



ISSN: 0975-833X

Available online at <http://www.journalcra.com>

INTERNATIONAL JOURNAL  
OF CURRENT RESEARCH

*International Journal of Current Research*  
Vol. 10, Issue, 12, pp.76313-76317, December, 2018  
DOI: <https://doi.org/10.24941/ijcr.33362.12.2018>

## RESEARCH ARTICLE

### IMPACT OF EMPLOYEE'S PARTICIPATION IN DECISION MAKING AND ORGANISATIONAL PERFORMANCE WITH REFERENCE TO PRIVATE COMPANIES

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#### ARTICLE INFO

##### Article History:

Received 10<sup>th</sup> September, 2018  
Received in revised form  
15<sup>th</sup> October, 2018  
Accepted 29<sup>th</sup> November, 2018  
Published online 31<sup>st</sup> December, 2018

##### Key Words:

Employee Participation in Decision Making, Firms' Performance, Participative Management.

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**Citation:** Dr. Libia, P. 2018. "Impact of employee's participation in decision making and organisational performance with reference to private companies", *International Journal of Current Research*, 10, (12), 76313-76317.

#### ABSTRACT

This study has examined the effect on employee participation in decision making and its impact. The implications of this study include the need for manufacturing firms to demonstrate high level of commitment to employee involvement in decision making for performance enhancement. Data were generated by means of questionnaires. The sample for the study was 160. Out of the 160 questionnaires 150 were found to be true and other to be false. The studies were statistically analyzed using descriptive statistics, correlation, regression analysis and chi-square test. The findings also reveal the involvement of participating firms in employee involvement in decision making.

#### INTRODUCTION

The solid foundation of any blooming company is its people. Employees constitute a source of knowledge and ideas, but oftentimes that resource remains untapped. Involving employees in the decision-making process not only entitle them to contribute to the success of an organization, but also saves the company time and money, in increased productivity and shrink outsourcing.

**Performance:** When employees are involved in making decisions, they obtain a professional and personal stake in the organization and its overall success. This commitment leads to maximize productivity as employees are actively participating in various aspects of the company and wish to see their efforts succeed generally. This is not only beneficial to company extension, but is also on-the-job training for employees. The increase in responsibility employee skill sets, preparing them for additional responsibility in the future.

**Improving Morale:** Actively engaging workers in the decision-making process increases general company morale. Many companies have a distinct separation of power between management and employees; however, active employee participation lowers that gap, opening the lines of communication between supervisors and workers.

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As a functioning involvement in the decision-making process, employees understand their opinions are an important contribution to the organization, and give them the power to influence the outcome of their work, leading to increased job gratification and a positive attitude, not only toward their arrangement but also to the company itself.

**Internal Resources:** Using workers in the decision-making process, rather than utilizing, saves money, time, and offers the company long-term reliable aid from those who know the corporation well. Hiring an outside consulting enterprise is expensive and can take up valuable resources in fees and the time spent updating outside consultants in various aspects of the organization.

**Teamwork:** Involvement in the decision-making process gives each worker the opportunity to voice their ideas, and to share their knowledge with others. While this improves the relationship between higher authorities and employee, it also encourages a strong sense of teamwork among employees. The expression of viewpoints opens dialogue between co-workers, with each worker bringing their individual effort to a project.

**Objectives of the study:** The general objective of this study is to examine the effect of employee participation on organizational performance while the following are the specific objectives:

- To study the association between the demographic variables and employees participation
- To study the significant relationship between the level of management and Direct consequences of employee participation in decision making
- To find the impact of decision of manager and the reaction of employees.
- To examine the effect of employee participation on organizational performance

**Scope of the study:** The scope of this study on the effect of employee participation on firms performance will cover the process of employee participation in decision making process in an organization carefully describing the benefits that is collect to it.

**Hypotheses for the study:** According to Selamat (2008), hypothesis are tentative, intelligent guesses posted for the purpose of directing one's thinking and actions towards the solution of a problem. A research hypothesis can be defined as "a prediction or conjecture about the outcome of a relationship among attributes on characteristics". Based on this definition the researcher framed the following hypothesis for the study. Based on the objectives following hypothesis were framed.

**Objective 1: To study the association between the demographic variables and employees participation**

**H<sub>0</sub> 1a:** There is no significant association between the gender and employees involvement in decision making.

**H<sub>1</sub> 1a:** There is a significant association between the gender and employees involvement in decision making.

**Objective 2:** To study the significant relationship between the level of management and Direct consequences of employee participation in decision making

**H<sub>0</sub> 2a:** There is no significant relationship between factors of level of management and Direct consequences

**H<sub>1</sub> 2a:** There is a positive relationship between factors of level of management and Direct consequences

**Objective 3: To find the impact of decision of manager and the reaction of employees**

**H<sub>0</sub> 3a:** There is no significant relationship between factors of decision of manager and the reaction of employees.

**H<sub>1</sub> 3a:** There is significant difference between factors of decision of manager and the reaction of employees.

**Sample size:** Here for the study a sample of 160 questionnaires has been circulated among the customer of shopping mall in which only 150 questionnaires was useful for the study. Remaining questionnaire was incomplete and in appropriate for further usage. So sample sizes of 150 employees are taken based on convenient sampling. In this study the data's have been analyzed with Chi-square, correlation and regression by using SPSS 20 version software.

## RESEARCH METHODOLOGY

The research design is descriptive. Both primary and secondary data were utilized. A survey method was employed,

and the data was collected by way of a questionnaire. The questionnaire consisted of two parts (refer Appendix), with the first part consisting of demographic factors and the second part consisting of factors of employee participation in decision making. The sampling method adopted was convenience sampling. The study was carried out in the city of Chennai. The sample size was 150.

### Convenience sampling

Convenience sampling is a type of non-probability sampling technique. Non- probability sampling focuses on sampling techniques that are based on the judgment of the researcher. A convenience sample is simply one where the units are selected for inclusions in the sample are the easiest to access.

**Statistical tools for analysis:** The collected data were classified, tabulated and analyzed with some of the statistical tools like,

- Percentage method
- Chi – square method
- Correlation
- Regression

### Literature review

Locke and Schweiger (2001) Employee participation in decision making, sometimes referred to as participative decision-making (PDM) is concerned with shared decision making in the work situation. He define it as 'joint decision making' between managers and subordinates. Noah (2010), it is a special 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 employees. It refers to the degree of employee's involvement in a firm's strategic planning activities. A company can have a high or low degree of employee involvement. A high degree of involvement (deep employee involvement in decision making) means that all categories of employees are involved in the planning process. Barringer & Bleudorn, 2011 indicates a fairly exclusive planning process which involves the top management only. A deep employee participation in decision making allows the influence of the frontline employees in the planning process. These are the people who are closest to the customer and who can facilitate new product and service recognition, a central element in the entrepreneurial process (Li et al., 2006).Kemelgor, 2002; Zivkovic et al., 2012This means that employee involvement in the planning process surrounding the potential innovations may facilitate opportunity recognition throughout the organization. The attitudes that organizational results come from the top, that effective cultures are derived from the upper echelon, often tend to ignore the power and the contributions of those at lower levels. Sagie & Aycan, 2013 Thus ignoring the importance of employee participation in decision making. One's participation in decision making is not the business of everyone else. Conversely, cultures high on collectivism (or low in individualism) emphasize the group. In collectivistic cultures the entire group may be held responsible for the actions of its individual members. Hence, no individual is allowed to make decisions alone without the approval of the entire group. Sagie and Aycan (2013), the combination of the two-by-two power distance (low/medium versus high) and individualism (low/medium versus high) give rise to four

approaches to PDM: face-to face, collective, pseudo, and paternalistic participation. Face-to-face PDM: The combination of high individualism and low power distance gives way to face-to-face interaction. Face to-face PDM is a direct superior-subordinate interaction; thus, the employees rather than their representatives are involved in decision-making process. However, employees who are necessarily involved are those who possess the needed knowledge and information not possessed by the superior. In other words, managers provide opportunities for participation on the basis of one's merits

### Data analysis and interpretation

**Percentage method:** The above table reveals that 56% of the respondents are female and 44% of the respondents are male. Hence, it can be understood that majority (56%) of the respondents are female for this study.

**Table 1. Gender of Respondents**

Gender	Frequency	Percentage
Male	66	44
Female	84	56
Total	150	100

The study indicates that 51 % of the respondents are married and while 49 % of the respondents are single. Hence, it can be understood that majority (51 %) of the respondents are married according to this study.

**Table 2. Marital status of the respondents**

Marital status	Frequency	Percentage
Married	76	51
Single	74	49
Total	150	100

**Chi-square:** Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. The chi-square test is always testing what scientists call the null hypothesis, which states that there is no significant difference between the expected and observed result.

**Objective 1:** To study the association between the demographic variables and employees participation

**Table 3. Association between gender and employees involvement in decision making**

Gender	Preference to Shop		Total	Chi-Square Value	P value
	Alone	With Someone			
Male	Count 31	79	110	6.963	.002
Female	Count 36	04	40		
Total	Count 67	83	150		

**H<sub>0</sub> 1a:** There is no significant association between the gender and employees involvement in decision making.

**H<sub>1</sub> 1a:** There is a significant association between the gender and employees involvement in decision making. From the above table it is interpreted that the calculated chi-square value is 6.963 at 1 degree of freedom. The table value is 3.841 which are lesser than the calculated chi-square value 6.963. So the null hypothesis is rejected at 5 % level of significance and alternative hypothesis is accepted.

Therefore, there is significant association between the gender and the employee's involvement in decision making

**Correlation:** Correlation analysis is conducted to examine the relationship among the variables, correlation is a statistical technique that can show whether and how can pairs of variables are strongly related. Correlation studies are used to look for relationships between variables. There are three possible results of a correlation study, positive correlation, negative correlation, and no correlation.

**Objective 2:** To study the significant relationship between the level of management and Direct consequences of employee participation in decision making

**Table 4. Pearson correlations between factors of level of management and Direct consequences**

		level of management	Direct consequences
adventure shopping	Pearson Correlation	1	.970**
	Sig. (2-tailed)		.000
	N	150	150
loyalty shopping	Pearson Correlation	.970**	1
	Sig. (2-tailed)	.000	
	N	150	150

\*\*Correlation is significant at the 0.01 level (2-tailed).

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

**H<sub>0</sub> 2a:** There is no significant relationship between factors of level of management and Direct consequences.

**H<sub>1</sub> 2a:** There is a positive relationship between factors of level of management and Direct consequences.

From the above table, it can be seen that the correlation coefficient  $r = 0.970$ , and  $p$  value =  $0.000 < 0.001$ , indicating a strong relationship between the level of management and Direct consequences

**Regression:** Regression takes a group of random variables, thought to be predicting  $y$ , and tries to find a mathematical relationship between them. This relationship is typically in the form of a straight line (linear regression) that best approximates all the individual data points. Regression is often used to determine how many specific factors such as price of a commodity, interest rates, particular industries or sectors influence the price movement of an asset.

**Objective 3:** To find the impact of decision of manager and the reaction of employees

**Table 5. Model summary of factors of decision of manager and the reaction of employees**

Model	R	R square	Adjusted R square	Std. error of the estimate	F value	P value
1	0.972 a	0.944	0.944	0.1417	1393.56	0.000 b

**H<sub>0</sub> 3a:** There is no significant relationship between factors of decision of manager and the reaction of employees.

**H<sub>1</sub> 3a:** There is significant difference between factors of decision of manager and the reaction of employees.

### Summary of Findings

**In a nutshell, the findings of this study include the following:**

- The study indicates that majority (56%) of the respondents are female for this study.

- The study shows that majority (51 %) of the respondents are married according to this study.
- It implies that there is significant association between the gender and the employee's involvement in decision making
- It indicates that there is a strong relationship between the level of management and Direct consequences
- It stated That there is significant difference between factors of decision of manager and the reaction of employees

### Conclusion and Recommendation

Employee involvement has been found to have commendatory effects on employee attitude, commitment and productivity even also on the efficiency of the managers. Thus participative management should be seen as an inevitable tool in any firm both public and private. However before this could be done or undertaken, a thorough examination of the organization policy should be looked into and amended to affect this. The little practice should then no more concentrate on private sector. The results of the study indicate a statistically significant relationship between employee involvement in decision making and firms' performance as well as reveal a significant difference between the performance of firms whose employee involvement in decision making are deep and the performance of organization whose employee participation in decision making are shallow. The findings also reveal the involvement of participating firms in employee involvement in decision making.

The implications of this study include the need for manufacturing firms to demonstrate high level of commitment to employee involvement in decision making for performance enhancement.

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### APPENDIX

1. Name of the consumer:
2. Age below 25 yrs  25 yrs – 35 yrs   
 35 yrs – 45 yrs  above 45 yrs
3. Gender:  Male  Female
4. Educational Status:  
 SSC/HSC  UG  PG  
 Professional Others (Please Specify): \_\_\_\_\_
5. Income Level (Per Month):  
 below Rs. 30,000  Rs. 30,001 to Rs. 40,000  
Rs. 40,000 to 50,000  above Rs. 50,000
6. Marital Status:  Married  Single
7. Do managers seek your ideas and consider them in decision making?  
 Yes  No  not sure
8. If yes how do you feel about it?  
 I feel satisfied which increases my tempo of work  I feel indifferent  
 I feel a sense of belonging which boosts my morale
9. If No how do you feel?  
 I feel dejected  I feel demoralized which decreases my tempo of work  
 I feel indifferent  All of the above
10. At what level of management are you usually allowed to participate in any decision making?  
 Top Management Level  Lower Management Level  
 Middle Management Level  All of the Above  None of the above
11. When you feel that there is a better way of doing a particular job than the company's stated way do you inform your manager or boss?  
 Yes  no  Indifferent

12. If yes how does he react to it?

- He insists his own way of accomplishing the task is the best
- He welcomes it and makes it part of the decision
- He insists on you using his approach
- He is usually indifferent

13. How do you react to his decision when he insists only on his own way?

- I feel highly dejected       I fell demoralized
- I feel happy                       I am often indifferent

14. Do you consider your involvement in decision making as a major reason to improve productivity?

- Yes       No       not sure

15. What are the direct consequences of employee participate in decision making?

- Increased productivity
- Increased wastage of time and money
- Cordial Manager/Subordinate Relationship
- Weakness Management Effectiveness
- Added Responsibility to the employee

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