

# EMPLOYEE INVOLVEMENT CULTURE OF PUBLIC ENTERPRISES NEPAL

-Daya Raj Dhakal, PhD scholar, Pokhara University, Nepal  
- Prof. Milen Baltov, PhD, Burgas Free University, Bulgaria

**Abstract:** *Public enterprises are directly relates to the interest of public therefore smooth operation of PEs is concern of government. Current performance of PEs are not good which creates financial burden to the government. Several literature explained employee involvement culture affects organizational performance. Study over this issue is less priority by Nepalese researchers. Therefore, this study is humble effort of fulfil this gap and explore association of involvement culture with performance. Different statistical tools comparative study, correlation and regression used to explore interrelationship of involvement with performance. The result shows, successful PEs have strong involvement culture as explained in previous empirical study*

**Key words:** *public enterprises (Pes), involvement, work culture, performance*

## **Introduction of the study**

Public enterprises are the government organization associate with public interest and control by the government for the welfare of the public. Public enterprises established in Nepal primarily with improve the socioeconomic conditions of the country (K.C, 2004). Currently 37 public enterprises are operating under six broad sectors in Nepal. Despites huge investment of Nepal government, most of the public enterprises are not in achieving their financial objectives (Wagle, Acharya & Sapkota, 2013). In real sense, public enterprises creates huge financial burden to the government of Nepal. Looking to the sector wise performance, it is quite different to each other. For example, financial sectors performance is highly satisfied from long time but industrial and trading sectors have different result and it is just opposite and highly dissatisfied. Considering this due fact, several attempts has made to reform public sector through efficiency drives and cost conscious but no efforts could meet the target. For example, privatization emerged as an alternative approach to address such problems. At the initial stage, privatization was smooth but later it shows mixed results on their economic performance. Pace of speed and improve performance of privatization has become a big challenge to the government (K.C., 1999). After that, in 1994 AD, public enterprises are again reform to public private partnership concept although this concept too have not fulfil the expectations of government. Therefore, study over performance of public enterprises is essential and required. Most of the researcher explained that best fit cultural factors have significant impact to performance of organizations. Among these,

involvement is one cultural traits that affect performance of organization (Denison & Mishra, 1995), (Baltov, 1998). Denison explained employee involvement culture is positively associated with performance of organizations. Besides most of the researchers, do not give more emphasis to study over this subject matter in Nepal. Therefore, this study is humble effort to fill up this research gap and explore the involvement culture adopted by public enterprises and its consequence to performance.

## **Sector wise performance of PEs in Nepal**

Last five years (FY 2009/10 to 2014/15) data shows that both industrial and trading sectors performance is highly dissatisfied and heavy loss (GON, 2015). The performance revealed extremely poor and dissatisfactory and creates huge financial burden to Nepal government. Like this, social sector performance too is not satisfactory. The only one financial sector performance is quite satisfactory and good financial result with increasing trend. This is only one sector gives return to the government. Public utility and service sector their performance is positive although trend is not satisfactory. Under these sectors, only limited enterprises are doing well and most of other performance is weak. For example out of total three PEs under public utility sector, only Nepal Telecommunication is able to earn profit and rest of two are loss. With exception of few PEs in Nepal, overall PEs performance are not good. Relatively financial sectors position is very strong and good. Therefore, it raise big question mark ahead about PEs performance. Since government incurred huge investment in PEs, it is big financial burden and becomes white elephant for the government. Compare to trading and industrial sectors, service sectors performance is relatively satisfy although figure size is very small. All above performance analysis shows that, except financial sector and few other enterprises, PEs in Nepal are not doing well. It is therefore this study focus to explore whether there is effect of involvement cultural to performance of public enterprises Nepal or not.

## **Review of literature**

Culture of an organization contributes to increase the performance only when the culture is strong and have distinguishing characteristics (Saffold, 1988). The combination of experiential and theoretical studies will lead to relative study of strong culture and hence increase the organizational performance (Denison & Mishra, 1995). The culture is the set of ideas and assumptions about organizations operations that is about the norms, values and beliefs that employee shares in an organization. Strong organizational culture leads to achieve goals more efficiently and effectively. Organizational culture refers to the 'underlying values, beliefs, and principles that serve as a foundation for the organization's management system as well as the set of management practices and behaviours that both exemplify and reinforce those basic principles (Chih et al, 2011). Strong organizational culture shapes the life of employees in such a way that they can mole themselves according to the culture as a result the organizational performance will be enhanced

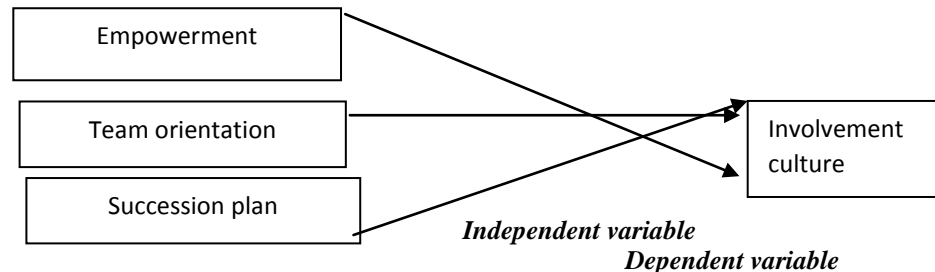
(Saffold, 1988). Culture as manipulative variable can improve organization effectiveness (Wang & Abdul-Rahman, 2010). If their focus on organizational culture is poor and improper then it is difficult for organization for proper implementation and evaluation of outcomes (Heck & Marcoulides, 1993). Denison (1984) using survey-based culture measures showed that perceived involvement and participation on the part of organizational members predicted both current and future financial performance. Kravetz (1988) findings stated that management practices fostering employee involvement practices, participation, autonomy, and creativity closely correlated with indicators of organizational performance. Denison & Mishra (1995) stated that organizational culture model is based on four cultural traits involvement, consistency, adaptability, and mission that have influence on organizational performance. Effective organizations empower their people, involve in the decision making process and build their organizations around teams at all levels (Lawler & McDermott, 2003).

## Objectives of the study

Since number of researchers explained and agreed cultural traits have significant association with organizational performance, it is most to consider by every organization for their betterment. Among these cultural traits, involvement is one important cultural factor that affect performance of the organization. Since from above explanations, it is came to understand that numbers of public enterprises Nepal have problems and failed to achieve objectives, this study try to explore association of employee involvement culture and its impact to performance of enterprises in Nepal. This study focus on only employee involvement culture and its consequence with performance. Therefore, major objective of this study is to examine employee's involvement culture and its impact to performance of public enterprises Nepal.

### Research Framework

Theoretical framework of this study has explained empowerment, team orientation and succession plan affects involvement practices, which consequently associate with organizational performance. Therefore, framework of this study highly focus on how these cultural traits affects involvement culture of organization. The research framework is as follows.



*Public enterprises Nepal*

### Independent Variables Dependent Variables

The framework designed to acknowledge empowerment, team orientation and succession plan has significant association with involvement culture of the enterprises. In addition, involvement describe traits related to an organizations capacity via empowering the employees, developing teamwork practices and succession plan. Since empowerment, team orientation, and succession plan affects the organizational performance, they are considered as independent variables and involvement culture is independent variable. The design explain higher the level of empowerment, team orientation and succession plan is result of higher the employee involvement in the

organization. Higher the employee involvement is positive impact on performance of organizations.

### **Model of the study**

1. **Concept development:** At first, a general concept has developed how organizational work culture affects to the performance of organization. Here, culture particularly focused on involvement through literature review. From that review, a conceptual framework has developed explaining both dependent and independent variable

2. **Develop structured questionnaire:** In order to collect primary data, a structure questionnaire has developed. Before distribution of questionnaire, a cluster has made namely successful and unsuccessful enterprises. If enterprises get profit for consecutive five years, it is considered under successful enterprises if not unsuccessful enterprises. The measurement of successful and unsuccessful enterprises entirely based on financial performance. The convenient sampling method has used for sample selection. Total 220 sample has incorporated in the study including both successful and unsuccessful enterprises.. Then after questionnaire has distributed to these different public enterprises separately.

3. **Data collection:** The major part of data are collected through structure questionnaire and put it in the SPSS software for analysis purpose. Besides, interview also incorporated for the data collection. During the interview, maximum number of interviewees has incorporated. Both lower level and higher level employees has incorporated in the interview including top executives

4. **Measures:** For the purpose of measuring involvement culture, an instrument which uses on a five point likert scale with anchors strongly disagree (=1) to strongly agree (=5) has used. This framework focuses on cultural traits of involvement. An aggregate measure of involvement culture has developed which uses likert scale with anchors 1 to 5 by the help of different statistical tools. Data has analysed by using SPSS software and Microsoft Excel The major statistical tools correlation matrix, descriptive statistics, and regression analysis has used for the analysis. Specifically descriptive statistics has explored standard deviation, mean, variance, skewness and frequencies of respondent answer and explained level of involvement culture within public enterprises Nepal. Correlation matrix is another strong tool that determine and measure correlation between successful and unsuccessful public enterprises and their involvement culture. In addition to this, the data has analysed through regression analysis and find the

influence of independent variables i. e. empowerment, team orientation and succession plan to the involvement culture adopted by enterprises

5. **Conclusion:** Based on measurement come to conclusion whether there is significant association of employee involvement with performance or not.

### Data analysis and presentation

In order to find out the involvement culture of public enterprises Nepal, different statistical tools has used with help of SPSS software package. Three major statistical tools descriptive statistics, correlation matrix and regression analysis has used. The detail analysis is as follow.

### Correlation

**Correlation of empowerment, Team orientation and succession plan with involvement:** This statistical analysis explained whether there is correlation between involvement with empowerment, team orientation and succession plan or not. Higher the correlation between these dependent and independent variables, it is more reliable of the study and associates with performance of enterprises. The correlation of all variables has applied to both successful and unsuccessful enterprises via SPSS software. The detail of statistical analysis is as follow.

**Correlation matrix**

		empowerment	Team orientation	succession plan	involvement
Unsuccessful enterprises	empowerment	1	0.234	0.361	0.49**
	Team orientation		1	0.201	0.473**
	succession plan			1	0.53**
	involvement				1
Successful enterprises	empowerment	1	0.085	0.058	0.28**
	Team orientation		1	0.148	0.094**
	succession plan			1	0.20**
	involvement				1

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.05 level (2-tailed).

The above correlation matrix revealed that there is strong correlation between empowerment, team orientation and succession plan with involvement culture. The level of significance also describes there is strong relation between dependent and independent variables As Denison model explained high involvement of employee increase the performance of organization, this correlation result too supports that model. Now it is justified that high involvement of employees in the organization is result of performance increase. Hence it is now prove involvement of employees in public enterprises Nepal is one indicator of better performance. The data shows unsuccessful enterprises have negative correlation than successful one. Therefore, correlation matrix gives the result of strong relationship between empowerment, team orientation and succession plan with employee involvement and performance of enterprises. As result shows there is correlation between all independent variables with involvement it is now justify that further analysis of these variables are more reliable and justifiable.

### Descriptive statistics

This statistical analysis has explained existing situation of involvement culture of public enterprises Nepal. The result is primarily based on primary data and analyse through SPSS software. Major part of this analysis are mean, SD and variance and find out the involvement culture and its association with performance of the employees in both successful and unsuccessful enterprises. The undermentioned table shows the detail of statistics

**Descriptive statistics**

Enterprise	Variables	Minimum	Maximum	Mean	SD	Variance
Successful Public enterprises	Empowerment	2	2	2	0	0
	T. Orientation	2	2	2	0	0
	Succession plan	2	2	2	0	0
	involvement	2	3	2	0	0
Unsuccessful Public enterprises	Empowerment	3	4	3	0	0
	T. orientation	2	3	3	0	0
	Succession plan	2	3	3	0	0
	involvement	3	4	3	0	0

Descriptive statistics result has explained there is different involvement culture to both successful and unsuccessful public enterprises. The result of descriptive statistics shows their respective mean value is almost same to both cluster. Mean value of successful public enterprises is within 2.4 to 2.56 which explain good average level in 1 to 5 point Likert scale. Whereas unsuccessful public enterprises average is 3.5 not satisfied with 1 to 5 point likert scale. This result revealed that involvement culture is better to successful enterprises than unsuccessful enterprises. In other words, successful enterprises has good practice of employees involvement. For both cases, the result of SD and variance are less than 1 which indicate there is no significant difference between employees attitudes in regards to empowerment, team orientation and succession plan. Hence, the result shows that there is different practices of involvement culture between successful and unsuccessful public enterprises. Since literature reviews explained performance is associated with involvement culture of the organization, it is strong evidence that there is good involvement culture in successful public enterprises and therefore these enterprises doing well. After this descriptive result, it is again test with compare mean and find whether the descriptive result is statistically prove or not. For that following hypothesis has set and test with one sample t test. The null hypothesis ( $H_0$ ) and (two-tailed) alternative hypothesis ( $H_1$ ) of the one sample  $T$  test expressed as:

$H_0$ :  $\mu = x$  ("the sample mean is equal to the population mean")  
 $H_1$ :  $\mu \neq x$  ("the sample mean is not equal to the population mean")

One-Sample t Test, Value = 3					
enterprises and variables		t value	sig value	Mean Difference	
Successful enterprises	Empowerment	3.855	.00	0.0	-.0175
	Team orientation	4.511	.00	0.0	-.024
	Succession plan	9.488	.00	0.0	-.039
Unsuccessful enterprises	Empowerment	1.756	.08	0.0	0.53
	Team orientation	.64	.52	0.0	0.42
	Succession plan	.591	.55	0.0	0.53

The one sample t test result shows that descriptive result explained above is statistically proved or not. Since 3 is midpoint of 1 to 5 likert scale questionnaire, greater than 3 is obviously disagree with empowerment, team orientation and succession plan. Just opposite, if less than 3, it is agree with this involvement culture. The one sample t test suggested that successful enterprises have mean difference of 3 in all cases (mean difference of minus with 3) therefore alternative hypothesis is selected. On the contrary, unsuccessful enterprises has more than 3 (mean difference of plus value with 3) in all cases. So, this case too supports the alternative hypothesis. For both cases p value is less than 5% level of significance and therefore it is statistically prove that successful enterprises have good involvement culture than unsuccessful enterprises

**Regression analysis:**

In order to find influence level of all independent variables to employee’s involvement, this test has applied. The beta coefficient value determines the influencing level to employee involvement in the enterprises. Higher the value of beta coefficient is the result of high degree of influence to the performance. Each three variables i. e. empowerment, team orientation and succession plan has regressed to involvement. F value determines the validity of regression model. The regression output has crossed with t value and R<sup>2</sup> result using SPSS software. The following is the detail of statistics.

Regression result		
A	Case wise sample	
	Successful Pes	Unsuccessful Pes
Empowerment (β <sub>1</sub> )	0.335 (0.04)	0.504 (0.118)
T. orientation (β <sub>2</sub> )	0.332 (0.01)	-0.887 (0.278)
Succession plan (β <sub>3</sub> )	0.332 (0.035)	-0.076 (0.797)
R <sup>2</sup>	0.76	0.52
Model fit p value	0.000	0.0000

The regression equation has shown as  $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \text{error}$

Where

= Constant value

X<sub>1</sub>= Empowerment

X<sub>2</sub>= Team

orientation

X<sub>3</sub>= succession plan Y = Involvement

The following equation shows the regression result of successful and unsuccessful public enterprises. The result shows all three variables have equal level of impact on involvement of employees in the organization with following beta coefficient value.

Successful Pes →  $Y = 0.003 + 0.335X_1 + 0.332X_2 + 0.332X_3 + \dots \text{error}$

$$\text{Unsuccessful Pes} \longrightarrow Y = 3.270 + 0.118X_1 - 0.887 X_2 - 0.797 X_3 + \dots \text{error}$$

From the equations, it is clearly state that there is need of involvement culture for the success of organization. All three variables are equally important for employee's involvement, which consequently leads to success of enterprises. This shows empowerment, team orientation and succession plan has significant influence to the success of enterprises. All three independent variables carry almost equal beta value so these are equally important for performance. Unsuccessful enterprises, the beta coefficient results shows different result from successful enterprises. P values shows results are not statistically prove at 5 % level of significance. Both cases R<sup>2</sup> value is 76% and 52% respectively. That regression model of successful enterprise is fit which is also supported by p and F value. Pointed out to descriptive statistics result of unsuccessful enterprises, its mean value is 4 i.e. employees involvement practices in the organization is weak. Correlation result too is not support employee involvement culture in the enterprises. That concludes one reason of unsuccess for public enterprises is associated with employees involvement practices adopted by enterprises. In addition to this, this result do not support Denison model who explained involvement culture is one important factor for organizational betterment. This concludes unsuccessful public enterprises have problems of involvement culture.

### **Conclusion**

Evidence from public enterprises Nepal has explained employee involvement culture is good practices for organizational betterment. Employee's involvement culture in the organization is one factor of organizational success. The conclusion supports to Denison research who explained there is significant association between involvement and organizational performance. Likewise, there is significant difference of involvement culture of successful and unsuccessful public enterprises Nepal. Comparatively successful public enterprises have good practices of empowerment, team orientation and succession plan practices in Nepal. Regression result revealed empowerment, team orientation and succession plan are equally important for better performance of public enterprises Nepal.

## **Bibliography**

- Baltov, Milen (1998), The Transfer of Management Consulting Know-how in the CEE Countries, BICEE 6 proceedings, Ljubljana.
- Baltov, Milen (2009), „International Aspects of the Human Resources Management and Development”, Resource book for the distance learning of the joint Open University and UM-NBU Masters Programme, School of Management at the New Bulgarian University, Sofia.
- Borisov, Borislav and Milen Baltov (2010), “Public Projects Management”, RIS, Varna.
- Baltov, Milen (2012), The Industrial Zones as an Instrument for Promoting the Trans-Border Business Dynamics – Case of a Project Scheme, Proceedings of the “Contemporary Management Practices VII – Projects and Regions”, Burgas.
- Baltov, Milen, Baltova, Stela (2013), Improving Managerial Capabilities of Expatriates in Bulgaria, “Research Papers of IBS”, Vol. 5, Botevgrad.
- Baltov, Milen (2016), Circular Economy - Durability of Resources and Assets Utilisation, “The Sea – a Border or Gate”, Black Sea Institute, Burgas.
- Chih, W. H., Huang, L. C., & Yang, T. J. (2011). Organizational culture and performance: The mediating roles of innovation capacity. *African Journal of Business Management*, 5 (21), 8500-8510.
- Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6(2), 204–223.
- Denison, D. R. (2000). Organizational culture: Can it be a key lever for driving organizational change. In S. Cartwright & C. Cooper (Eds.), *The handbook of organizational culture*. London: John Wiley & Sons.
- Government of Nepal (2015). Ministry of finance, SOE information, yellow page. Kathmandu, Nepal
- Heck, R. H., Larsen, T. J., & Marcoulides, G. A. (1990). Instructional Leadership and School Achievement: Validation of a Causal Model. *Educational Administration Quarterly*, 26(2), 94-125.
- K. C., Fatta (2005), The Performance of public enterprises Nepal, Kathmandu: Nepal
- K. C., Fatta (1999). Impact of Privatization in Nepal, *Economic Review*, Nepal Rastra Bank, No. 11.
- Kravetz, D. J. (1988). *The Human Resources Revolution*, San Francisco, CA: Jossey-Bass.
- Lawler, E., & McDermott, M. (2003). Current performance management practices. *Worldat-Work Journal*, 12(2), 49-60.
- Saffold, G.S. (1998). Culture Traits, Strength, and Organizational Performance: Moving beyond Strong Culture. *The Academy of Management Review*, Vol. 13, 546-558
- Wagle, Acharya & Sapkota, (2013). *Analysis of the Performance of Public Enterprises*. Kathmandu, Nepal, ISBN: 978-9937-8680-9-9
- Wang, C., & Abdul-Rahman, H. (2010). Decoding organizational culture: A study of Malaysian construction firms. *African Journal of Business Management*, 4 (10), 1985-1989.