importance to systematic and scientific analysis of problems, sales forecast, long-term investment, and strategic planning and experts' view. But attention paid to market research and strategy formulation by the management has been found inadequate.

10. Managers of marketing area, lower level managers and managers having 5 to 10 years' and 10 to 15 years' experiences have perceived
less extent of planning style, whereas managers of their counterparts have perceived high orientation toward planning functions. A marked difference has been noted between the opinions of lower and middle level managers.

11. In overall, planning style and coercive style have been found to be followed by these organizations to little high extent. Management of these organizations seems to have little concern for innovativeness, participation and flexibility. The prevalence of styles has been found to less extent.

12. The correlations of coercive style with other styles are negative, though not significant. Participative style has positive correlation with all other style, except coercive style. Significant correlation has been observed between participative style and planning style. The interrelation among flexible, entrepreneurial and planning styles are positive but no significance has been observed.

13. The interrelation among BSF, DDC and RDL are highly positive with respect to combination of different dimensions of decision style, but significant between BSF and RDL only. It reveals that the combination of decision styles followed by these organizations is almost similar. The combinations of decision styles of these organizations are
characterized by high coercion; moderately low flexibility; less concerns for planning and entrepreneurship; and least consideration for participative dimension. The interrelation among HCI, HTI and JCF are highly positive, significant among which is between JCF and HTI. It indicates that these organizations have adopted similar combination of style characterized by high planning and participation; moderate coercion and flexibility; and inadequate entrepreneurship.

14. Organizational effectiveness has been viewed as multi-dimensional concept. Subjective as well as objective measures have been considered. Subjective measure has been evaluated on the basis of different dimensions such as 'efficiency shown by people in doing job', 'ability of management to generate and utilize resources', 'interdepartmental relationships', 'interpersonal relationships' and 'satisfaction'. Objective measure includes the 'growth effectiveness', 'profit effectiveness', 'activity effectiveness' and 'capacity utilization'. 'Efficiency shown by people in doing job', 'interdepartmental relationships', and 'interpersonal relationships' have been rated to exist to moderate extent and other two dimensions have been perceived low, 'satisfaction' being rated the least. The organizational effectiveness, in an aggregate, is moderately low in terms of subjective measures.
15. A significant difference has been observed among the responses of these organizations with regard to all dimensions of subjective measure of effectiveness, except 'satisfaction'.

16. The growth rates of all dimensions considered for objective measure of organizational effectiveness have been found positive, except for profit effectiveness. Activity effectiveness has recorded the highest growth rate followed by growth effectiveness and activity effectiveness. Resource utilization aspect seems to be inadequate as compared to resource mobilization.

17. The positive score on growth effectiveness has been found to be contributed by substantially high growth rate recorded by DDC which is high enough to offset the negative growth rates experienced by other organizations, except RDL. Sales volume in these organizations increased during the period between 1987/88 to and 1996/97. HCI, HTI and JCF have recorded negative growth rates on capital employed, net block and net worth. The highest growth effectiveness score is associated with DDC and the least with JCF.

18. The growth rate with respect to return on capital employed has been found positive only in HCI, despite its negative mean score. It indicates that HCI seems to move from bad to good. HCI has been found to have
positive growth rates in all dimensions of profit effectiveness, whereas BSF, JCF and RDL have negative growth rates in all dimensions of profit effectiveness. The negative average growth rate of profit effectiveness in these organizations reveals that resources are not properly utilized. The most disappointing fact is that growth in sales could not result in increased profit. The pictures of BSF and JCF are most disappointing with highest negative profit effectiveness scores.

19. The average score of activity effectiveness scale is positive contributed negatively by JCF only. The growth rates of HCI, HTI and RDL are positive in all dimensions of activity effectiveness. The growth rates of sales to fixed assets ratio are positive for all organizations, except JCF. With regard to sales to total assets the growth rates of BSF and JCF are negative. Only DDC has negative growth rate with respect to sales to capital employed. JCF has positive growth rate in sales to capital employed only, which signifies that growth rate of capital employed in JCF is lower than fixed assets and total assets.

20. The grand average capacity utilization of these organizations is 77.19 percent during 1987/88 to 1996/97. DDC has shown full utilization of its installed capacity with positive growth rate. BSF has excellent average capacity utilization but accompanied by negative growth rate. The most disappointing picture is of HCI with the average capacity
utilization less than 50 percent and that accompanied by negative growth rate. The average growth rate is much nominal as .67. DDC, HTI and RDL have positive growth rates, rest other organizations have negative growth rates.

21. The results of the time series analysis show that sales is highly affected by fixed assets, capital employed and production quality; fixed assets and capital employed have significant bearing on production quantity; capacity utilization, employment and sales revenue significantly affect the profit; and capital employed is affected by sales revenue and fixed assets.

22. With regard to interrelation among the dimensions of subjective and objective measures of organizational effectiveness, no significant relationship has been observed between any dimension. However, high negative correlation have been found between 'efficiency shown by people in doing job' and 'interpersonal relationship', and between 'satisfaction' and 'capacity utilization'. Positive correlation have been found between 'growth effectiveness' and 'efficiency shown by people in doing job'; between 'interdepartmental relationships' and 'ability to generate and utilize resources'; between 'activity effectiveness' and 'profit effectiveness'; and 'capacity utilization' and 'growth effectiveness'.
23. A low degree of negative correlation has been found between aggregate subjective and aggregate objective measures.

24. Based on the scores and ranks, organizations have been classified into high, medium and low effectiveness groups. Three organizations DDC, HCI and HTI have been found to belong to high effective group; JCF has been found to be medium effective group; and BSF and RDL fall in the low effective group.

25. Participative style has been found to have significant relationships with 'satisfaction', and low positive correlation with other dimensions of subjective measure, except 'efficiency shown by people in doing job', while the relationship with all dimensions of objective measure are low negative.

26. Flexible style, coercive style, entrepreneurial style and planning style have no significant correlation with any dimensions of both measures of organizational effectiveness.

27. The relationships of flexible style are negative with most of the dimensions of objective measure, except 'growth effectiveness' and
'capacity utilization' and 'efficiency shown by people in doing job' and 'satisfaction' of subjective measures.

28. Marked relationships have been found with respect to coercive style. Its relationships with all dimensions of objective measure are positive and with all dimensions of subjective measure the relationships are negative.

29. Entrepreneurial style has negative correlation with most of the dimensions, except 'doing job efficiently' and 'satisfaction' of subjective measure.

30. Planning style has negative correlation with all dimensions of objective measure, except 'activity effectiveness' and the correlation, with respect to subjective measures, are positive and high with 'interpersonal relationships' and satisfaction'.

31. In the aggregate, only planning style has been found to have significant positive relationships with aggregate subjective measure, but low negative relationships with objective measure. Negative correlations have been observed between flexible style and both measures of effectiveness. Coercive style is highly and positively correlated with objective measures, but moderately and negatively correlated with
subjective measures. The relationships of entrepreneurial style with both the measures have been observed negative. Only coercive style has positive correlation with objective measure, and participative and planning styles have positive relationships with subjective measure of organizational effectiveness.

32. Only planning style seems to be associated with high effective group organization, rest other styles have not been found to be associated with any effective group.

33. The combinations of decision style adopted by high effective group organizations seem almost similar characterized as high planning orientation, moderate participation, and moderate coercion with less flexibility and less innovativeness. The patterns of combinations of decision styles of low effective group organizations are characterized by more coercive and less extent of rest of the other dimensions of decision style.

34. What seems from the analysis is that organizational effectiveness is not totally independent of decision style, rather some sort of relationships exist between effectiveness and style as supported by the findings that the combination of decision styles followed by high effective group organizations are almost similar and the combinations of styles adopted
by low effectiveness group are alike and these two combinations are quite different to one another.

8.2 Suggestions

Although, the thrust for privatisation and liberalization is growing throughout the globe, private sector enterprises are yet appropriate and effective instrument for the overall development of the country like Nepal where private sector is still shy and reluctant to come up. Realizing the fact that state intervention is necessary for the economic development of the nation. HMG/N, through various economic plans, emphasized the significance of the public enterprises, the result of which the economy witnessed significant proliferation of public enterprises. But public enterprises are very often accused of being failure to attain the professed objectiveness for which they are established.

A host of factors may be responsible for an enterprise to become effective or ineffective, the philosophies and cultures, under which decisions are made and translated into actions, have been pressured to have some sort of relationship with the effectiveness of the organization.

It is, at this juncture, appropriate to mention that decision making process of an organization may involve various dimensions such as participation, flexibility,
coercion, enterpreneurial and planning, all of which may prevail in varying degree.

Following suggestions have been prompted to improve the effectiveness of the organisation through the improvement on the style adopted by the organisations.

1. Although the findings of present study indicates that there is no overwhelming domination of any dimension in any organization and there is definite pattern of decision style that lead an organisation to become effective, there is still scope to improve the performance of the organizations through the creation and adoption of conducive philosophies and culture. The findings of the study further reveal that the relationships between the organisational effectiveness and dimensions of the decision style are very nominal. One of the reasons for it may be that none of the dimension is adopted to full extent. Randomers in the adoption of the style seems to exist in all the organisations under study. It might be desirable to study several factors pertaining to the employees such as social status, economic status, intellectual status, need and expectation so that suitable culture may be established.

2. The participative dimension prevails moderately or lesser extent in almost all organisations under study. Effectiveness of the organisation could be improved through greater participation provided the people have high
intellectual status, sense of duty and high degree of commitment. Such attributes of the people could be obtained if the top level decision makers and policymakers design and implement programmes that really work.

3. Bureaucracy exists in all organisations but the question is concerned with the degree of bureaucracy. Flexibility in the organisations under study is less indicating that there is mechanical pattern of doing things in these organisations. The decision makers need to be aware of the fact that the pace of change is fast in all aspects and failure to keep pace with it, may lead to ineffectiveness. Therefore, it is desirable that decision makers act according to need of situation and they should give up the idea that bureaucracy means the rigidity.

4. The practice of coercive dimension is relatively high in almost all organisations under the study and it has positive association with the objective measure of organisational effectiveness. But such association may exist temporarily. For long term effectiveness coercion may not work, rather a culture, in which task and responsibility sharing by both superiors and subordinates is possible. Top level decision makers could be assumed to have the responsibility of cultivating a positive attitude among the people so that people fed the responsibility. Maturity level of the people has to be increased through various programmes.

5. Initiation and innovation have become key to success. Conservation and altitude for status-quo have always been considered obstacles of development. Almost all organisations under study seem lack of the
element. Perhaps, this may be one of the reasons for unsatisfying performance of these organisations. What is needed is a culture that encourages people to become problem seekers rather than bulgpassing and risk seeker rather than risk-averter. The responsibility of creating such culture rests on the shoulder of top level decision-maker and the government which appoints chief executive or general managers. A mechanism could be decision making may come up with new ideas and schemes supported with logics and information.

6. It is commonly described that organisations which look ahead and prepare for the future are successful. The present study also reveals that high effective group organisations adopts planning style relatively more than those organisations which have been considered less effective. Perhaps, the one way to cope with the growing complexities and competition, fast changing environment is to equip the organisation with a culture to see the things satisfatically and systematically. In order for the organisations under study as well as others to survive grow and develop, they require to have strong databases and efficient application. Top level management should have strong determination build and develop necessary infrastructure.

7. The above described suggestions are expected to improve the effectiveness subjective as well as objective of the organisations. The requisites of these suggestion do not emerge themselves rather they entail top level attention of the top level management, sincere and serious commitment of the management and supportive attitude of concerned agencies.
8. Lastly public enterprises are state owned and controlled. Attitude and decisions made at the government level substantially influence the public enterprises. Government and politicians should allow reasonable scale of autonomy to public enterprises, at the same time accountability and transparency, where necessary, of the public enterprises should be maintained. Above all appointment of highly professional managers is indispensable. Public enterprises should not be treated as the employment center for political activists and volunteers, rather they should be treated as the wheels on which development moves forward.