

Impact of Management Leadership on Organizational Performance of Trading Sector Public Enterprises in Nepal

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ABSTRACT

Management Leadership has been a central position in management to determine organizational performance nowadays. Visionary leadership is essential for establishing the vision and mission, defining and setting objectives, and formulating policies, programs, methods and strategies, directing and coordinating all activities within different departments efficiently and effectively, creating an enthusiasm in employees to meet the vision, mission, and objectives along with changes in the business's external environment, can only be achieved with effective leadership. Organizational performance refers to an organization's capacity to accomplish such goals and objectives such as high profit, quality product, financial profitability, operational efficiency, shareholder satisfaction, and survival at a pre-determined period using an appropriate strategy for action. The study aims to examine the impact of management leadership on the organizational performance of the trading sector PEs in Nepal. A descriptive and causal comparative research design is used to describe different phenomena of the dependent and independent variables in this research. Primary data were collected from structured questionnaires from 134 out of 196 respondents, including officer-level employees of 5 trading sector PEs, by a stratified random sampling method. Some key informants were interviewed. The findings of the study show that the level of performance of the trading sector public enterprises was found below the satisfactory level due to weak management leadership. The findings of the study are very helpful to the government of Nepal, concerned authorities, stakeholders, Employees and heads of PEs, policy makers, researchers, academician, and experts for their further study in this subject matter.

Keywords: Management leadership, organizational performance, Public Enterprises management

INTRODUCTION

Many State Enterprises (PEs) were established in both developed and emerging nations in the world to overcome market deficiencies, capital shortfalls, promote economic development, reduce mass unemployment, or guarantee national control over all direction of the economy after the great depression of the 1930s and particularly after the 2nd World War (Khan, 2005; Adsanmi, 2011). Furthermore, Ogohi (2014) advocated that public enterprises are created in both developed

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and developing countries of the world to accelerate economic and social development (Ogohi, 2014). In this backdrop of PEs., Nepal was not an exception for establishing such organizations. Formally, PEs. in Nepal have grown rapidly since the founding of Biratnagar Jute Mills in 1936, reaching a total of 66 PEs. by the end of 2008 (MOF., 2014). The main goal of the establishment of public enterprises in Nepal is to enhance the nation's social and economic circumstances of the country. They are tasked with boosting the country's economy and raising everyone's standard of living (K.C., 1994).

However, increasing evidence and data indicate that the majority of public enterprises either do not make significant contributions to the national development or do not perform their public service, duties, and functions in an effective and efficient manner (Ogohi, 2014, & MOF, 2014). Due to this phenomenon, 30 out of 66 public enterprises were privatized by the end of 2008 due to the grounds of poor performance and open market-oriented economic policy adopted by the Government of Nepal (Tiwari, 2009). While evaluating the situation after privatization, 18 out of 30 privatized public enterprises were closed, and 9 PEs are able to earn profit, and 3 PEs are in losses (MOF., 2020). The main objectives of privatization are ensuring production, productivity, performance, increasing the rate of investment and overall efficiency, effectiveness, and reducing the government budgetary burdens in PEs. The evaluation of privatized public enterprises in Nepal shows that PEs were capital-intensive, better in capacity utilization, profitability, and with high economic returns compared to private undertakings. Barring a few, the production level did not increase much (K.C., 1999). Performance of public enterprises is the heart of the appeal of privatization to policymakers, experts, researchers, and academics over the last three decades. However, experiences from the last three decades of the privatization program have not delivered the positive outcomes that were originally expected (K.C., 1999).

In this background, some of the PEs, which have continuously made losses, are among Agriculture Inputs Company, National Seed Company Ltd., National Trading Ltd., Nepal Food Corporation, Nepal Oil Corporation, and The Timber Corporation of Nepal Ltd. (MOF, 2014). Among them, Nepal Oil Corporation has played a major role in making the fund negative, which has Rs. 146856 million negative shareholders' fund and suffered with Rs. -177963 million cumulative net loss until 2016 (MOF, 2016). However, NOC has managed to make a profit from 2016 onward (MOF, 2020).

The government of Nepal establishes trading sector public enterprises for the purpose of running governmental business to ensure balanced development by selling basic goods and services to the citizens at affordable prices, especially in remote and far-remote areas in the country. It also aims to control syndicate, carting, and monopoly in the market through market intervention and promote social justice as well (MOF, 2014). For the purpose of promoting both social and commercial objectives, the net capital investment of the government has reached Rs. 416175 million in Trading Sectors PEs in Nepal and has achieved a profit of Rs. 1013 million in FY 2017/18 (MOF, 2018). The loan, administrative expenditure, unfounded and contingent liabilities were found in increasing trends, but operating profits and dividend received ratio were found decreasing (MOF, 2020). Despite huge investment and full support of the government by providing policy guidelines, investment, and subsidy, why Trading sector public enterprises did not achieve both their social and financial performance? Why same kinds of other private sector

organizations able to earn profit? Though the main objectives of trading sector enterprises are to earn profit by running their business efficiently and effectively. Most of the public enterprises in Nepal are hardly managing their financial crisis or are able to earn a little bit profit, but the rest are in losses. Thus, organizations grow, progress, develop, and sustain only through performance.

It is curious that why these PEs. are facing such problem. What factors affect their performance, for not having profit are some of the interesting issues. Various scholars of management sciences including policymakers, academician, and exports engaging in continuing debates regarding the public enterprises are viable to economic and social development and why so many of them have failed to deliver the services for which they were created, and how their management can be improved upon to achieve efficient service delivery and national economic development (Ogohi, 2014).

Although there is a various number of empirical researches conducted on organizational performance which is based on both developed and developing countries context such as U.S.A, UK, EU, Africa and some Asian counties as well. Among them, most of the researches focused on management leadership and organizational performance, human resources management and organizational performance and production and marketing strategy and organizational performance separately in the world such as (Asrar-ul-Haq & Kuchinke, 2016; Zedeh & Ahmadi, 2017, Ling, 2017). The findings of these researches show that there is a significant positive relationship between management leadership for ensuring better organizational performance.

Among them, Leadership has been a central position in the management to determine organizational performance nowadays. A Visionary leadership is essential in a business organization for setting vision, mission, defining goals and objectives, formulating policies, programs and strategies, directing and coordinating the activities of various departments, creating enthusiasm among the employees to achieve the organization's goals effectively and efficiently. Therefore, Peter Drucker captures this notion simply stating "Leadership is all about result" (Kech & Namusonge, 2012). Similarly, transformational leadership is highly effective in improving performance and stress the need for leaders to develop varied skills and adapt to changing environment of workplace (Karauri & Kyongo, 2024). Furthermore, transactional leadership styles inspiring and motivated the employee's and its significant impact on organizational performance (Fitri, et al., 2024). Additionally, positive leadership and management practices play a crucial role in motivating followers, translating organizational vision into action, and enhancing overall organizational performance (Ashley Osuzoka, (2024).

From the various theoretical and empirical literature reviews of previous research studies, several research have been conducted on the performance of public enterprises from the different perspective in the global context which is found in many previous research journals, but there is only few research have been conducted on performance of public enterprises in Nepal. Most of researched focused on privatized public enterprises financial performance but there are only few research have been carried out before one on the performance of Trading sector public enterprises in Nepal. It is clear that there are unanimous views on Human resource management, management leadership, production and marketing strategy impact on organizational performance in trading sector public enterprises in Nepal. However, in Nepalese perspectives, this research is relatively new. Based on previous literature review stated earlier, it is shown that research has been

conducted in HRM and organizational performance, Management leadership and organizational performance, production and marketing strategy and organizational performance separately only an international context. Research has been silent on the implementation of performance management systems and how the influence of human resource management factors, management leadership, production and marketing strategy can affect the performance of an organization in trading sector public enterprises in Nepal. Due to that, researcher conducted the research to fulfill the gap on the effects of HRM, LED and PMS on performance management in Trading Sector Public Enterprises in Nepal. Therefore, this research specifies the gaps in performance management systems and management leadership in the studied organization. In addition, the results obtained are contributed to the body of knowledge in performance management for the fulfillment of the existing research gap by conducting study. Only few academic studies have been conducted in such issues particularly in Nepal. This research focuses the following research questions for the research. Therefore, the objectives of this study are: (a) To analyze the overall performance of trading sectors Public Enterprises in Nepal. (b) To examine the actual level of Performance of Trading Sectors Public Enterprises in Nepal. (c) To explore the impact of management leadership on organizational Performance in Trading Sectors Public Enterprises in Nepal.

METHODS

Descriptive and casual comparative research designs are used to describe the different phenomenon about the dependent and independent variables. The data has been collected from the 134 out of 196 respondents including officer level employees of 5 trading sector public enterprises by stratified random sampling method. Well-structured 5-points Likert Scale questionnaires have been distributed among the respondents. Total population has been classified into sub-population (Strata) based on enterprises types of five heterogeneous strata from listed PEs. Then randomly chosen a sample from sub-population provides to represent sub-groups. The multiple linear regressions were used to obtain an equation which described the dependent variable in terms of the independent variables based on Least Square Regression model put formula and equation of variables i.e.

$$PBM = \beta_1 + \beta_2 LED + e \quad \dots (1)$$

Were,

PBM = Performance-based management

LED = Management Leadership

The population or sample size and number of enterprises selected for the study has been given are below in Table 1. Most of employees of trading sectors PEs. are working in Kathmandu valley so that our target population of the study is only working inside the Kathmandu valley, which is 196, and sample accepted population is 134. The sample size was 68.37 % of whole population. Primary data have been collected through the structured questionnaire direct from 134 officer level employees of Trading Sector Public Enterprises in Nepal from 28th May 2024 to 20th July 2024. The validity and reliability were tested by using Cronbach's Alpha. The observed value of Cronbach's Alpha is 0.903 which indicates that there is no any question on the reliability and

the validity of the data. New public management inspired performance-based management theory was applied in this study.

Table 1

Sampling Procedure

Sampling organizations	Total officer level	Officer level working out of valley	Officer level working in KTM valley	Accepting Population as a sample	Sample population (%)	Sample population (%) in a whole
Agriculture						
Inputs Company Ltd.	59	40	19	14	73.68	10.44%
National Seeds	13	6	7	5	71.43	3.73 %
Company Ltd						
Nepal Oil Corporation	167	52	115	74	64.35	55.22 %
Nepal Food Corporation	77	32	45	33	73.33	24.62%
The Timber Corporation of Nepal	15	5	10	8	80	5.97 %
Total	331	135	196	134	68.37	100 %

Note: Field survey, 2024

ANALYSIS AND RESULTS

In this section, the presentation and interpretation of the results obtained from the data analysis.

Demographic Profile of the Respondents

In this study, 134 out of 196 officer level employees from five trading sectors Public Enterprises in Nepal selected as respondent for sample population. Respondents came from a variety of age group, gender, academic background, working experiences etc. from different nature of the organizations. The summary of the demographic profile presented in Table 2.

Table 2 shows that the majority of samples (55.2%) were collected from Nepal Oil Corporation, followed by Food Corporation (24.6%), Agriculture Inputs Company Ltd., (6%) from the Timber Corporation of Nepal, and only (3.7%) from National Seeds Company Ltd. Nepal Among the total sample, Regarding organizational hierarchy, (49.3%) of respondents were from officer level (level 6), (26.1%) from senior officer level (level 7), 11.9% from manager level (level 8), 11.2% from deputy director level (level 9), and merely(1.5%) from director level (level 10), reflecting limited representation at the top due to vacant or acting positions.

Table 2*Demographic Profile of the Respondents*

	Working Organizations	Frequency	Percent
Working Organizations	Agriculture Inputs Company Ltd.	14	10.5
	National Seeds Company Ltd.	5	3.7
	Nepal Oil Corporation	74	55.2
	Nepal Food Corporation	33	24.6
	The Timber Corporation of Nepal	8	6.0
	Total	134	100
Working Levels	6	66	49.3
	7	35	26.1
	8	16	11.9
	9	15	11.2
	10	2	1.5
	Total	134	100
Age group	20-25	3	2.2
	25-30	26	19.4
	30-35	25	18.7
	35-40	15	11.2
	40-45	13	9.7
	45-50	10	7.5
Gender	50-55	25	18.6
	55-60	17	12.7
	Total	134	100
	Male	88	65.7
Working Experience	Female	46	34.3
	Total	134	100
	1-5	38	28.4
	5-10	33	24.6
Working Experience	10-15	3	2.2
	15-20	4	3.0
	20-25	16	11.9
	25-30	10	7.5
	30 and Above	30	22.4
	Total	134	100

Note: Field Survey, 2024.

According to age distribution, 2.2% of respondents were aged 25–30, 19.4% from 25–30, 18.7% from 30–35, 11.2% from 35–40, 9.7% from 40–45, 7.5% from 45–50, 18.6% from 50–55, and 12.7% aged above 55. Gender-wise, 65.7% were male and 34.3% female. Consequently, most respondents had 1–10 years of work experience, whereas about one-fourth (22.4%) had more than 30 years, showing a mix of both new and highly experienced employees were represented in the study.

Management Leadership, and Performance-Based Management

Leadership plays a vital role in influencing the organizational environment, inspiring employees, and enhancing the overall performance of the organization. (Loang, et al., 2023). The impact of management leadership on organizational performance has been analyzed from different corners by using various statistical tools, which determine the actual relation between LED and PBM.

Impact of Vision, Mission, Goals, and Objectives on Organizational Performance

Visionary leadership plays a vital role in business organizations by formulating the vision and mission, determining and setting objectives, developing appropriate policies, programs, methods, and strategies to achieve these goals efficiently and effectively. Effective leadership also ensures the proper direction and coordination of various departmental activities and creates enthusiasm among the employees and motivates employees to achieve the organizational goals and objectives in terms of changing the external business environment (Loang, 2023). For this study concerted view of respondents on the mission, vision, and goals of the organization is given in Table 3.

Table 3 indicates employees' perceptions of performance-based management (PBM) practices in their organizations. The results show that 74% of respondents agreed that their organization's vision, mission, goals, and objectives are clearly defined. However, only 47% believed that policies and strategies to achieve them are well adopted, and 44.1% felt they are clearly communicated to all employees.

A large proportion (61.2%) disagreed that there are government acts guiding agencies to prepare annual performance plans. Similarly, many employees disagreed that tasks and job descriptions are clearly assigned; only 48.5% agreed on clear task assignment, while 53.7% disagreed that all staff have defined job descriptions. Moreover, most respondents (57.5%) disagreed that their organizations have well-developed policy documents or operational guidelines for performance-based management, and 58.3% disagreed that performance indicators are defined to measure assigned jobs.

On the basis of findings of the study, PEs have clearly defined missions, visions, goals and objectives but lack of proper performance planning and evaluation mechanisms such as annual performance plans, job descriptions, etc.

Table 3

Vision, Mission, Goals, and Objectives on Organizational Performance (n=134)

Variables related to PBM	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
The vision, mission, goals and objectives are clearly defined.	2.2	13.4	10.4	46.3	27.7	100
Policies, program and strategies to achieve vision, mission, goals and objectives are well adopted.	2.2	29.1	21.7	40.3	6.7	100
Vision, mission, goals and objective are clearly communicated to all employees.	4.4	39.6	11.9	38.1	6.0	100
There is such Government Acts like USA that direct the agencies to prepare annual performance plan.	37.3	23.9	23.1	11.9	3.8	100
Tasks clearly assigned to every division/sections.	10.4	25.4	15.7	37.3	11.2	100
All staffs have clearly defined job descriptions.	18.6	35.1	9.0	29.9	7.5	100
Has well developed policy document and operational Guidelines for application of performance-based management.	14.2	43.3	17.2	20.9	4.5	100
Performance Indicators are defined to measure assigned jobs.	18.7	39.6	17.9	20.1	3.7	100

Note: Field Survey, 2024.

Impact of Training and Development Factors on Organizational Performance

Employee training and development are essential for enhancing organizational efficiency and overall effectiveness (Fegade & Sharma, 2023). Training programs help enhance job satisfaction, increased productivity, and improvement overall organizational performance (Mehner et al., 2024). Thus, Training and Development factors have a significant influence on organizational performance. For the study view of the respondents regarding the impact of training and development programs on the organizational performance is given in Table 4.

Table 4 presents employee's perception of the core dimensions of the Performance Based Management (PBM) system within trading sector public enterprises in Nepal. The findings reveal a predominant trend of disagreement across all indicators of performance measurement.

A majority of the respondents (56%) disagreed that employee's activities are guided by an agreed performance plan, while only 25.3% expressed agreement, and 42.5% denied the existence of systematically defined divisional targets and achievements.

Similarly, a significant majority (69.4%) reported insufficient training and orientation for implementing Performance-based Management practices, with merely 17.9% acknowledging adequacy in this regard.

Furthermore, 47% disagreed that the performance appraisal system is closely tied to align with Job responsibilities, and 61.9% perceived that performance contacts stipulated in institutional rules and acts are not effectively applied. Finally, 75.3% disagreeing that performance-based incentives are implemented effectively and 67.9% rejecting their rule in enhancing employee performance.

Overall, the analysis indicates that performance-based management practices in these enterprises are poorly embedded in terms of inadequate or weak performance planning limited training and development, weak incentive schemes and performance oriented organizational culture.

Table 4

Impact of Training and Development Factors on Organizational Performance (n=134)

Variables related to PBM	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
Each employee's activity is guided by an agreed performance plan	12.7	43.3	18.7	23.1	2.2	100
Performance targets and achievement are set for each division/section.	9.7	32.8	20.9	32.1	4.5	100
Employees have sufficient training and orientation to implement performance-based management system.	22.4	47.0	12.7	16.4	1.5	100
Performance appraisal system is tightly tied to the assigned jobs of the employees.	12.7	34.3	25.4	21.6	6.0	100
Policies on performance contract as mentioned in the rules and Act are effectively applied.	21.6	40.3	18.7	15.7	3.7	100
Performance based incentive is effectively implemented.	44.0	31.3	10.4	12.8	1.5	100
Performance based incentive is being effective for improving employee's performance.	33.6	34.3	10.4	17.2	4.5	100

Note: Field Survey, 2024.

Impact of Incentive Factors on Organizational Performance

Organizations strive to achieve high levels of performance and ensure employee satisfaction, as these factors are critical for their success and competitiveness. Leadership plays a crucial role in shaping the organizational climate, motivating employees, and driving performance (Loang et al., 2023). Both monetary and non-monetary incentives are the factors for ensuring employees motivation and performance (Yang, 2022). Thus, for the purpose of the study responses of the respondents regarding the incentive is given in table 5.

Table 5*Impact of Incentive Factors on Organizational Performance (n=134)*

Variables related to PBM	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
Performance based Incentives system is replicable to other organizations.	28.4	31.3	20.1	15.7	4.5	100
Non-financial incentive such as letter of appreciation and thanks are also being effective for improving performance of the employees.	14.2	19.4	17.2	41.8	7.5	100
In my organization, Service contract/out sourcing of manual service such as housekeeping, Garden work, loading/uploading, and diverting services is effectively implemented.	29.9	30.6	10.4	24.6	4.5	100
The management principle and practices applied by the private sector can be used in your organization.	32.1	28.4	13.3	20.1	6.0	100
In my organization, performance planning, performance auditing, performance monitoring and performance evaluation system are tied with organization objective.	14.2	46.3	18.7	17.2	3.7	100
The principles of PM are difficult to implement in the PEs in Nepal.	8.2	30.7	17.9	32.8	10.4	100
In your organization has their performance plan that includes mission vision, statement, objectives, program, outputs and outcomes measure to guide their operation.	10.4	32.1	26.9	29.1	1.5	100

Note: Field Survey, 2024.

Table 5 illustrates that a majority of respondents (59.7%) strongly disagreed that the current performance-based incentive system is replicable in other organizations, while only 20.2% agreed. In contrast, 49.3% acknowledged the effectiveness of non-financial incentive such as letters of appreciation and acknowledgements in enhancing employee performance. Moreover, 60.5% of respondents disagreed that outsourcing and service contracting practices are effective implemented and an equal proportion denied that private sector management principles and practices in their organizational context.

Similarly, 60.5% expressed disagreed that performance planning, auditing, monitoring and evaluation are adequately aligned with organizational objectives, due to weak integration of performance-based management process. Finally, 42.5% responses were disagreed with existence of comprehensive performance plans tie up with mission, visions, goals, objectives, programs and measurable output of PEs. Overall, the results indicate fragmented PBM implementation, weak institutional alignment and reliance on recognition incentives as a comparatively effective motivational tool.

Impact of Leadership Style on Organizational Performance

Leadership styles directly affect organizational performance, as effective leaders inspire and motivate employees, creates sound work environment, set clear goals and expectations. Thus, supportive and communicative leadership styles significantly influence employee satisfaction and engagement through the teamwork and team spirit (Loang et al., 2023). Only, proactive leadership in the organization plays a significant influencing group and individual to achieve organizational goals and objectives. The qualification, capacity, ethics and morale, asset and risk management capacity of leadership subsequently effects on performance. Therefore, it is important to examine management leadership as a variable for the study. The response of respondents regarding the management leadership of PEs. is given details in Table 6.

Table 6, presents employee's perceptions of management leadership in Nepalese public enterprises. The findings indicate a mixed assessment of leadership capacity, ethical conduct, and organizational impact. A majority of respondents (56%) disagreed that leadership demonstrates outstanding management capacity in terms of deficiencies in strategic and managerial competencies. Leadership was positively viewed in terms of fairness and honesty with competitors and suppliers only 36.6% agreed. Perceptions regarding the global business management capabilities of leadership were questioned with 65.7% reporting that leadership fails to manage globally oriented operations. Performance-based incentives were also limited as 82.1% indicated that leaders do not provide considerable benefits or bonuses to their employee's. Whereas, ethical conduct received moderate only 34.3% agreed that leaders promote ethical behavior.

Interestingly, 65.7% leaders are not properly managing assets risks and financial management in PEs but 79.1% of employees trust and respect towards their leadership. Finally, 82.8% of respondent's perceived leadership has significant impact on organizational performance in PEs. However, only 21.7% respondents have confidence in the leadership of PEs. Overall, operational and ethical aspects of leadership are moderately recognized, strategic management capacity, global orientation and reward system appears inadequate, highlighting the need for leadership development in PEs to enhance the organizational performance and stakeholder confidence.

Table 6*Impact of Leadership Style on Organizational Performance (n=134)*

S.N.	Statement/Questions	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
25	Leadership has outstanding management capacity.	17.9	56.0	14.9	9.7	1.5	100
26	Our leadership is doing business in a fair and honest way with competitor and supplier.	10.4	17.2	35.8	35.1	1.5	100
27	Our leadership is managing globally oriented business.	28.4	37.3	17.2	15.7	1.5	100
28	Our leader offers considerable benefits and bonus.	40.3	41.8	8.2	9.7	0	100
29	Leaders often promote and show ethical conduct.	9.7	27.6	28.4	33.6	0.7	100
30	Leadership isn't properly managing asset, risk and financial management in our organization.	3.0	11.2	20.1	44.8	20.9	100
31	I respect and trust my boss.	0.7	5.2	14.9	50.0	29.1	100
32	Leadership impact on organizational performance.	0	11.9	5.2	41.8	41.	100
33	People have confident in the leadership of PEs.	12.7	40.3	25.4	18.7	3.0	100

Note: Field Survey, 2024.

Regression Analysis

This section uses regression analysis to verify the robustness of results derived from scale and correlation analyses. This study applied regression analysis to determine whether LED was a significant predictor of organizational performance in the trading sector PEs. Regression results are presented in Table 7.

Table 7*Regression Coefficients*

Variables	Unstandardize		Standardize		t	Sig.
	d	B	Std. Error	B		
(Constant)	30.365		4.097		7.412	0.000
LED	0.331		0.046	0.529	7.162	0.000

R² = 0.280

F(1,132) = 51.301, p < 0.001

Table 7 presents an R-squared of 0.280, indicating 28.00 percent of the total variance in the acceptance of LED by Trading sector PEs is explained by the variances in the organization

performance (PBM). A correlation coefficient of 0.53 shows a strong and positive relationship between the combined predictor variables and organizational performance.

The overall model significance is presented in Table 7, which indicates that the F statistic of 51.301 indicates that the overall model was significant. This was supported by a probability value of (.000). The reported probability value of (.00) is lower than the conventional probability of (0.05). The probability of (.000) indicated that there was a very high probability that the statement “overall model was significant was true and it was therefore possible to conclude that the statement was there is a significant and strong relationship between LED and organizational performance (PBM). The statement was true.

The performance on trading sector public enterprises in Nepal, specific variables, LED and PBM regression results have been analyzed and presented in Table 7, showing that the regression result is significant (0.000) relationship between LED and organizational performance (PMS) at a 0.05% level of significance (P=0.000). Thus, H3 is accepted. The findings of the study are consistent with the previous research studies (Asrar-ul-Haq & Kuchinke, 2016). The study findings clearly showed that if the quality of leadership in the PEs., performance will increase. Furthermore, findings of the study show that capacity, roles, functions, and effectiveness of leadership have an impact on organizational performance in PEs.

CONCLUSION

The findings of the study reveal that the level of performance of the trading sector public enterprises was found below the satisfactory level due to weak management leadership. The study shows that political intervention, interference, influence, non-transparent CEO selection criteria and process, lack of professionalism of the CEO, and lack of sufficient autonomy are the prime causes of weak management leadership in the trading sector PEs. The issues of leadership selection based on their academic background, merit system, professionalism, experiences and areas of expertise rather than political color, nepotism, and favoritism. The findings of the study are very helpful to the government of Nepal, concerned authorities, stakeholders, Employees and Heads of PEs for their performance improvement & policy-making process. The study will be a cornerstone for further study in this subject matter to the policy makers, researchers, academician, and experts.

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