

EMPLOYEE PARTICIPATION IN DECISION MAKING AND ORGANIZATIONAL PERFORMANCE

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Abstract

Employee Participation (EP) is a process for empowering employees to participate in managerial decision-making which improve their levels of skills and competencies in the organization. The purpose of this study was to examine the relationship between EP in decision making and OP in tertiary educational institution in Nigeria. The total population is 281 academic staff consist of 127 from the Faculty of management sciences, University of Benin, 28 from Social and Management Sciences, Benson Idahosa University, 26 from Management Sciences, Ambrose Alli University (Ekpoma), and 90 from School of Business Study Auchi Polytechnic in Edo State of Nigeria while the sample size of 165 was obtained using the Yamane (1981) statistical formulae while simple regression technique adopted in the analysis of data. The reliability of the instrument test with the aid of Cronbach Alpha test showed that employee participation in decision-making has a value of 0.776 and OP has a value of 0.810. The study concluded that EP in decision-making exerted a significant positive influence on OP at 1% level of significance. The study also suggested that management of tertiary institutions and policy makers should engage employee in decision making process in order to give them the opportunity to express their opinions with share knowledge. The study therefore recommended that management of educational institution should imbibe the culture of involving employee in decision in order to improve outcome of the work force in the organizations.

Keywords: *Decision Making, Employee Participation, Empowerment, Organizational Performance, Skills.*

Introduction

Employee participation (EP) has become a very resource tool used by organizations today as there is a lot of competition in the market in every field of work (Shivangee & Pankaj, 2011). EP in decision process tends to create a platform for management and employees voluntarily contribute to healthy industrial harmony and relations among functional heads (Noah, 2008). Khan (2010: 157), stressed that the “way corporations seek to achieve

competitive advantage, moving their attention from 'hard' elements, such as privileged access to resources in terms of capital, to 'softer' elements, such as the management of human resources". As a functioning participant in the decision-making process, employees understand that their ideas are important in achieving optimal performance. It gives them the power to influence the outcome of their work, leading to increased job satisfaction and a positive attitude. This is not only towards their position but also to the attainment of the organizational goals.

Employees represent a source of knowledge and ideas, but oftentimes that resource remains untapped. Involving employees in the decision-making process not only empowers them to contribute to the success of an organization, but also saves the company precious time and money, hence increase productivity and reduce outsourcing. More so, "increased employee participation means that management can expect individual workers to achieve a higher identification with their organization and the decisions taken, to feel more committed in attaining the goals of the organizations" (Huselid, 1995: 635). Previous studies such as Noah (2008) and Owolabi and Abdul-Hameed (2011) have been able to link employee participation in decision making and organizational performance in manufacturing firms. It is argued that participative decision-making systems allow for greater input from those employees who have specialized knowledge or expertise, while centralized decision-making systems lead organizations to underutilize the special experienced-based knowledge of various parties.

Research Objectives

This study seeks to establish whether significant relationship exists between EP in decision making and OP in tertiary educational institution in Nigeria. However the specific objective is

- (i) To determine the relationship between EP in decision making and OP in tertiary educational institution in Nigeria.

Literature Review

Organizational Performance

Organizational performance (OP) is one of the most important perspectives in human resource management research. OP is usually seen as a medium of assessing, "observing, monitoring, reporting and evaluating OP" (Amadi &

Ndu, 2018). It refers to the competency of an organization to transform the resources within the firm in an efficient and effective manner to achieve organizational goals (Nwadukwe, & Court, 2012). However there may be other objectives for setting out an organization ranging from “growth, sales maximization, increase in market share, improved productivity in terms of better quality and higher quantity of goods and services, customer satisfaction, individual enhancement and organizational development and change” (Hales & Savoie, 1994, p. 17). OP is concerned with work related activities especially those tasks believe to done (Armstrong, 2017).

Folorunso, Adewale, and Abodunde (2014) argued that OP represents the level of organizational achievement with regard to organization regulations, expectation and requirement in meeting the organizational aims. More so, the accomplishment of the major performance objective of market or customers’ expectations and investors’ expectations will most likely result in the overall improvement of the organizational performance. Meanwhile, Ngo, Lau and Foley (2008, p. 73), added that “human resource policies that meet the criteria of employee satisfaction are beneficial to the enhancement of organizational performance”.

Measuring OP is the evaluation of the net effect of job tasks by employees finished brings about job effectiveness. In most cases, OP is measured by the perception of the owner or manager providing responses to the survey (Justin, Bell, Payne, Kreiser, 2010). For the purpose of this study qualitative research instrument (questionnaire) will be employed in the measurement of organizational performance.

Employee participation in Decision Making

Helms (2006) maintained that Employee Participation in Decision Making (EPDM) is a means of addressing problems, strategy development and implementation. Luthan (2005) opined that high level of satisfaction, low level of staff absenteeism, more commitment in relation with improved performance through EPDM. EP is a process for empowering employees to participate in managerial decision-making and improvement activities appropriate to their levels in the organization. Noah (2008, p. 31), maintained that “EP in decision making is a form of delegation in which the subordinate gain greater control, greater freedom of choice with respect to bridging the communication gap between the management and the workers”. Meanwhile, a high degree of participation means that all categories of employees are involved in the planning process. However, EP in

decision making allows the influence of the frontline employees in the planning process (Kemelgor, 2002). However, “employee participation in the planning process surrounding the potential innovations may facilitate opportunity recognition throughout the organization” (Zivkovic, Mihajlovic & Prvulovic, 2009, p. 2).

EP is a range of processes designed to engage the “support, understanding and immense contribution to the overall goals of organization and also to provide employees with the opportunity to influence and where appropriate, take part in decision making on matters which affect them in the organization and the work environment” (Noah, 2008, 35).

Empirical Review

Abdulrahman (2016, p. 64), did a study in Saudi Arabia’s manufacturing to “examine the relationship between EP in decision-making on performance”. The study made use of survey research design by distributing to 341 manufacturing firms via email and Z-test and independent samples t-test in the analysis of data. The result revealed that exert a significant positive effect on performance. This implies that higher the level of EP in decision-making the better the performance of the firm.

Van-Riel, Lemmink, and Ouwersloot (2006, p. 7), investigated “relationship between characteristics of decision task, decision style and decision making effectiveness”. The study employed cognitive styles under various task conditions; intuition and analysis were identified and evaluated for their relative effectiveness. The study revealed that cognitive styles of decision making process would lead to high organizational performance and effectiveness. Propositions are developed with respect to the relationships between decision task characteristics and the likelihood of using two cognitive systems, and with respect to potential moderators of decision making effectiveness.

Denison (1990) conducted a study on employee participation and organizational performance and found out that enhance employee participation are correlated with better organizational performance. This therefore means that continuous participation of employee in decision making process would enhance OP.

A study carried out by Ofoegbu and Joseph (2013) showed that a significant relationship exist between OP and those organizations that encourage

employee to be involved in their decision making perform better than those organization who do not involve employee in decision making process.

Review of Related Theory

The goal setting theory is used buttressed the study.

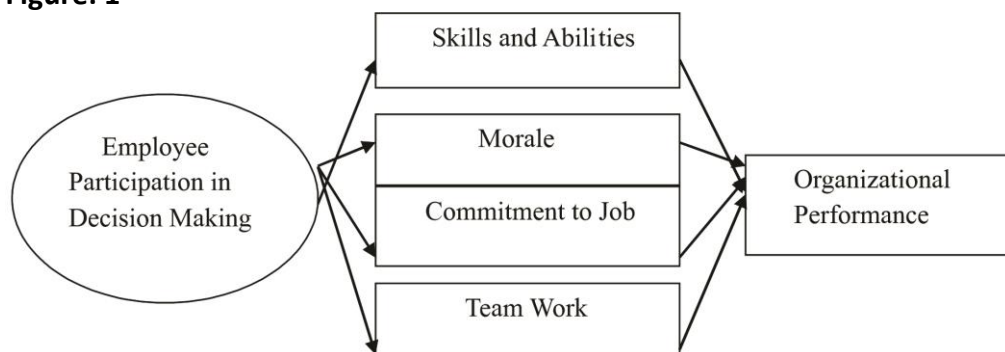
Goals Setting Theory

The goals setting theory was propounded by Locke (1969). It specifies that goal congruent is the driver of organisational performance. More importantly, path-goal theory is a good signal of motivation that given an individual a sense of responsibility in the attainment of set goals. The MBO approach, “however, often failed because it was tackled bureaucratically without gaining the real support of those involved and, most importantly, without ensuring that managers were aware of the significance of the processes of agreement, reinforcement and feedback, and were skilled in practicing them”. The theory is a basic performance management systems for improved level of motivation.

Conceptual Framework

Employee participation in decision making is creating an environment in which people have an impact on decisions and actions that affect their job in a positive manner. Employee participation in decision making in an organization increase employee skills and abilities, employee morale, commitment to job and team work and also increased the OP. This is represented in the diagram below:

Figure: 1



Source: Author, Conceptual framework, (2021) Construction

Methodology

In carrying out this study, a descriptive and a cross-sectional survey research design was employed. Survey descriptive design is a method of gathering information about the population in which the direct contact is made with the unit of study through the means of qualitative instrument (questionnaires). The targeted population of this study was 281 academic staff consisting of 127 from UNIBEN, 28 from BIU, 26 AAU (Ekpoma), and 90 from Auchi Polytechnic in Edo State. The sample for the above study was randomly selected for the given study. Therefore, the sample size was obtained using the Yamane (1981) formula:

$$n = \frac{N}{1 + Ne^2}$$

Where N is the population size,

n is the sample size,

e is the chance allowed for error or the level of significance.

The total number of 127 from the Faculty of management sciences, University of Benin, 28 from Social and Management Sciences, Benson Idahosa University, 26 from Management Sciences, Ambrose Alli University (Ekpoma), and 90 from School of Business Study Auchi Polytechnic, all will be totaled 281 lecturers. Given the population size and an assumed significance level of five percent (5%), the sample size is computed is approximately 165 lecturers. Consequently, a sample size of one hundred and sixty-five (165) would be used. Employees in each of the above organizations were randomly selected to ensure fair representative from each of the organization that make up the sample size.

Reliability and Validity of Research Instrument

Tavakol and Dennick (2011), asserted that “reliability of an instrument is closely associated with its validity”. A Cronbach Alpha (α) is a process of measuring the consistency of the construct items. However, any value > or equal to 0.70 justify the reliability of the research instrument. In verifying the reliability of the research instrument data, a Cronbach Alpha test was carried. The result obtained was presented in the table below.

Table 3.1: Reliability Test

VARIABLE	CRONBACH'S ALPHA	NO OF ITEMS
Employee participation in decision making	0.776	10
Organizational Performance	0.810	8

Source: Author's Computation, 2021

It was observed from table 3.1 above that EP in decision-making has a coefficient value of 0.776 and OP has a Cronbach's Alpha coefficient value of 0.810. This means that the Cronbach's Alpha for all the variables is more than 0.70. This indicates that the variable is considered to be good for internal alpha which is between 0 and 1. According to Glien (2003), the value of alpha.8 was expected to be a required target which shows a very good internal consistency of the items in the scale, but 0.70 was good. This means scales in this reliability analysis were well-established and the result was acceptable.

Findings and Discussion of Results

In order to test the relationship between employee involvement in decision-making and OP, a single regression technique was adopted and the result is presented in table 4.1 below;

4:1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.283 ^a	.080	.074	.70817	1.618

a. Predictors: (Constant), EMPID

b. Dependent Variable: ORGP

Table 4.1 showed that when the independent variable (employee participation in decision making) was regressed against the dependent variable (organisational performance), a coefficient of determination (R^2) value of 0.080 was obtained. The Adjusted R^2 of 0.074 indicates that the independent variable jointly explained 7% of the variation in the dependent variable. The Durbin-Watson statistic of 1.618 revealed the absence of first-order serial correlation but it was irrelevant due to the nature of data employed.

Table 4.2: Significant Relationship between EP in decision making and OP

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.888	.371		5.094	.000
EMPID	.369	.098	.283	3.767	.000

a. Dependent Variable: ORGP

Source: SPSS 23.0 Output (2021)

The Results in table 4.2 revealed that employee participation in decision making (EMPID) has a positive coefficient value of (0.369) and significant relationship (0.000) on organisational performance (ORGP) at 1% level of significance. This means that the p-value of EMPID is < 0.05. This indicated that a unit change in employee participation in decision making would lead to an increase in organisational performance but statistically significant. The result was in agreement with the findings of Van-Riel, Lemmink, and Ouwersloot (2006) and Ofoegbu and Joseph (2013) that a significant relationship exists between employee participation in decision making and organizational performance.

Conclusion

The purpose of this study was to examine the relationship between EP in decision making and OP in tertiary educational institutions in Nigeria. EP is a process of involving employees in the managerial decision-making process in an organization so as to improve their levels of skills and competencies to adequately perform their assigned roles in the organization. EP is 'a range of "processes designed to engage the support, understanding and optimum contribution of all employees in an organization and their commitment to its objectives and also to provide employees with the opportunity to influence and where appropriate, take part in decision making on matters which affect them in the organization"'.

Recommendations

The study therefore recommends that:

- (i) Management of educational institutions should imbibe the culture of involving employee in decision in order to improve outcome of the work force in the organizations.
- (ii) Management of educational institutions and policy makers should engage employee in decision making process in order to give them the opportunity to express their opinions with share knowledge.
- (iii) Further empirical work should be conducted on the area of EP in decision making and OP from the stand point of non-service sector of the economy.

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