

Impact Of Employee Participation On Organizational Effectiveness In It Companies

P. Priya***Dr. M. Chandran****

*Ph.D- Research Scholar
Department of Commerce
Vels Institute of Science, Technology and Advanced Studies (VISTAS)
Chennai.
priasampoorna22@gmail.com

**HOD & Research Supervisor
Department of Commerce
Vels Institute of Science, Technology and Advanced Studies (VISTAS)
Chennai.
hodcommerce@velsuni.ac.in

Abstract

The purpose of this study was to ascertain factors impacting the employee participation in decision making on organization effectiveness. The research design was descriptive in nature. The dependent variable of the study was organization effectiveness while the independent variables were power, social, and reward factors. The sampling frame from this study was selected from a full time employees. Univariate analysis like frequency distribution was adopted in the study. The findings of this study were that majority of the middle managers and supervisors believed that organization effectiveness was being affected by the three specific objectives: power factors; information factors; and reward satisfaction factors. The findings indicated that these three specific objectives were the main factors impacting employees to involve in decision making.

Keywords: *Employee participation, Organisation, effectiveness, Decision making*

1. Introduction

Over the years, employee conflict and anxieties has astonished many organizations the world over and the non-involvement of employees in the management process has accounted for many of these. Decision-making in organizations has been the area of top management but without the involvement of those on the lower steps of the ranking of management, yet they are the very ones expected to see to the implementation of these decisions. 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 problems that are experienced in organizations when it comes to the acceptance of these decisions and its execution because employees feel insulted and of no importance because their opinions were not required. They also do not feel involved in the decision making process but rather decisions are taken and 'pushed down their throats'. This leads to clash, non-cooperation or a laidback attitude to implementation and hinders the projections of good Organizational Behaviour.

Employee involvement is considered a key element in the successful implementation of new management strategies and plays an important role in determining the degree of good organizational effectiveness. This in turn, increases the commitment of the employee as well as their motivation. Furthermore, employee Participation is a mental and emotional imitation that will lead to the fulfilment of individual and organizational goals, especially if supported by the organization's climate. It is the opportunity to participate in decision making which helps to create trust between workers and supervisors and to produce inherent rewards.

Review of literature

D.S. Sukirno and Sununta Siengthai (2011) focuses on effect of employee participation in decision making on teacher's performance relating to higher education and also it discusses about relationship between participation and their performance relating to job. It is found that participation of employee in decision making will have significant impact on lecturer performance.

Phylister Akoth Oloo and Bula Hannah Orwar (2016) this study discuss about involvement of junior employees in decision making process. It mainly deals with four major factors which influence decision making such as employee retention, motivation, problem solving and efficiency. Therefore, the study concludes that if junior employees are made to participate in decision making them themselves motivated and in turn feels more responsibility towards their job and increases performance.

Simon s. k. Lam, Xiao-Ping Chen and John Schaubroeck (2002) study examines the cultural differences between self-efficacy and collective efficacy which is Compared to the Hong Kong participants with U.S. participants. The study reveals that hong kong has higher participation on both self-efficacy and collective efficacy.

Dodi W. Irawanto (2015) his study emphasis on employee participation in decision making between two states owned enterprises. The researchers find out that involving employees in

decision making creates positive impact as well as it motivates employees to do job in better way and there by promotes responsibility towards work and enhance job performance.

Objectives of study

1. To find out the factors responsible for employee participation on organisational effectiveness in IT companies.
2. To determine the impact of employee participation and over all organisation effectiveness.

Scope of the Study

The purpose of the study was to identify the impact of employee participation in decision making on organization effectiveness.

Research Methodology

This chapter discusses the methodology that the researcher was employed in conducting research. This chapter was divided into various sections that addressed the research design that was adopted, the population and sampling of the study, the data collection methods that was employed, the research procedures that was used in the study and finally, the data analysis methods that was employed.

Hypothesis

There is no relationship between employee participation and organisational effectiveness in IT companies.

Questionnaire Design

The questionnaire consists of three parts namely personal, organisational profile of the employees, employee's participation variable and organisational effectiveness variable. In the first half the questionnaire consists of only optional types questions whereas second and third part consists of statement in Likert five-point scale.

Pilot study

A preliminary investigation is done to check the reliability of the research instrument developed by researcher. At the initial stage the researcher collects 60 responses from six popular IT companies. The reliability is obtained through cronbach alpha method. It is found that cronbach alpha value is 0.897 which is above the bench mark value of 0.75; it states that the research instrument is highly reliable.

Data Collection

After the pilot study the researcher circulated the questionnaire in top ten IT companies. The researcher circulated ten questionnaire in each IT companies. After circulating 200 questionnaire the researcher obtained 150 filled in respondents hence sample size of the research is 150.

Sampling selection

The researcher applied convenience sampling method to obtain the responses from the employees of the IT companies. Even though the sample is selected through convenience sampling method the data is treated for the multi-variate test to check for its valuation. Factor analysis method and cluster analysis method revealed that the sample collected through convenience sampling method is normally distributed.

Data Analysis

After obtaining 150 responses, in order to analyse them they are systematically coded and tabulated. The following research instruments are used to analyse the data:

- a) Exploratory factor analysis
- b) Confirmatory factor analysis
- c) Linear multiple regression

Limitations of study

The fact that this is a study of the IT companies, limits the extent to which generalizations of any outcome of this study can be applied to all other sectors and industries. The study can also be carried out in other sectors of the economy.

Research gap

After reviewing both national and international research work on employee participation and measurement of effectiveness, the researcher is able to understand two important areas namely exactly measuring a factor responsible for employee participation. Second one is what is the exact empirical proof for determining the employee participation and subsequent effectiveness on organisational effectiveness. In order to estimate the number of factors and quantum of influence the researcher ensures on the present research work.

Analysis and Discussion

The research instrument on employee participation consists of four factors namely decision making, organisation culture, organisation power and commitment. These four factors are well defined and derived from literature reviews and they have variables under them. It is to confirm of these factors using both explanatory factor analysis and confirmatory factor analysis. The application of explanatory factor analysis is clearly specified in the following table.

TABLE 1 EXTRACTION OF FACTORS OF EMPLOYEE PARTICIPATION

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.465	35.915	35.915	4.795	26.640	26.640
2	2.545	14.140	50.055	3.432	19.065	45.705
3	1.996	11.087	61.142	2.424	13.468	59.173
4	1.185	6.581	67.723	1.539	8.550	67.723
5	1.017	5.651	73.374			
6	.661	3.670	77.044			
7	.643	3.571	80.615			
8	.475	2.637	83.253			
9	.468	2.600	85.852			
10	.412	2.291	88.143			
11	.400	2.225	90.368			
12	.368	2.042	92.410			
13	.312	1.733	94.143			
14	.278	1.546	95.689			
15	.222	1.234	96.923			
16	.211	1.171	98.093			
17	.194	1.077	99.170			
18	.149	.830	100.000			

The application of factor analysis clearly reviewed that the variance exhibited by variables of employee participation is about 60%. The required variance for the derivation of factor is 50%. This shows that the core factors derived from variables of employee participation are well defined and they have to be confirmed further. The application of confirmatory factor analysis on the derived four factors of explanatory factor analysis is clearly represented in the table below

TABLE 2. CONFIRMATORY FACTORS OF EMPLOYEE PARTICIPATION

S.NO	FIT INDEX	VALUE	BENCHMARK
1	Chi-square	4.246	Depends upon P. value
2	P. Value	0.243	Greater than 0.05
3	Comparative fit index	0.973	Greater than 0.9
4	Goodness of fit index	0.970	Greater than 0.9
5	Normed fit index	0.965	Greater than 0.9
6	Root in square & Error of approximation	0.08	Lesser or equal to 0.08

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that the importance in decision making for confirming the four factors is clearly represented in the table above shows that the index comparing speaking that goodness fit, normed fit index, root in square and error of approximation are statistically significant at 5%. This shows that the four factors decision making, organisation culture, organisation power and commitment are confirmed and valuated. In case of the dependent variable, organisation effectiveness researcher applied both both explanatory factor analysis and confirmatory factor analysis. To evaluate the two factors of organisation effectiveness namely individual efficiency of employees, organisation efficiency & productivity. The research of confirmatory factor analysis is clearly given in the table below.

TABLE 3 EXTRACTION OF FACTORS OF EMPLOYEE PARTICIPATION

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.732	36.401	36.401	4.731	36.395	36.395
2	2.459	18.916	55.317	2.460	18.922	55.317
3	1.709	13.147	68.464			
4	1.091	8.392	76.857			
5	.506	3.889	80.746			
6	.470	3.615	84.361			
7	.441	3.390	87.751			

8	.376	2.895	90.646			
9	.338	2.601	93.247			
10	.294	2.261	95.508			
11	.225	1.732	97.240			
12	.203	1.561	98.801			
13	.156	1.199	100.000			

From the above table it is found that the variable of organisation effectiveness are two pre-dominant factor which is more than 60% variance. The variable loading in each factor creating importance of three factors namely individual efficiency of employees, organisation efficiency & productivity. It is further confirmed through the confirmatory factor analysis and the following research are specified in the table below.

TABLE 4. CONFIRMATORY FACTORS OF EMPLOYEE PARTICIPATION

S.NO	FIT INDEX	VALUE	BENCHMARK
1	Chi-square	2.467	Depends upon P.value
2	P.value	0.211	Greater than 0.05
3	Comparative fit index	0.964	Greater than 0.9
4	Goodness of fit index	0.961	Greater than 0.9
5	Normed fit index	0.959	Greater than 0.9
6	Root in square & Error of approximation	0.07	Lesser or equal to 0.08

From the above table it is found that the four fit indexes namely goodness of fit, normed fit index, root in square and error of approximation are satisfied with the bench mark value. It is confirmed and valuate the three factors of organisation effectiveness namely individual efficiency of employees, organisation efficiency & productivity. Now the scenario clearly reviewed there are four independent factor of employee participation and three dependent factors of organisation effectiveness. Therefore, in order to estimate the influence of independent variable on the dependent factor. The researcher applies multi-variate general linear model. This model n number of dependent variable and n number of independent

factor. The researcher of multi-variate general linear model is presented in the following table.

TABLE 5. IMPACT OF EMPLOYEE PARTICIPATION ON ORGANISATIONAL EFFECTIVENESS

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	HP 1	403.817 ^a	87	4.642	5.740	.000
	HP 2	281.962 ^b	87	3.241	4.215	.000
Intercept	HP 1	881.774	1	881.774	1090.423	.000
	HP 2	798.575	1	798.575	1038.609	.000
VAR00012	HP 1	15.947	4	3.987	4.930	.001
	HP 2	12.600	4	3.150	4.097	.003
VAR00013	HP 1	18.338	4	4.584	5.669	.000
	HP 2	4.288	4	1.072	1.394	.235
VAR00014	HP 1	16.342	4	4.086	5.052	.001
	HP 2	9.645	4	2.411	3.136	.015
VAR00015	HP 1	8.528	4	2.132	2.636	.034
	HP 2	2.747	4	.687	.893	.468
VAR00012 *	HP 1	12.398	5	2.480	3.066	.010
VAR00013	HP 2	7.318	5	1.464	1.903	.093
VAR00012 *	HP 1	13.718	5	2.744	3.393	.005
VAR00014	HP 2	6.907	5	1.381	1.797	.112
VAR00012 *	HP 1	21.719	8	2.715	3.357	.001
VAR00015	HP 2	11.910	8	1.489	1.936	.053
VAR00013 *	HP 1	27.809	5	5.562	6.878	.000
VAR00014	HP 2	11.686	5	2.337	3.040	.010
VAR00013 *	HP 1	29.045	5	5.809	7.183	.000
VAR00015	HP 2	7.695	5	1.539	2.002	.077
VAR00014 *	HP 1	7.274	8	.909	1.124	.345
VAR00015	HP 2	11.997	8	1.500	1.950	.051
VAR00012 *	HP 1	6.633	3	2.211	2.734	.043
VAR00013 *	HP 2	2.723	3	.908	1.180	.317
VAR00014						
VAR00012 *	HP 1	2.689	2	1.344	1.662	.191
VAR00013 *	HP 2	.581	2	.291	.378	.686
VAR00015						
VAR00012 *	HP 1	16.309	5	3.262	4.034	.001
VAR00014 *	HP 2	6.396	5	1.279	1.664	.142
VAR00015						

VAR00013 *	HP 1	11.345	5	2.269	2.806	.017
VAR00014 *	HP 2	10.391	5	2.078	2.703	.020
VAR00015						
VAR00012 *	HP 1	1.155	1	1.155	1.429	.233
VAR00013 *	HP 2					
VAR00014 *		7.055	1	7.055	9.176	.003
VAR00015						
Error	HP 1	341.252	422	.809		
	HP 2	324.471	422	.769		
Total	HP 1	5011.000	510			
	HP 2	5299.000	510			
Corrected Total	HP 1	745.069	509			
	HP 2	606.433	509			

a. R Squared = .542 (Adjusted R Squared = .448)

b. R Squared = .465 (Adjusted R Squared = .355)

From the above table it is found that all the three f-value for three dependent factor namely individual efficiency of employees, organisation efficiency & productivity are statistically significant @ 5% level. This proved that there is significant impact of employee participation on organisation effectiveness especially in IT companies.

Suggestions

The study concludes that employee participation is an obvious and physical for employee commitment as well as job involvement further it is suggested that every organisation should have the motivation programme to improve the employee commitment through participation program.

Findings and Conclusion

The research empirically proved that the employee participation is linear confirmation of decision making, organisation culture, organisation power and commitment. Similarly, in the IT Company's organisation effectiveness can be measured through the increase in the individual efficiency of employees, organisation efficiency & productivity. It is also proved empirical approach that employee's decision making clearly reviewed the good improvement in the individual efficiency, drastic development in organisation efficiency in the form of more productivity. It is concluded that decision making, organisation culture, organisation power and commitment of the employees can also be understood by their individual development in the organisation as well as overall organisation development.

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