

**INFLUENCE OF PARTICIPATORY DECISION MAKING ON EMPLOYEE PERFORMANCE:  
A STUDY OF STATE CORPORATIONS IN KENYA**

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*Abstract*

*This study examined the relationship between employee participation in decision making and performance of state corporations in Kenya. The research targeted four state corporations situated in Kisii County. The bedrock of any success in an organization depends on the extent to which the employees of that organization are involved in decision making. This culture of involvement has several benefits to the employees as well as the employer and stakeholders which include higher productivity, lower absenteeism, meeting clients or public demands, improved staff morale and it gives room for accomplishing the vision and mission of the organization. Participation occupies a very vital position in any organization thus the need for the researcher to find out how this culture affects the performance of state corporations in Kenya. The main objective of the research was to find out how participation or involvement affects employee's productivity and performance of their work place. The researcher factored in all the following in order to arrive at a conclusion, independent variables, and dependent variables. The researcher adopted stratified and purposive sampling techniques in order to get the right sample to collect information. This allowed the capturing of all departments and positions held by the officers. Data was collected by use of questionnaires and interviews this is because the two methods were convenient to the researcher and the respondents. Data collected analyzed and presented through descriptive statistical method; also, analysis was by use of figures, charts, and tables for easy interpretation. The study showed that participatory decision making is an operative mechanism to increase employee productivity. On the basis of the findings from the study, the researcher recommends that unions should be always at the fore front to inform the management of each organization that before major decisions are made employees voice should be heard either directly by conducting employee or through their recognized unions as per the established policies. Employees must be made to participate in decision-making so as to promote good working environment and creativity among them. Employees should be given necessary skills needed on specific matters of which decisions are to be made to enhance quality decision making in the process.*

*Keywords: Employee Performance, union representation, employee commitment, ethical consideration*

## **I. INTRODUCTION**

### **1.1 Background of the study**

Participatory decision making remains a central theme in business policy and practice. The focus of management has been to establish the positive or otherwise negative effects of management practice on performance (Somech, 2012). Involvement or participation in management has been used interchangeably to mean shared leadership, employee empowerment, participatory decision making, dispersed leadership, open book management, open door or industrial democracy. These coinages have come about as a result of the long quest to enhance employee contribution to management decisions so as to achieve organizational objectives and productivity (Donovan and Samler, 2014). However, this has become a major challenge to management in recent times. Organizations that focus on their employees tend increase to employee satisfaction, commitment and organizational success.

Through participation and involvement in decision making, productivity is expected to increase since commitment by employees towards implementation of decisions to achieve enhanced productivity and overall organizational goals will be high and help reduce agitations, misconceptions and lack of commitment on the part of employees. Bevandam (2000) in his book *Managing Job Satisfaction* posit that opportunity, adequate authority and leadership are among a myriad of factors that influence satisfaction and commitment. Involvement is the extent to which employers allow or encourage employees to share or participate in organizational decision making (Cotton *et.al.*, 2005). The format for participative decision making could be formal or informal.

Countries differ widely in their culture- in other words basic values their citizens adhere to and how these values manifest themselves in the nation arts, social programs and ways of doing things. In a study of three hundred and sixty managers from Hong Kong, China and United States of America showed that the US managers tended to be most concerned with getting the job done, China managers tended to be most concerned with maintaining a harmonious environment, Hong Kong managers fell between the extremes (Deshpande et al, 2013). Workers in some other countries expect managers to keep their distance rather than to be close and to be formal rather than being informal. In Germany for example, you should never arrive even a few minutes late to work and should address senior people formally with their titles such cultural differences are a two-way street. Such cultural differences influence human resource policies and practice. One reason why ethics code (and even what the boss says) does not always determine how ethically employees act is that it is not what the boss or employees says but what they do that's important (Donovan and Samler, 2014). Organizational psychologist refers this phenomenon as organization culture. Through participatory decision making, productivity is expected to increase since commitment by employee towards implementation of decisions to achieve enhanced productivity and overall organizational goals will be high and help reduce agitation, misconceptions and lack of commitment on the part of employees (Donovan and Samler, 2014). Evidence show that when employees are involved in decision making, staff absenteeism is reduced: there is greater organization commitment, improved performance, reduced turnover and greater job satisfaction. Employees feel as being part of the organization and this raise their degree of worth importance within the organization.

### **1.2 Statement of the problem**

Many organizations have experienced lack of commitment by employees towards implementation of decisions taken by top management which undoubtedly has serious repercussion on organization success. It is for this reason that many organizations are employing methods for employee's involvement and participation in decision making process which has led to setting up of organizations within such as industrial and commercial workers union as a representative for employees during decision making and other methods. Much dissatisfaction emanating from decisions taken by management has led to many actions taken by employees including strike actions. When employees are not made to participate in decision making process, it leads to job dissatisfaction, lack of organizational commitment, low labour management relations which reduce productivity.

Over the last decade, there have been phenomenal changes in the way state corporation are managed in Kenya as a result of the entry of new aggressive competitors in the market place alongside the growing demands and sophistication of customers, greater and more efficient use of information technology. Until recently State Corporation of Kenya had been enjoying monopoly as the only service providers licensed by the government but it has suffered distress as a consequence of pre-reform policies different sectors. Having freed regulations by the government on service providers, competitive pressure has intensified and weaker providers found themselves often unable to sustain their competitive market position. In order to sustain or gain competitive edge alongside superior performance, many organizations have restructured, merged, benchmarked, re-engineered, implement total quality management programs and introduce competitive staff benefits. Despite these attempts, organizations are yet to experience high performance. Peters and Waterman (2015) analysis of sustained superior financial performance of certain organizations have attributed their success to the specific cultures of each of the respective organization. However, the ability to identify the culture traits of an organization provides a platform for better understanding of the operations of the organization for a better performance.

Even so, the achievement of financial performance by itself is not enough. Managers must also pay attention to the company strategic wellbeing-its competitiveness and overall long term market position. Unless organization performance reflects improving competitive strengths and stronger long term market position, its progress is less than inspiring and ability to continue delivering good financial performance is suspect. The central issue associated with participation is its linkage with organizational performance (Denison and Fey, 2003). According to Kandula, (2016) the key to good performance is a strong culture of involvement. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak and culture may demotivate an outstanding employee to under-perform and end up with no achievement. Therefore, employee participation has an active and direct role in performance of an organization. This research therefore seeks to investigate whether allowing employee's involvement and participation in decision making has an effect on productivity.

### **1.3 Research objectives**

- i. To determine the influence of employee representation on decision making on employee performance
- ii. To determine the influence of employee commitment on decision making on the performance of state corporations in Kenya.
- iii. To establish the influence of ethical consideration on decision making on employee performance

## **II. LITERATURE REVIEW**

### **2.2 Theoretical review**

#### **2.2.1 The Theory of Margin**

The theory of margin which is also referred to as theory of participative behavior is one of the theories which have been in reference for a long time. McClusky (1970) came up with this theory. He defines margin as a function of the relationship of load to the power. Load is defined as the self and social demands by a person to maintain a minimum level of autonomy and power is described as resources such as abilities, possessions positions, allies which a person can command in coping with the load. From this characterization of load and power. Lupanga (2016) derives a hypothesis to explain the lack of people's participation in development activities in the third world. The hypothesis is that the majority of rural people in in most of the third world have heavy load and little power to cope therewith and hence they are too preoccupied with mere survival to participate meaningfully in development activities. In other words, the higher margin between load and power, the lesser the participation in development activities. If the hypothesis is true, a logical conclusion is that efforts to mobilize such marginal masses to participate in development activities must be of necessity include reduction of load or raising of their power or both.

So, there must be some factors that affect people's participation. These factors are none other than expected returns and expected cost of participation, attitudes, values and skills of people, design and other characteristics of the project and the legal political and institutional environment prevailing at the time. Employees will get involved or participate in collective action when they expect benefit from it and assurance that the expected benefit would in fact accrue to the participants. This theory explains why people participate in some programs and do not participate in some others.

#### **2.1.2 The Theory of Citizen Participation**

Citizen participation is a process which provides individuals an opportunity to influence public decisions and has been a component of democratic decision making process. The root of participation can be traced to ancient Greece and colonial time. Initially government processes and procedures were designed in such a way that citizens could not give their mind on anything which was to take place. Public involvement is a means to ensure that citizens have a direct voice in public decisions (Deshpande et al, 2013).

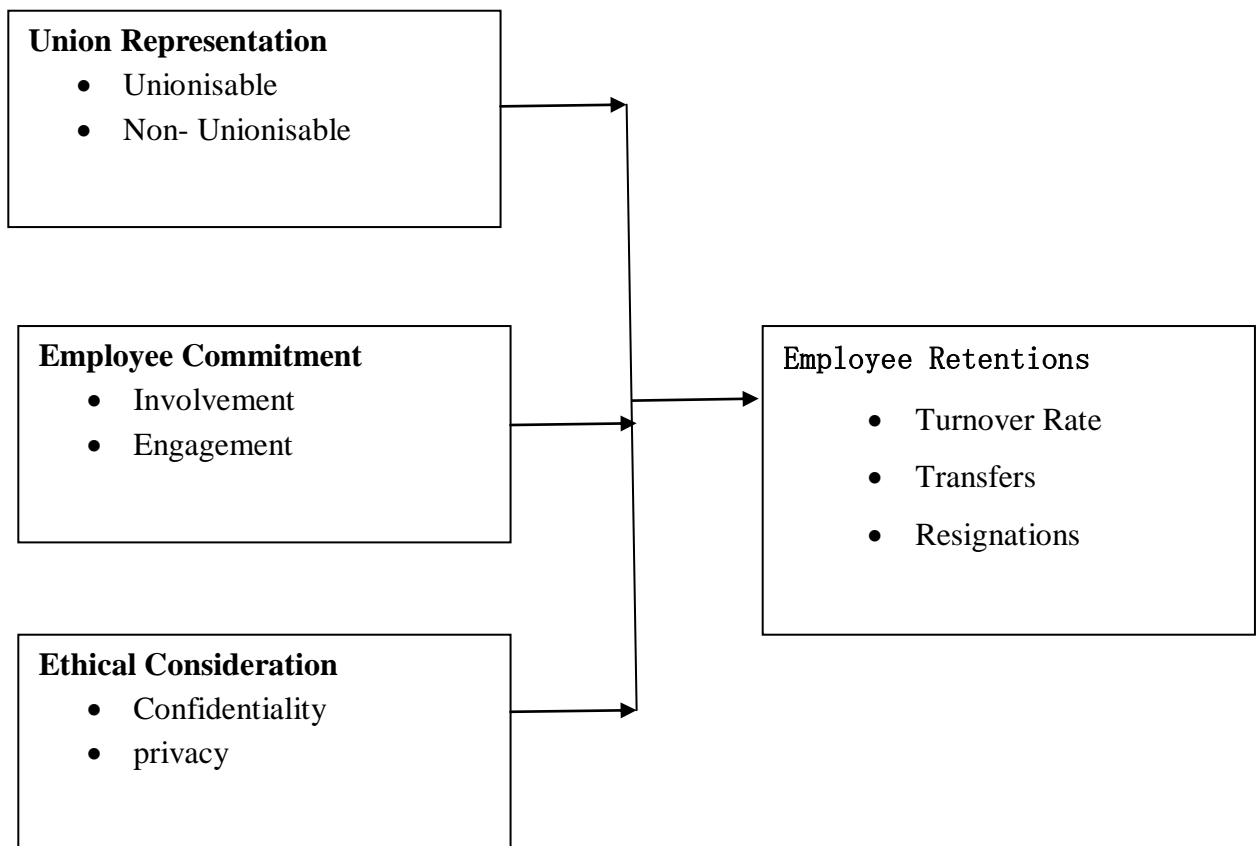
Employee involvement has been conceptualized as the process of developing a feeling of psychological ownership among organizational members and has been implemented via the participation of employee's decision making and problem solving. Many studies have shown that participative management approach is best one to choose to stimulate productivity. Theories of participative management advocate that managers share decision making power with employees

to enhance performance and work satisfaction. Participatory decision-making process create an avenue for employees to be involved in decision making process as they are pushed down to the lowest level of an organization. Numerous studies all point to the fact that employee involvement or participation in decision making does influence organizational commitment, job satisfaction, and effectiveness to some it lowers absenteeism, enhance work attitude, higher individual work performance lower employee turnover and increase returns on equity, it also improves organization learning culture (Bush and Spangler,2010)

## 2.2 Conceptual framework

### Independent variables

### Dependent variable



## 2.3 Empirical review

Different researchers have come up with different ideas on how participation can influence the performance of the organization. Majority of existing studies on involvement and performance have concentrated on developed countries. Employee involvement in decision making referred to as participative decision making which is concerned with shared decision making in the work situation (Mitchel 1973). Locke and Schweiger (1979) define it as joint decision making between managers and subordinates. Denison's organization model explains different aspects of culture due to its interactive nature as well as its emphasis on both internal and external factors. Apostolou (2012) posits that employee involvement and empowerment is a long term

commitment, a new way of doing business and a fundamental change in culture. He said employees who have been trained, empowered and recognized for their achievements see their jobs and companies from different perspective. With employee empowerment, employee is given a chance to be enterprising, take risk without compromising with the organizational goals, vision and mission. Involvement is the degree to which individuals at all levels of the organization are engaged in pursuit of the mission and work on a collaborative manner to fulfill organizational objectives. This trait consists of building human capability, ownership and responsibility. Organizations empower their people, build their organizations around teams, and develop human capability at all levels (Becker, 2014).

Employee involvement is creating an environment in which people have an impact on decisions and actions that affect their jobs. Employee involvement is not the goal nor is it a tool as practiced in many organizations; rather is a management and leadership philosophy about how people are most enabled to contribute to continuous improvement. This involvement increase ownership and commitment, retains the best employees and foster an environment in which people chose to be motivated and contribute to the success of the organization. Executives, managers, and employees are committed to their work and feel that they own a piece of the organization. People at all levels feel that they have at least some input into decisions that will affect their work and that their work is directly connected to the goals of the organization (Spretzer, 2015). When capability development is higher than empowerment, this can be an indication that the organization does not entrust capable employees with important decision making that impact their work.

Employee involvement has been conceptualized as the process of developing a feeling of psychological ownership among organizational members and has been implemented via the participation of employees in information, decision making and problem solving (Kearney, 1997). Many studies have shown that participative management approach is the best one to choose to stimulate productivity (Deshpande et al, 2013). Theories of participative management advocates that managers share decision making power with employees to enhance performance and work satisfaction. Employee involvement gives autonomy to employees in making decisions on any crucial matter; it also makes employees feel that they own what they decided. By allowing employees to participate in making decision of the organization, there will be less resistance to any change which the organization may want to bring on board.

### **III. RESEARCH METHODOLOGY**

#### **3.1 Research design**

The study used descriptive survey design; descriptive survey design seeks to obtain information that describes existing phenomenon by asking individuals about their attitude, perception and values, (Mugenda and Mugenda, 2013). Under descriptive research design, the researcher described the responses to questions about the subject with the aim of eliciting the respondent perception from which truism is constructed.

#### **3.2 Target Population**

Since the researcher intended to capture more than three quarter of the population at least one hundred and thirty five respondents were required.

### 3.3 Sample size

The sample size of this study was determined by the use of Slovins formula where a sample of 135 employees was obtained.

The formula is

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

Where: n= desired sample size

N = size of the population

e =0.05, error of estimate or margin error

in my case, N=205,

$$n = \frac{205}{1+205(0.05)^2}$$

$$n= 135$$

### 3.4 Data collection

The researcher used questionnaire and interview methods to collect data. With the assistance of introduction letter from the university, the staff were approached. Questionnaires were for the officers.

### 3.5 Data analysis and presentation

Qualitative data was generated from the filled questionnaires. Data was analyzed and interpreted using descriptive statistical technique through the use of statistical package for social science (SPSS). Descriptive analysis is the use of measure of central tendencies such as mean, median, and mode and measures of dispersal such as range, quartile, deviation, standard deviation. Multiple regression technique was also used.

The multiple regression equation will be:

$$Y_0 = a + b_1x_1 + b_2x_2 + b_3x_3 + e$$

Where: Y= Employee performance

a= constant

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub>, = the partial regression coefficient

x<sub>1</sub>= union representation,

x<sub>2</sub>= employee commitment,

x<sub>3</sub>= ethical consideration

e = statistical error

## IV. RESULTS AND DISCUSSION

### 4.1 Regression Analysis

The dependent variable of the proposed model was employee productivity and the independent

variables of the study were union representation, employee commitment and ethical consideration. The model is presented algebraically as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

The variables of the study were: employee performance expressed by Y,  $X_1$  = union representation,  $X_2$  = employee commitment,  $X_3$  = ethical consideration and  $\varepsilon$  = Error term (the residual error of the regression).

The linear regression analysis models the relationship between the dependent variable which is performance and independent variable which is effects of participatory practices Coefficient of determination explains the extent to which changes in the dependent that is explained by all the three independent variables (union representation, employee commitment and ethical consideration). ANOVA Test and Adjusted R square were computed as the preliminary test for multiple linear regression model adopted in the study. These were used to show the significance of the regression model adopted in the study

Table 1: Model Summary with employee retention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.945 <sup>a</sup>	0.793	0.782	0.492

a. Predictors: (Constant), union representation, employee commitment and ethical consideration

Model summary shows that the output for model fitness and value of adjusted R squared was 0.793. This shows that the variables (union representation, employee commitment and ethical consideration) tested had a variation of 79.3% on the employee performance in Kenya at 95% confidence interval. The three independent variables that were studied, explain only 79.3 % of the effect of participatory practices on employee performance in Kenya by the adjusted R<sup>2</sup>. This therefore means that other factors not studied in this research contribute 20.7% of the effect of participatory practices on employee performance in Kenya. Therefore, further research should be conducted to investigate the other factors (20.7%) that affect effect of participatory practices on employee retention. R is the correlation coefficient which shows the relationship between the study variables. The findings show that there was a strong positive relationship between the study variables as shown by R which is the correlation coefficient of 0.945

Table 2: Analysis of Variance

Model		ANOVA				Sig.
		Sum of Squares	Df	Mean Square	F	
1	Regression	81.608	4	0.162	54.987	.000 <sup>b</sup>
	Residual	7.249	50	0.173		
	Total	88.857	54			

a. Dependent Variable: participatory practices on employee retention



b. Predictors: (Constant), union representation, employee commitment and ethical consideration

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a P-value of 0.000 which was less than the set level of significance of 0.05 for normally distributed data. The results further revealed that the model had an F-ratio of 54.987 which was significant at 1% level of significance. This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at 10% significance level. This further indicates that the independent variables used (union representation, employee commitment and ethical consideration) are statistically significant in predicting employee performance.

Table 3: Regression Coefficients with employee retention

Model	Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	( Constant)	15.78	.330		4.77	0.000
	Union representation	.481	0.147	0.468	3.26	0.002
	employee commitment	.416	0.180	0.315	2.33	0.005
	ethical consideration	.316	0.109	0.267	2.92	0.005

a. Dependent Variable: employee performance in western region in Kenya.

The regression result indicates all the three independent variables had positive coefficients. The coefficients are used to answer the following regression model which relates the predictors (independent) and dependent variables. As per the SPSS generated established regression equation which was

Employee retention =  $\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$  became:

Employee retention =  $15.78 + 0.481 * \text{Union representation} + 0.416 * \text{employee commitment} + 0.316 * \text{ethical consideration}$

The regression coefficients for the employee retention show that holding union representation, employee commitment and ethical consideration constant employee retention will be 15.78. The findings presented also shows that taking other independent variables at zero, a unit to increase in Union representation will lead to 0.481 increases in employee retention, and employee commitment will lead to 0.416 increase in employee retention; ethical consideration will lead to 0.316. At 5% level of significance and 95% level of confidence All coefficient values for variables (union representation, employee commitment and ethical consideration on employee retention with  $P= 0.002, 0.025, \text{ and } 0.005$  level of significance respectively) were significant because P value (Sig value) were less than 0.05 testing at 95% level.

The findings agree with literature where for instance, employee involvement has been conceptualized as the process of developing a feeling of psychological ownership among organizational members and has been implemented via the participation of employees in information, decision making and problem solving (Kearney, 1997). Many studies have shown that participative management approach is the best one to choose to stimulate productivity (Deshpande et al, 2013). Theories of participative management advocates that managers share decision making power with employees to enhance performance and work satisfaction. Employee involvement gives autonomy to employees in making decisions on any crucial matter; it also makes employees feel that they own what they decided. By allowing employees to participate in making decision of the organization, there will be less resistance to any change which the organization may want to bring on board.

## **V. CONCLUSION AND RECOMMENDATIONS**

The study exposed that participatory decision making is an operative employees should be apparatus to increase employee productivity. The research revealed that allowing all employees to participate in decision making is the best and it helps increase commitment level of employees as well as promoting creativity and innovation in the organization. Employees were of the view that they want to be part of the team in the organization. Even though participation of employees is limited, employees feel motivated since they are recognized for the little percentage they at times get to be part of the decision makers. In some instances, employees are rewarded for the brilliant ideas they contribute which take the organization forward. This will intern boost the morale of the employees and they will work harder to increase productivity. Employee ownership was seen as one of the major tools to enhance participatory decision in work decision. Respondents were of the view that they become committed towards productivity and eliminate laziness and absenteeism of work since the eagerness of them to receive higher returns strive them to work harder towards productivity. From the study respondents were of the opinion that representative participation of unions does not enhance productivity to a larger extent and impact on productivity is not quite much as when they are directly involved. This is due to the fact that some union members may be seen to be aligned to the views of managers and sideline the junior employees. Employees were of the view that the good relationship with their superiors makes it easy in consulting their supervisors on their job when faced with challenges. They noted that the friendly relation motivates them to give their best towards productivity.

On the basis of the findings from the study, the researcher recommends that unions should be always at the fore front to inform the management of each organization that before major decisions

are made employees voice should be heard either directly by conducting employee or through their recognized unions as per the established policies. This will bring room for consultation and agreement among the many stakeholders. Employees must be made to participate in decision-making so as to promote good working environment and creativity among them. This will help employees execute their responsibilities without any difficulty. To make employees feel as part of the organization, they should be encouraged to own their ideas and suggestions towards productivity. This will encourage and promote positive attitude towards work to enhance productivity. Relationship between junior officers and management should be good to enhance easy consultation and sharing of ideas and free flow of information which is the best foundation of participation and involvement in the organization. The unions should be non-partisan at all in order to give the best either to management and employees they represent.

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