Employee Participation on Decision Making: A Review On Conceptual and Practice Perspectives

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ABSTRACT

This study examined, theoretically, concepts and models the meaning, extent and implications of employee participation in decision making on an organizational and how it will help organization or management to make better decision. By participating bottom level employees on decision making company can deliver better service or give more user friendly solution to their customers. When Employee participative decision making encouraged in organizations move to economic stability and growth, improved working conditions, improved level of organizational trust and higher employee morale and satisfaction etc. many experts in participative management find it a necessity in recruiting the active cooperation of staff at the lower levels of the organization in solving problems that effect organizational issues and drive this to enhance employee creativity and motivation while improving the organization stability. Many organizations are now trying to change from the old tradition of authoritarian organizational style to a more independent and participative style. In other countries Organization allowed their employees to contribute their views and involve employee’s more in making organizational decisions. This article looks at Employee Participation, Employee Empowerment impact in the real life of both the organization and the employees.

Keyword: Decision making, Employee Empowerment, Participation in decision making

1 INTRODUCTION

Today organizations going through big changes from the past. These changers are related to the motivation and decision making of an operational strategy in an organization. It is very important to implement changes in the organization to face organization competitiveness and profitability. The organization need to frequently adjust circumstances and events that occurs in the environments to survive. Meanwhile it is not only important to the survival of the organization but also it is necessary to make changers while overcoming problems repeated with changers and more developments. These Changers cannot do alone but though people. Some situations people do not realize the need for change, because they mainly run in the organization principles and procedures which assigned by the company. Decision making is an essential part of our everyday life. In an organization decision making related to work activities and work inspiration. The correct decision making and motivating of decision makers about changers in an organization can confirm effective work with information to understand better the importance of changers and rapid implementation in practices.

The employee stress and distresses has astonished many organizations the world over and the non-involvement of employees in the management process has accounted for many of these over past years. In any organizations Decision-making has been the domain of top management but without the involvement of those on the lower treads of the ranking of man-
agement, yet they are the very ones expected to see to the implementation of these decisions (McGregor 1960).

The non-involvement of lower level management in decision-making also means that vital input from employees is often not factored into decisions made. This gives rise to the glitches that are experienced in organizations when it comes to the acceptance of these decisions and its implementation because employees feel insulted and of no importance because their views were not sought. They also do not feel involved in the decision making process but rather decisions are taken and ‘pushed down their throats’. This leads to conflict, defiance or a laidback attitude to implementation and hinders the projections of good Organizational Citizenship Behavior (McGregor 1960).

Any organization jobs are performed by human beings. With the industrialization, many viewers thought that machines would one day remove the need for people at work in an organization. But today in reality the opposite has been occurring. People are more important in today’s organizations than ever before. Human beings have capabilities, abilities and skills that help organization to performance day to day activities along with other resources such as material’s, money and information. As Thomas J. Watson, founder of International Business Machine (IBM) said “you can get capital and straight buildings, but it takes people to build a Business” (Bohlander and Snell, 2004). What Watson said is very important when it comes to Organizational productivity in terms of growth and success. The employee attitude and different type of behaviors effect to organization work either by positively or negatively. Also kind of relationship between managers and employees are very important to any organization. Employee commitment towards work can be effect in decision making and do participate in the activities of the organization. To win the commitment of employees to get work done employee should not treated separate or isolation, but important to involved system in organization decisions and work. Due to this reason management should get employee involvement in decision making on work matters in organization to achieve organization goals and objectives.

Participation of employee defines the contribution of employee in decision making which is concerned with shared or collective decision making in the work situation [Mitchell, 1973]. [Locke & Schweiger, 1979] defines employee participation as a joint decision making between managers and subordinates. According to [Noah, 2008] it is a special form of delegation in which the subordinate gain greater control, freedom of choice with respect to bridging the communication gap between the management and workers. It refers to the degree of employee involvement in organization’s strategic planning activities. A company can have deep or narrow employee participation in decision making [Barringer & Bleudorn, 1999]. The employee participation in the planning process leads to potential innovation, which may facilitates opportunity and recognition in the organization.

Marchington (2001) say employee involvement as a feature of Human Resource Management, (HRM). In firms with a hard alignment, Marchington (2001) considers that the ‘numbers-driven’, cost-cutting mindset reduces involvement to a one-way communication channel. This contrasts with organizations that are true believers in employees as their ‘greatest asset’ where there is a strategic pledge to sharing information and views and achieving a workplace culture that meets business needs. (Bennett, 2010) describes employee involvement as a form of employee voice initiative which may be seen differently by Human Resource (HR) experts and unions. Employees have understood that organizations want to increase employee involvement, given that the involved employees were willing to devote themselves fully in their work by way of a positive role (Kahn, 1990) and remain in them longer work (Saks, 2006; Schaufeli and Bakker, 2004).
According to Harber, Marriot and Idrus (1991), employee participation is now considered an main element in the implementing successful and new management strategies and plays an important role in defining the level of job satisfaction (Harmon et al., 2003; Zainnudin & Isa, 2011), commitment of the employee as well as their motivation (Batthi & Qureshi, 2007). Some researchers in Indonesia have found that many organizations do not give priority to attainment and using their individual employee's commitment to build strategy's to improve their effectiveness and their competitiveness (Yuliani, Prihanto et al., 2003). Further it has been found that some organizations have not gain full employee participation or involvement because of the organization structure has built. Some leadership styles that workers as individuals are obliged to follow the rules of organization and that they need them to give proper guidance (Moeljono, 2003), where managers not only fail to look at the broader picture that concerning workers in the decision making process of a company but they also miss an opportunity to increase workers motivation to work.

Decision making defined as choosing between alternatives (Moorhead and Griffin, 2004). It can be viewed as an outcome of mental processes (cognitive processes: memory, thinking, evaluation) which important to the selection of a best action among several alternatives. Decision making involves is likely consequences of decisions, considering the importance of Individual factors and selecting the best course of action to take. In the decision making process the decision maker actions are directed by a goal. Each of several alternative actions is linked to different outcomes. The Information's are available on the alternative's, on the value of each outcome relative to the goal. The decision marker selects an alternative on basis of evaluation of the information (Moorhead and Griffcin, 2004).

Decision making is the one of the most important activities managers undertake in their organizations to effectively manage. Every Organization either be profit oriented business or nonprofit oriented business. Organization basic decisions are as are based on key policy of an organization such as profitability, survival, employee recruitment retention and welfare, service to customer and social responsibility of community and entire public. The type of decision to be made who makes the decision and how the decision is to be made affect the efficiency and effectiveness of today's organizations. However structure and process of organization depend on the culture and socio-economic factors of hosted country. Jones, George and Hill (1998) mention that decision making is the process by which managersRespond to the opportunities and threats that challenging them by analyzing the options and making solution, or decisions about specific organizational goals and courses of action. According to stahl (1995) decision making is process of identify alternatives and choosing an alternative course of action that will solving a potential problem or addressing and opportunity that opens in business.

Over the years, the practice of all organization and the management commanded that employer or management would expect that workers will do the work that is set by top management. This was a traditional method of getting results through others in the early days and it is no longer true of today's business. The trend has changed and the management expects more from its workers than doing simply what is assign by the manager. It has also changed in that workers expect that more can be got from them by simply working according to the direction of the boss. Participation of employee explain the involvement of employee in decision making which is concerned with shared decision making in the working environment (Mitchell 1973). (Locke and schweiger 1979) defines employee participation as a combined decision making between manager and subordinators. According to (Noah,2008) it is a special form of allocation in which the subordinates gain more control, freedom of choice with respect to connecting the communication gap between management and
workers. It refers to the point of employee involvement in organizations strategic planning activities. A company can have deep or less employee participation in decision making (Barringer and Bleudorn, 1999). The employee participation in planning process indications to possible innovation, which may facilitate opportunity and recognition in the organization [Zivkovic et al, 2009].

There are too many indications that show organization's performance increase with the increase in employee participation [Arthur, 1994; Daft & Lewin, 1993; Denninson & Mishra, 1995]. Productivity is the performance measure encompassing both efficiency and effectiveness, high performing and effective organization possess a culture of encouraging employee participation. Therefore, employees are more willing to get involved in decision making process, like goal setting, problem solving activities which results in higher performance [Hellriegel, Slocum & Woodman 1998]. Encourage more modern participative style of management raise employee productivity and satisfaction even with low compensation rates [Madison, Wisconsin, 2000]. Job satisfaction increases productivity through high quality motivation and through increasing working capabilities at the time of implementation [Miller & Mange, 1986]. These were the evidences that participative working environment has more substantial effects on workers' productivity.

Every organization seeks to improve and increase its performance level by providing learning opportunities to its workers (Weiss et al., 1998). Organizations must perform at individual level to improve their performance of whole organizational. All subdivisions of the organizations must perform well to achieve overall performance level (Ward, 2007). Organizations in all over the world have designed different processes to improve performance level from functional to employees and till organizational level to perk up overall organizational performance. Organizations are also required to manage performance of its employees and functions by setting goals and achieving those (Good, A.D. and Carin, B. (2004)., 2004). According to Dess & Robinson (1984), organizational performance can be enhanced by improving employee participation and management must have certain tools to improve employee participation in that sector. Wheelen and Hunger (1998) says that level of performance is based on objectives and goals set by an organization. For every company working in market the main goal is to earn profit and reduce expenses. Organizations can improve their profit and reduce their expenses by improving employee participation (Sorenson, 2002). According to Lee K. J. S., Yu K., (2004), level of progress and participation is different in every company. Many organizations delegate authority and power to their employees and due to that authority organizations performance also increases. An organization which gives authority to their employee to take decision also enhances their own skills. Organizations which perform well also involve employees in decision making and other organizational decisions. Rashid, et al., (2003) says that organizations also require more profit on their input and financial benefits on all expenses occurred.

According to Ho, T.C. and Wu, S.Y. (2006), organizations require different analysis to measure their profitability and this shows that organization profitability can be increased when performance level of an organization also increases.

1.1 Purpose of the Study

In order to increase the workers commitment and improve the work performance managers need to permit a high degree of employee involvement (Cohen et al., 1997).therefor the involvement of workers in decision making is considered as a tool for improving motivation in the workers leading to positive work attitude and high productivity (Noah, 2009). However, researchers may be skeptical about the value and rele-
vance of employee involvement in decision making to firm performance. The issue of whether decision making exists in the Sri Lankan industrial set-up is very controversial. On the contrary, some management writers in different countries are of the opinion that it does not exist and where it does it is not real. Their reason is that the necessary prerequisite conditions to encourage participation in are not available. However, research into leadership style has exposed employees need for involvement in decision making in their various organizations. Employees are at the same time important elements of the accomplishment of the organizational goals, and organizational survival. The reason basically rests on the fact that employees are operators and are in better position to know the problems they encounter in doing a particular task and how best to solve them.

The problem mainly occurs on the fact that participation though obtained has not been clearly understood as well as its benefits. Some of the managers feel that the decision making process is their sole prerogative and as such should be protected. Again top management likes to remain aloof from its employee as to build an all-important air around them.

The study has a direct effect for today's organizations. With the high competitiveness among organizations, employers must ensure that their firms or organizations are able to tap the necessary human skills needed to increase productivity. An important element in an organization that determines productivity and gives it a competitive edge is its employees. The extent to which employees are made to participate in decision-making to enhance commitment towards productivity is not practiced in many organizations. When employees are given the best salaries and working conditions and are not allowed to participate in decision making process, they become unsatisfied hence low commitment towards productivity. This research is to identify ways of increasing productivity in an organization through participatory managerial level decision making and also suggest practical solutions to management problems.

1.2 Methodology
This paper follows deductive approach in which arguments and explanations are mainly supported by empirical evidences and associated theoretical contents. Alongside, authors reviewed journal articles, books and industry publications to review the concepts and applications pertained to employee participation on decision making. Accordingly, literature review was employed as the main research tool. Paper attempted to discuss cases found within the application of employee participation on decision making to import practice related insights for the readers. Authors highlight some industry specific issues and case evidences whilst specific concern is made on Sri Lankan industry practices. Paper is organized as a concept paper whilst arguments were empirically supported. Finally, authors discuss and conclude the paper by postulating future research directions in line with the synthesized discussions.

2 THEORITICAL REVIEW ON EMPLOYEE PARTICIPATION ON DECISION MAKING

2.1 Leadership Style and Degree of Participation
Organization leaders are the CEO, directors, top management etc, they set organization vision, mission, goals and the decisions they make effect productivity and success of the organization and its staff. Many researchers have defended what is effective leadership. According to Grunig, and Dozier (1992), organizations should have strong participative culture, innovative and have good leader who motive and direct their staff. Leaders should use strategic planning and collaborative work environment. Good leadership is important to establish successful teams, improve organization communication, productivity, customer satisfaction innovation etc. Leadership as defined By Packard (1989) has defined Leadership as the process
of influencing others to achieve specific objectives in specific situations. However, leadership is such unduly coercive methods as influencing people with acts of violence. According to the Dubrin (1989 p. 330) states that effective organizational leaders are relatively consistent in the way they attempt to influence the behavior of group members. All the major decisions manager who makes in one situation is not likely to share decision making in another. Also, the manger person who is considerate in one situation is not likely to be insensitive in another. He goes further to say that the relatively consistent pattern of behavior that characterizes a leader is his or her leadership style. Same time the behavior of most managers is too complex to be described by a single style, and some managers modify their styles is still useful Benard (1992) referred to pseudo-participation as a manipulative device used by management, that is, while maintaining a theory X philosophy, they only recognize the subordinates' inputs only when they conclude with the decision they (management) have already made.

### 2.2 Decision Making Perspective

When defining the management the most important share is the decision making which is the most challenging and most important management function. Decision maker is the most important role. Managers within organizations make decisions based on everything within an organization does. Decisions are the ideas which turn into action and can have a positive or a negative impact. Because decision are taken under uncertainty and under a risk.

The decision making process depends largely on knowledge, experience, skills attitudes and values etc of decision maker. Store and Freeman (1984) Decision making is defined as “the process of identifying and selecting a course of action to solve a particular problem.” It can also be defined as a thought process of selecting a logical choice from the available options in decision making process. Studies have showed that employee participation is positively related to performance, satisfaction and productivity of an employee. Participation in decision making make employees gain self-actualization hence increases employees’ motivation and job performance.

Researcher Moorhead and GrifCin (2004) decision making is defined as selecting between alternative's which considered as an outcome of mental process which primary to the selection of an action among alternative's. Decision making kid of mapping the consequences of decisions work with the individual factors and choosing the best option or action. Decision making process decision makers options or actions directed by a goal. The several alternative courses of action is linked to various outcomes. The decision maker select an alternative on the basis of his evaluation of the information (Moorhead and GrifCin, 2004).

There are several models which describe on decision making. The retinal model assumes that there is one best outcome. Because of this it is called an optimizing decision making model. This model considers every option to know the future consequence of each decision and the utility associated with each outcome. This model (decision making) it consist of six step sequences that decision makers need to take to achieve the optimal decision given their goals and constraints. Steps are define the situation and the desire outcome, research and identify options, compare the each alternative, select and alternative, design and implement action plane and evaluate results. The Administrative Model of Decision Making An approach to decision making that explains why decision making is inherently uncertain and risky and why managers usually make satisfactory rather than optimum decisions (Bounded rationality, incomplete information). Reason why information are incomplete is uncertainty and risk, ambiguous information, time constrain and information cost. The Causes of Incomplete Information are Risk: Degree of probability that
the possible outcomes of a particular course of action will occur, **Uncertainty**: When the probabilities of alternative outcomes cannot be determined and future outcomes are unknown, **Ambiguous information**: Information that can be interpreted in multiple and conflicting ways, **Time constraints and information costs**: Managers have neither the time nor money to search for all possible alternatives and evaluate potential consequences, **Satisficing**: Searching for and choosing an acceptable, or satisfactory response to problems and opportunities, rather than trying to make the best decision.

Adams Equity theory is a concept that people derive job satisfaction and motivation by comparing by their efforts (inputs) and income (outputs) with those of the other people in the same or other firms. Employees seek to maintain equity between the inputs that they bring to a job and the output that they receive from it against the perceived inputs and outcomes of others. This theory helps employees to share their ideas with the others. Also herzberg’s two factor theory explains there are certain factors in the workplace that cause job satisfaction (achievements, recognition, responsibility, promotion, growth etc) while separate set of factors cause dissatisfaction (supervision, pay / salary, relationship with co-worker, job security etc).

### 2.3 Concept of Employee Participation

Employee involvement in decision making referred to as participative decision-making (PDM). In other words shared decision making in the work environment. (Mitchell, 1973). According to Noah (2008), it is a special way allocating in which the subordinate gain greater control, more freedom to make decision within their job role with making a communication gap between the management and the workers it refers the employee’s involvement in a firm’s strategic planning activities. A firm can have different grade of employee involvement. Which mean organizations has all level of employees are involved in the planning process but some organizations only top management will involve in planning process. A deep employee involvement in decision making allows the frontline employees who directly communicate with customers (Barringer & leudorn, 1999). McFarland (1968 p.502) tells that the root of participative decision making based in the company philosophy and managerial style and in the overall organizational environment. Organizational environment as used by McFarland includes people, laws, economic and market conditions and technology. McGregor (1960 p. 33) follows the authoritative theory X by the more democratic participative theory Y. This theory assumes greater motivation and increase fulfillment of both individual needs and organizational goals. This theory assumes greater motivation and increase fulfillment of both individual needs and organizational goals. The individual will assume responsibility freely and easily, exercise self-direction and self-control. Such organization that operates on this assumption would readily distribute responsibility widely among its managers and would want an individual to anticipate in setting goals for him -self and for the organization. In other words this theory emphasizes participation management rather than management by control. Maslow (1943) also extended his theory of motivation to emphasize the importance of providing an organizational environment in which the individual can achieve maximum self -actualization.

It has been argued that Participative decision-making is an element to improving job satisfaction in an organization (Black & Gregersen 1997; Kim 2002; Han, Chiang and Chang, 2011). Some views of organizational researchers, there are several dimensions of participation in organization. It is: (1) an opportunity for employees to achieve their goals, (2) to seek ideas among the employees, and (3) to assign responsibilities to employees (Gibson, Ivancevich et al., 1992). Employee participation is considered a key element in the successful implementation of new management strategies and plays an important role in improving job satisfaction.
role in determining the degree of job satisfaction (Harber, Mariott et al, 1991; Ardichvili, Page et al., 2003).

It is fundamental to make a distinction between direct and indirect forms of participation on the description of the different types of employee participation, or as expressed by Gold and Hall, (1990), (cited in Knudsen, 1995), between individual and representative participation. A similar view is shared with Torres, (1991) He states that workers being involved in the actual making of decisions, directly or indirectly through representatives, at all levels of the company or workplace participation.

Some researcher’s argue that participation is a joint discussion between employees and managers that brings together to solve problems and find suitable decision working together as a team (Kim 2002). Rosidi (1999) states that participation plays an important role in the decision-making process, where all the levels of employee in an organization supply necessary information. Where employees participate in the decision-making process, with their own goals and when they try to reach their own goals organization goals will be achieved.

2.4 Employee Empowerment

Empowerment has been described as employees to make decisions and as a personal phenomenon where individuals take responsibility for their own actions (Pastor, 1996). The first definition tells how management facilitates and implements the empowerment culture; the second highlights the importance of the individual in the truly successful application of empowerment. Wing (1996) says the term personal empowerment in relation to business consultants and views it as a strong self-analytical tool which allows them to understand and address their personal prejudices, differences of opinions, and experiences with clients in order to be successful in change efforts. Whatever the definition of empowerment used, the end goal is to develop the performance and potential of the individual as well as that of the organization.

Employee empowerment is providing an employee authority by allowing workers to take decisions that were previously the preserve of their line managers and to assume responsibility for the consequences. This occurs within an organizational culture of initiative, teamwork and flexibility [Hyman J, Cunningham 1998]. This will makes employee’s feel that they are important to the organization or they are part of the team to achieve one goal. By doing this they feel self-esteem and it increase creativity and innovation in the organization. He said that employee involvement and empowerment is a long term commitment, a new way of doing business and a fundamental change in culture. With employee empowerment, employee is given a chance to be innovative, take risks without cooperating with the organizational goals, vision and mission. Empowerment is a basic and important concept for successful achievement, productivity, and growth in any business (Hunjra, UlHaq, Akbar, & Yousaf, 2011). Employee empowerment is a motivation of workers that aims to increase the performance by increasing the opportunities of participation and involvement in decision making. It is mainly concerned with developing trust, motivation, participating in decision-making, and removing any boundaries between an employee and top management (Meyerson & Dewettinck, 2012).

Empowerment is way of giving an employee the permission to make decisions and distributing responsibilities from manager to other employees (Saif & Saleh, 2013). Such employees would develop positive thinking and do their best to perform well in work place (Wadhwa & Verghese, 2015). Employee empowerment has recognized as an important provider to organizational success and many authors observed its direct effect on employee performance, job satisfaction and organizational commitment (Meyerson & Dewettinck, 2012). Past studied found that empowerment had a positive effect on job satis-
faction (Raza, Mahmood, Owais, & Raza, 2015; Wadhwa & Verghese, 2015).

From the past industry and academia have shown high interest in the theory of employee empowerment (Klidas et al., 2007). In the last decade however empowerment has become particularly important for services, aiming to control or enhance service quality and customer satisfaction at the point of service production (Klidas et al., 2007). Organization trying to gain competitive advantage by improving empowerment but still organization has to face several problems (Lashley, 1999). Customers vary considerably in their expectations of service quality (Rust and Oliver, 1994). The individual customers may define and re-define their needs from service deliverers as their circumstances, experiences and expectations change.

3 CASE REVIEW ON EMPLOYEE PARTICIPATION ON DECISION MAKING

Today many organizations recruit their employees as a short term contract rather than recruit as permeate staff because of the economic and political changers. Due to this employees are not job satisfaction and organization commitment not with the employees and this has affected the level of employee participation in decision making. The short term contract employees not willing to share their experience, job issues, ideas and suggestion’s with the team or with their management, since they think they are not important to the organization and not happy with the benefits they gain from organization with compare to permanent staff. One of famous and large FMCG companies and printing industry in Sri Lanka they have outsourced some departments (accounts department and shipping department). These departments top management is permanent staff but lower level staff has recruit from Manpower Company. The outsource employees work to get experience and once they gain experience they will move to another job, then again need to recruit new staff as replacement. No knowledge sharing will happen and new comer or the manager did not know what the work he or she did. Lower level staff is the person who work day to day work and move with the clients, suppliers and others who external to company. Therefore they know, what are the issues they face, what are the expectation’s customers or other will expect etc. since lower level employees not participate to decision making top management doesn’t know the what are real issues, what are the best solution to the issues, and whether customer expectation can be satisfied or not, make decisions without knowing real situation in organization and finally management will fail. These issues can be reduce by knowledge sharing, team work and participate employee in decision making.

In the shipping department in this FMCG company this has outsource to one of famous shipping company and they will do all the sipping and clearance activities on behalf of this FMCG company. The management have not monitor what are the day to day activities done and what are the issues in shipping related they only investigate on whether shipment’s has been deliver to warehouse on time to do the productions. Once the new country manager appointed he has investigated all the old activities and finally he has found that container deposits has not been refunded (from 1998 to 2016) and today when they try to reclaim container deposits clearance document’s has not archived properly. When we look this matter main issue is no one has monitor work, outsource employee has not share issues with the management and not participate in decision making.

4 CONCLUSION AND FURTHER RESEARCH DIRECTIONS

Most of researchers in other countries has done research on employee participation on decision making based on how it
affect organization productivity, individual performance, job satisfaction, employee motivation and employee job satisfaction with their jobs as their level of participation in decision making. From these researches has shown that positive impact by employee participating in decision making. Eg: employee job satisfaction has improved, employee engagement has improved, company productivity has improved etc. But in Sri Lanka very few have done research base on employee participation on decision making. Meantime in Sri Lanka still organizations follows traditional method of decision making which top management will take the decision and they are not consider or participate low level employees to make decisions, Because of this most of the organizations fails to take right decision on right time. In real situation lower level employees are the people who face day to day work issues and they may know better solution to solve work issues than top management. In Sri Lankan culture employees in organizations afraid to contribute their ideas, thinking’s and solution because of they may think members will laugh or management do not consider. It is very important make good Relationship between supervisor or manager and employees should be good to enhance easy consultation and free flow of information in an organization. Future research can also be carried with samples from different locations across different industries. And identify why employees are not allowed to participate I decision making, identify the consequences of not allowing employee participle in decision making and find the ways of making employee participate in decision making.

REFERENCES