

Effect of Workers' Participation in Managerial Decisions and Corporate Productivity of System Metal Industries, Calabar, Nigeria

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ABSTRACT

The main focus of this study was to appraise the extent to which workers' participation in managerial decisions affect the corporate productivity of System Metal Industries, Calabar. The study was designed to use survey research method. This design method was considered suitable because of its cross-sectional approach that ensures seeking the views of individual employees, supervisors, and managers. The research was limited to System Metal Limited, Calabar. The population of the study was comprised of all the staff of System Metal Industries Limited, Calabar. They are four hundred and twenty-seven (427) according to the nominal roll of the company. Simple random sampling. The sample size of the study was determined from the population through the use of the Taro Yamen's formula. In doing this, the researcher mathematically obtained a ratio of the sample size against the population. This gave an approximate number of 207. This means that every 2nd name on the nominal roll was picked as respondent. The main instrument used for data collection in this study was a structured questionnaire titled "Employee Participation and Company Productivity Questionnaire (EPCPQ)". The validity of the instrument was assessed by the supervisor and a statistical consultant with experience in test and measurement to confirm the relevance of each item in relation to the objectives of the study, the hypotheses to be tested, as well as the comprehensibility of each item in relation to the understanding levels of the respondents. The reliability coefficient obtained was 0.75, and this was high enough to justify the use of the instrument. The researcher subjected the data generated for this study to appropriate statistical techniques such as Pearson Product Moment Correlation Analysis. The test for significance was done at 0.05 alpha levels. The study concluded that there is significant relationship between employees' participation in managerial decision and profitability of the company. One of the recommendations made in the study was that employees should be given an opportunity to participate in decision-making in order to ensure the implementation of the decision made.

KEYWORDS: Managerial decision, Workers Participation, Productivity, System metal industries and Calabar

Introduction

Participation does not only involve group processes reflecting democratic values; it is also a reflection of the extent and manner in which responsibilities and tasks are delegated to subordinates. As a result, participation is inherent in the superior/subordinate relationship. It has been suggested in several quarters that when workers are involved in the decision-making process of their organizations, they become committed to the attainment of the organisational goals. In a divergent view, Beach (2005) observes that decentralisation of authority could also lead to wider participation, which will ultimately result in both increased productivity and higher morale. However, in recognition of the importance of workers' participation in decision making, Armstrong (2009) notes that people will use their energy to subvert the ends sought by the firm if management fails to recognise their existence. While supporting this proposition, Davis (1981) declares that the extent to which a person is committed to any action is a function of his involvement in the planning and that workers' separation from the planning of organisational objectives would lead to lower overall performance. In other words, when workers are denied the opportunity to participate in the decision-making process that would affect them, their attitude to work will change automatically, and the obvious consequence is low productivity.

In participating in this debate, Hewitt (2002) contends that employees will become more creative, exhibit greater initiative, and become more responsible when given the opportunity to express themselves and share in the decisions affecting them and their working environment. They said that employees' participation in decision-making will facilitate the development of internalised motivation and serve to increase human satisfaction and morale in the organization. Therefore, it is the integration of the employees into the "administrative caucus" that will certainly lead to a better understanding between both parties—management and employees. Based on this background, this study was conducted to ascertain the level of workers' participation in managerial decisions and the extent to which this has negatively or positively affected the level of productivity of System Metal Industries Limited, Calabar.

Statement of the Problem

The denial of workers' active involvement in decision making has been identified as one of the major causes of the problems manifesting daily in the work lives of modern employees. However, it has been said that when an employee discovers that his work does not provide him with the opportunity to realise his potential through participatory management, he tends to engage in negative behaviours like absenteeism, apathy, lack of commitment, and low productivity.

Objective of the Study

The main objective of this study was to appraise the extent to which workers' participation in managerial decisions affect the corporate productivity of System Metal Industries, Calabar, while the specific objective is to:

1. To determine the relationship between employees' participation in managerial decision and profitability of the company.

Research Question

In line with the problems that prompted this research, the following research questions were formulated.

1. In what way does employees' participation in managerial decision enhance profitability of the company?

Research Hypothesis

In line with the research questions and objectives of this study, the following research hypothesis was formulated to guide the conduct of the study.

1. There is no significant relationship between employees' participation in managerial decision and profitability of the company.

Theoretical Review

Simon's (1960)- Decision-making theory

Simon (1960) distinguishes between two types of decisions, namely: programmed and unprogrammed, depending on the type of problem. Programmed decisions are those which are well structured, repetitive, and generally routine in nature, and there are definite rules and procedures for handling them. The risks involved are not high and can therefore be more easily delegated. Perhaps most of the decisions that the principal or the head of a department makes are routine. For example, the decision to employ a new worker or to perform extra duties is a programmed decision. Programmed decisions are called routine decisions and are obviously the easiest for the administrator to make because there are written or unwritten policies that can easily be referred to rather than having to think afresh as to how to handle certain problems.

Non-programmed decisions, on the other hand, are those that are out of the ordinary or are unique. They are new and non-repetitive, unstructured and entail high risks. They cannot be easily assessed in quantitative terms. Because of its novelty, there are no established procedures for handling the problem. Decisions made may mean greater expenditure of resources. An example of a non-programmed decision is a decision to construct new classroom facilities or workshops. Administrators or managers should rely heavily on their problem-solving ability, creativity, intuition, tolerance for ambiguity, and judgement when they make non-programmed decisions. The ability to make a good non-programmed decision helps to distinguish effective managers from ineffective managers.

Decision-making is at the very heart of the administrative process and leadership. It is the process of choosing from among alternative ways of achieving an objective or providing a solution to a problem. Decision theory also takes into account three other factors:

- (1) Possible states of nature or events or outcomes to which, in some manner, probabilities of occurrence may be assigned
- (2) Some method of assessment of the correctness of actions or events and their consequences in terms of utility and profitability.

- (3) Some criterion or criteria for the determination of the best or 'optimum' act.

Griffiths (1958), however, has suggested a tripartite classification of administrative decisions: intermediary, appellate, and creative types of decisions. The five decision-making skills that contribute to the effectiveness of the administrator are stated as follows:

- (1) Skill in differentiating among types of decisions.
- (2) Skill in determining the amount and type of information needed to reach a decision.
- (3) Skill in determining the appropriate involvement of other people in reaching decisions.
- (4) Skill in establishing priorities for action, and
- (5) Skill in anticipating both intended and unintended consequences of decisions.

Conceptual Review

Concept of Employee Involvement in Decision Making

Employee involvement in decision making, sometimes referred to as participative decision-making (PDM), is concerned with shared decision-making in the work situation (Mitchell, 1973). Schweiger (1979) defines it as "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, greater freedom of choice with respect to bridging the communication gap between the management and the workers. It refers to the degree of an employee's involvement in a firm's strategic planning activities. A firm 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. Conversely, a low degree of involvement (shallow employee involvement in decision making) indicates a fairly exclusive planning process (Barringer & Bleudorn, 1999) which involves the top management only.

Deep employee involvement 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). This means that employee participation in the planning process surrounding the potential innovations may facilitate opportunity recognition throughout the organisation (Kemelgor, 2002; Zivkovic et al., 2009). The attitudes that organisational results come from the top and that effective cultures are derived from the upper echelon often tend to ignore the power and the contributions of those at lower levels (Woodworth, 1986), thus ignoring the importance of employee involvement in decision making.

However, one cannot write meaningfully about employee involvement in decision-making or PDM without embedding it within a national cultural context. Thus, Sagie and Aycan (2003) propose a framework that links various types of PDM to the cultural context. This framework was based on two dimensions of Hofstede: power distance and individualism-collectivism (I/C), as

their link with PDM is strongest compared to other cultural dimensions (Heller et al., 1998). Menzel et al. (2006) define power distance as how individuals perceive power differentials within society or firms. It influences the degree to which participation is practiced. In a high power distance culture, decision-making is perceived as a privilege of management and participation is considered an infringement on management prerogative. Hence, employees are not involved in decision-making. In contrast, in a low power distance culture, everyone is perceived to have the potential to contribute to the decision-making process; in fact, everyone is assumed to have equal rights. As such, employees consider it their right to participate in decisions that concern them (Sagie & Aycan, 2003). On the other hand, individualism helps identify the person or group involved in making decisions. The individualism-collectivism continuum is the extent to which an individual defines himself as either an independent agent or a part of the collective. Cultures high on individualism (or low on collectivism) emphasise the welfare, interests, and goals of the individual and his family. Each member in an individualistic culture is responsible for his actions. One's participation in decision-making is not everyone else's business. Conversely, cultures high on collectivism (or low on individualism) emphasise 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 & Aycan, 2003).

Effect of Participatory Decision Making on the Organizational Growth

Some companies are generally known for their high employee morale, and the resultant effect is that the workers should pay back by way of high productivity, which brings about tremendous organisational growth. But this is not so in all cases, as some workers cannot remain faithful and committed to their work. From time to time, organisations find it useful to summarise employees and to find out how the employees can best contribute to the growth of the organization. Organizations need to know who their best performers are. Within the context of formal performance appraisal requirements, rating means evaluating an employee or group performance against predetermined standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organization's appraisal program. It is based on work performed during an entire appraisal period. Daniels (2001) explains the rating of record as having a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduced workforce. It is pertinent to note that although group or individual performance may have an impact on an employee's summary rating, including his/her effort on organisational growth.

Employees' participation in decision making as part of performance management ensures that organisational goals are consistently being met in an effective and efficient manner. It can focus on the performance of an organization, a department, an employee, or even the processes to build a product or service. Employees' participation in decision making is very expedient in organisational growth and development.

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Empirical Review

Effect of participatory decision making on employee involvement has significantly affected the productivity of organisations and companies in general. According to research conducted by the Workplace Representation and Participation Survey (WRPS), companies that have effective employee involvement are 17% more likely to perform better than companies that lack employee involvement programmes in their organizations. The report further shows that employees who work in companies that have efficient employee involvement are more satisfied with their jobs compared to other workers. Another research conducted by Dundon & Grugulis (2007) on more than 18 different organisations on impact of employee involvement and company productivity revealed the same result. Several respondents expressed their belief that there was a correlation between employee involvement and performance outcome. Consultancy Co, for example, has an employee involvement mechanism called "Strategy Days" that allows employees to provide input into the organization's future strategic plan. At these "strategic days," the company allows employees to come in groups and discuss matters that range from market changes to technological changes and report their ideas to a plenary session that takes further action on their findings. The report shows that workers in Consultancy are more satisfied with the management than workers in other companies that have a centralised system of making decisions. Another company that has taken advantage of employee involvement is HiFi Sounds. At HiFi Sounds, the management encourages the employees to make suggestions on a whole host of matters, including staff recruitment, shop opening, and customer care management. Another company that has benefited from this programme is Bet.com. Following a briefing session between employees and management, Bet.com decided to implement bets from customers over the phones. The result of that initiative saved the company thousands of pounds. From this statistic, it is clear that employee participation in the management of a company improves productivity and employees' job satisfaction.

Richardson et al. (2004) report that to date, all empirical studies on ongoing behavioural outcomes have used Porter's measure of involvement (Noah, 2008), which is based on the so-called psychological approach described by Chang and Lorenzi (1983). Additionally, in contrast to other measures, Porter's index has a substantial body of reliability and validity documentation (Spreitzer and Mishra 1999).

Buchanan (1974) questionnaire has been empirically tested for these psychometric properties (Connor and Becker, 2003) after being administered to 2,563 employees working in a wide variety of jobs in nine different organizations. The respondents were public sector employees, university employees, hospital employees, bank employees (Singh, 2009), scientists and engineers, auto company managers (Williamson, 2008), and psychiatric technicians.

Methodology

The study was designed to use survey research method. This design method was considered suitable because of its cross-sectional approach that ensures seeking the views of individual employees, supervisors, and managers. The research was limited to System Metal Limited, Calabar. The population of the study was comprised of all the staff of System Metal Industries

Limited, Calabar. They are four hundred and twenty-seven (427) according to the nominal roll of the company. Simple random sampling. The sample size of the study was determined from the population through the use of the Taro Yamen’s formula. In doing this, the researcher mathematically obtained a ratio of the sample size against the population. This gave an approximate number of 207. This means that every 2nd name on the nominal roll was picked as respondent. The main instrument used for data collection in this study was a structured questionnaire titled "Employee Participation and Company Productivity Questionnaire (EPCPQ)". The validity of the instrument was assessed by the supervisor and a statistical consultant with experience in test and measurement to confirm the relevance of each item in relation to the objectives of the study, the hypotheses to be tested, as well as the comprehensibility of each item in relation to the understanding levels of the respondents. The reliability coefficient obtained was 0.75, and this was high enough to justify the use of the instrument. The researcher subjected the data generated for this study to appropriate statistical techniques such as Pearson Product Moment Correlation Analysis. The test for significance was done at 0.05 alpha levels.

Hypothesis Testing

The null hypothesis states that there is no significant relationship between employees’ participation in managerial decision and profitability of the company. In order to test the hypothesis, Pearson Product Moment correlation analysis was performed on the data.

Table 1: Pearson Product Moment Correlation analysis of the relationship between employees’ participation in managerial decision and profitability of the company

Variable	$\sum X$	$\sum X^2$	$\sum XY$	r
	$\sum Y$	$\sum Y^2$		
Employees’ participation in managerial decision (X)	2449	29417	38491	0.82*
Profitability of the company (Y)	2887	40809		

***Significant at 0.05 level; df = 205; N=207; Critical r-value = 0.138**

The above table 4.10 presents the obtained r- value (0.82). This value was tested for significance by comparing it with the critical r-value at 0.05 levels with 205 degree of freedom. The obtained r-value (0.82) was greater than the critical r-value (0.138). Hence, the result was significant. The result of the data analysis therefore means that there is significant relationship between employees’ participation in managerial decision and profitability of the company.

Discussion of Findings

The result of the data analysis in table 1 was significant due to the fact that the obtained r-value (0.82) was greater than the critical r-value (0.138) at 0.05 level with (205) degree of freedom. This result implies that there is significant relationship between employees’ participation in managerial decision and profitability of the company. The significance of the result is in agreement with the finding of Vroom (1999), who sated that employee participation ensures that the company resources are well utilized to provide maximum profit. And also with that of

Wagner (1994), who opined that resources encompass employees, physical material and financial capability of the organization. Many managers are provided with minimum resources to reach maximum result for the organization. Managing the minimum resources requires innovation and efficient communication between the employees and the management. This can only be achieved through efficient employee involvement mechanism, which will ensure, that all the employees participate in decision making process. The significance of the result caused the null hypotheses to be rejected while the alternative one was accepted.

Conclusion

The research findings show that deep employee involvement 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. This means that employee participation in the planning process surrounding the potential innovations may facilitate opportunity recognition throughout the organization. Finally, the study concluded that there is significant relationship between employees' participation in managerial decision and profitability of the company.

Recommendations

1. Employees should be given an opportunity to participate in decision-making in order to ensure the implementation of the decision made.
2. The employees should be motivated by the Management in order for the former to give their best; thereby raising the company's achievement to the high level of performance, efficiency, productivity and profitability and rapid growth.

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