

# Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria

Ijeoma Chimaobi

Department of Management Technology, Federal University of Technology, PMB 1526, Owerri, Imo State, Nigeria.

## Abstract

**This study examined the effect of employee participation in decision making on organizational performance using Afam Power Plc in Port-Harcourt, River State as a case study. The population of study comprised managers and employees of the selected firm in Port-Harcourt River state. The sample for the study was given as 125. Out of the 125 questionnaires administered to the participant only 100 were returned while 25 were not returned. The study was analyzed using of tables and percentage while the three hypotheses were tested with the aid of ANOVA. The result revealed that employee participation in decision making has positive effect on organizational performance. This study recommends the following; organizations are encouraged to increase the frequency and level of worker participation in decision making between manager and subordinates to partake in joint decision making for the overall well-being of the organization. Again, firms are advised to structure their organization in such a way that it will encourage free flow of decision making in every level of management to promote employee involvement in decision making and create efficiency on organizational decision making process.**

**Keywords:** Employee Participation, Decision Making, Organizational Structure, Employee Commitment, Centralization.

## Introduction

Presently, many organizations have recognized the importance of Employee Participation in achieving organizational objectives. Majority of firms that employ participative management approach have recorded dramatic breakthrough in the area of operational cost, high profit margin and work productivity. Through Employee Participation, individuals are offered the chance to take job responsibility and partake in joint decision making for the overall well-being of the organization (Management Study Guide, MSG, 2016).

In many organizations today, the decision making power depends on the degree of autonomy built into particular jobs. These offers employees the opportunity to make suggestions and recommendations required to achieve organizational objectives. Employee Participation has both positive and negative impact on Organizational Performance. Recent study by MSG (2016) noted that, Employee Participation helps to improve the level of individuals' satisfaction on the job. When people see that their suggestions and recommendations being implemented or put into practice, they feel motivated to do more in the future. Psychologically, such individual is considered as an integral part of the organization and viewed as a valued employee rather than an ordinary worker who do not have a say in decision making in an organization.

Again Employee Participation is considered an important contributor to organizational success. A study conducted by Cooke

(1994) using 841 companies in Michigan in United States of America noted that Employee Participation has positive impact on Organizational Performance due to increased; output, quality, and time reduction. It is vital in improving; organizational decision making capability, attitude towards work, employee well-being and productivity in the organization (Jones, Kalmi, & Kauhanen, 2010).

On the other hand, Employee Participation has negative impact on Organizational Performance. As the name implies, it represents increased participation, and when there are many people involved, it slows down decision making process due to several inputs and feedbacks offered by many people. Therefore, it becomes difficult to choose the best alternative among many suggestions (MSG, 2016). On the other hand, it takes time to verify the accuracy of information which may lead to delay in decision making process. However, the benefits of Employee Participation outweigh the cost since organizations have different culture and human resources; it is advisable for them to have a deep understanding of both in order to ascertain a decision making style and adopt the best practice required to succeed in business environment.

Heller et al. (1998) defined Employee Participation as the totality of forms, such as; direct (personal) or indirect (through representatives or institutions) by which individuals or groups contribute to organizational objectives through self-determined choices among possible actions during the decision process. Through collective decision making, employees are engaged in Management by Objective (MBO) and in organizational goal setting process.

This helps in improving organizational effectiveness in areas that threatens its survival. Related to this, David (2005) opined that, top management or front line managers should encourage

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

employee Participative Decision Making in the organization to promote workforce efficiency and high productivity required to achieve business objectives.

A recent study by Kuye and Sulaimon (2011) noted that, firms who supports employee involvement in decision making outperforms better than its rivals. The authors therefore encourage firms to promote high employee involvement in decision making in order to enhance their work performance and productivity. Related to this, Williamson (2008) also emphasized that employee participation in decision making gives employees the opportunity to develop their skills and competency to promote the goal of the organization. It also helps to boost employee morale which leads to high creativity, commitment and job satisfaction in the workplace.

## STATEMENT OF THE PROBLEM

Organizational structure has adverse effect on performance of Afam Power Plc, Port Harcourt, Rivers State. Organizational structure is defined as the formal line of authority or decision that flows from top management level to lower management level. It is a framework by which job tasks or assignments are divided, grouped and coordinated among organizational members. It is in the manner in which various sub-units are arranged and interrelated with one another (Cited in, Chiekezie, Nzewi & Orogbu, 2008). In ideal situation, it is expected that organizational design promotes free flow of information required to improve organizational performance. In the case of Afam Power Plc, Organizational structure or designed is poorly designed and is built to meet the interest of the stakeholders. Again, Organizational structure is also arranged in such way that decision making is mostly concentrated or vested only on top management position. Top management use their powers attached to their positions to make decisions without following organizational chart (organogram). Poor design of organizational structure affects team work, information flow and work efficiency which can result to lower productivity. The above problem has cause inefficiency in the power sector and results to poor transmitting of energy or electricity, high level of corruption and high tariffs of electricity bills.

## OBJECTIVES OF THE STUDY

The general objective of this study is to ascertain the effect of Employee Participation in decision making on Organizational Performance in Afam Power Plc, Port-Harcourt, Rivers State, Nigeria. Drawn from the general objective, specific objective of this study is to:

I. To determine the effect of Employee Commitment on

Performance of Afam Power Plc Port Harcourt, Rivers State.

II. To examine how Employee Motivation affect the Performance of Selected Organization.

III. To ascertain whether Organizational Structure affect the Performance of the Selected Organization.

## RESEARCH QUESTIONS

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

Given the stated objective, the following research questions are formulated to suit this study.

I. How does Employee Commitment affect Organizational Performance of the selected Organization?

II. What affect does Employee Motivation has on Organizational Performance of Afam Power Plc?

III. To what extent does Organizational Structure affects the Performance of Afam Power Plc?

## RESEARCH HYPOTHESES

### Hypothesis One

H01: There is no significant relationship between Employee Commitment and Organizational Performance of Afam Power Plc, Port Harcourt, River State.

HA1: There is a significant relationship between Employee Commitment and Organizational Performance of the Selected Organization.

### Hypothesis Two

H01: There is no significant relationship between Employee Motivation and Organizational Performance of the Selected Organization.

HA1: There is a significant relationship between Employee Motivation and Organizational Performance of the Selected Organization.

### Hypothesis Three

H01: There is no significant relationship between Organizational Structure and Performance of the Selected Organization.

HA1: There is a significant relationship between Organizational Structure and Performance of the Selected Organization.

## SIGNIFICANCE OF THE STUDY

This study will help management of both Afam Power Plc and other corporate organizations as a guide in implementing Employee Participatory Programs (such as Management by Objective, MBO) to encourage employee involvement in decision making. By doing

so, employee will put in their intellectual asset or capital towards to promote skills and knowledge required to improve Organizational Performance. The gap identified in this research will also serve as a contribution to knowledge as well as a guide or reference for future research in the field of Management.

## SCOPE AND LIMITATIONS OF THE STUDY

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. *J Fin Mark.* 2020; 4(4):101

Study objective focuses on the effect of Employee Participation on Organizational Performance. The selected organization includes Afam Power Plc, Port Harcourt, Rivers State, Nigeria. A simple random techniques was adopted to sample the population of study. Questionnaire was administrated to collect data for analysis. Population of study comprises of both managers and employees of the selected organization.

## OPERATIONALIZATION OF KEY TERMS

Employee is defined as an individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties.

Organization is defined as a social unit of people that is structured and managed to meet a need or to pursue collective goals.

Participation is defined as a joint consultation in decision making, goal setting, profit sharing, teamwork, and other such measures through which a firm attempts to achieve organization performance.

Performance is defined as the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.

Employee participation is defined as the processes whereby employees are involved in decision making processes, rather than simply acting on orders. Employee participation is part of a process of empowerment in the workplace.

Decision Making is defined as the process of identifying and choosing alternatives based on the values and preferences of the decision maker.

Organization is defined as a social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority carry out different tasks. Organizations are open systems they affect and are affected by their environment.

Organizational structure is a hierarchical arrangement within an organization from top management to lower level of management. It identifies each job, its function and where it reports to within the

organization.

Centralization is defined as a process by which decision making of an organization is concentrated only on top management.

Decentralization is defined as the transfer of decision making power and assignment of accountability and responsibility for result. It is accompanied by delegation of commensurate authority to individual or units at all levels of an organization even those far removed from headquarters or other centers of power.

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. *J Fin Mark.* 2020; 4(4):101

## REVIEW OF RELATED LITERATURE

### 2.1.1 Definition of Employee Participation and Decision Making

Sofijanov and Chatleska (2013) defined Employee Participation or involvement as a process of involving and empowering of employees on the job in order to use their input towards achieving higher individual and organizational performance. Employee Participation is also defined as a direct involvement or engagement of employee to help an organization fulfill its mission and meet its objectives by applying their own ideas, expertise, and efforts towards solving problems and making decisions (Bullock & Powell, N.Y).

Similarly, Westhuizen (2010:11) also defined Employee Participation as “the totality of forms, that is direct (personal or by the employee) or indirect (through the representatives of the employees) by which individuals, groups, collectives secure their interests or contribute to the decision making process”. On the other hand, Beardwell and Claydon (2007) defined Employee Participation as the distribution of power between employer and employee in decision making processes, either through direct or indirect involvement. In addition, employee participation also refers to employee involvement in decision making at the workplace (Busck et al., 2010). Employee Participation represents the combination of task-related practices, which aim at maximizing employees’ sense of involvement in their work place and their commitment to the wider organization (Bhatti & Nawab 2011).

The importance of this definition lies in the fact that, it clearly brings out the two forms of employee participation in decision making, namely direct (by employees themselves), and indirect (through their representatives). People in different organizations make decisions daily, weekly, monthly or annually either directly or indirectly depending on the need. In most organizations, decision making ability is centralized or concentrated on the top management position to use his/her powers to promote issues that will promote organizational goal. Employee participation represents the combination of task-related practices, which aim

at maximizing employees' sense of involvement on the job, and human resource management practices that aim at maximizing employees' commitment in the organization (Bhatti & Nawab 2011).

Decision Making is the process of choosing among two or more alternatives with the intention of solving a problem or making the best use of an opportunity (Kreitner, 2004). The author stresses that in most work organization, decision making power depends on the extent of autonomy built into particular jobs. This implies that decisions are usually made to either to solve problems or to utilize an opportunity. Eisenfuhr (2011) also defined Decision making as a process of making a choice from a number of alternatives to achieve a desired result. Stoner, Freeman, and Gilbert (1995:239) defined Decision making as a process of identifying and selecting a course of action to deal with a specific problem or take advantage of an opportunity. According to Hellriegel, Jackson and Slocum (2005: 208) Decision making include the following; problem definition, information gathering, identifying alternatives and choosing a course of action.

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

On the other hand, Vrba and Brevis, (2002) also defined Decision making as the process of selecting an alternative course to solve a problem. Marchington (1980) argue that people no longer expected to have to accept decisions without having some opportunity to influence the final outcome. Hirshman (1970), (cited in Mitchell, 1996) opine that when employees do not play a role in decision making, they often feel constrained and having feelings of leaving the organization. Perhaps it is for this reason that modern management shows a greater need to increase their organization's efficiency through the participative mechanism. It is now recognized that the involvement of various people in decisions can have a positive impact both on the quality of the decision and on the commitment that people feel towards the decision.

Decision making involves "mapping the likely consequences of decisions, working out the importance of individual factors, and choosing the best course of action to take" (Florence, 2011). Moorhead and Griffin, (2004) also argues that it is a method of choosing between alternatives. Related to this, Greenberg (2011) argue that both individual and group decision making is very difficult and complicated to achieve, though the outcome depends on organizations, where the stakes are considerable and the impact is widespread (Greenberg, 2011).

### **2.1.2 Employee Participation Indicators**

Employee Participation is concerned with shared decision making in the work environment between managers and subordinates. It explains how businesses can improve their performance by cultivating employee interest and dedication (Cotton, 1993).

Employee participation indicators include the following; employee motivation, employee commitment and organizational structure.

#### **a. Employee motivation**

Motivation is defined as an internal or external driving force that produces individual willingness to perform an action to a conclusive end (Nnabuife, 2009). The author asserts that the driving force comes from an individual that motivates him/her to begin an action until the task is accomplished. Motivation has to do with why individuals behave the manner they do. It is an important organizational process because employees perform a lot of tasks that influences organizational productivity.

Armstrong (2009) asserts that motivation is concerned with the strength, direction of behavior and factors that influence people to behave in certain ways. The author argues that motivation encompasses the goal individual set to achieve and the way individual choose their goals in the organization. Motivating people is about getting them to move in the direction you want them to go in order to achieve a desired result. Employees are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward.

Motivation, regardless of reason is an important driver used by employees. In fact, according to Mitchell (1982, p.81) motivation is so important that it is often recognized as a "psychological process that causes the arousal, direction, and persistence of voluntary actions that are goal directed".

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

#### **b. Employee Commitment**

Employee Commitment is defined as a sense of duty or effort that employee put on accomplishing work task (Manning & Curtis, 2009). It refers to a pledge or promise that binds employee with others on accomplishing work task. Employee commitment is important because high levels of commitment lead to organizational performances. It reflects the extent to which employee's identify with organizational goals and promote it effectively.

#### **c. Organizational Structure**

Organizational structure is defined as the formal line of authority or decision that flows from top management level to lower management level. It is a framework by which job tasks or assignments are divided, grouped and coordinated among organizational members. It is in the manner in which various sub-units are arranged and interrelated with one another (Chiekezie, Nzewi & Orogbu, 2008). Organizational structure refers to the formal configuration between individuals and groups regarding the allocation of tasks, responsibilities, and authority within the organization (Galbraith, 1987; Greenberg, 2011).

Organizations exist to achieve its business goals. These goals are broken down into tasks or function required for the job and it is usually grouped into departments. Most departments in some organizations are grouped into; marketing, sales, advertising, manufacturing, human resource, among others. Within each department, even more distinctions are found between the jobs people perform. Departments are linked to form the organizational structure. The organization's structure gives it the form to fulfill its function in the environment (Nelson & Quick, 2011).

### **2.1.3 Employee Participation and Organizational Performance**

As mentioned earlier, Employee Participation 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 firm's strategic planning activities (Noah, 2008). Beardwell and Claydon (2007) also pointed that, Employee Participation also involves the distribution of power between employer and employee in decision making processes, either through direct or indirect involvement. Participation in decision making encourages the involvement of manpower at all levels of an organization to analyze problems from different perspective, develop new strategies, and implements solutions in the workplace (Busck et al. 2010). It gives employees the chance to use their human capital or intellectual capital, to improve quality of decision making in the organization.

Organizational Performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives (Richard et al. 2009). It encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment); (b) product market performance (sales, market share); and (c) shareholder return (total shareholder return, economic value added).

## **2.2 THEORETICAL FRAMEWORK**

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

This study is anchored on Value Chain theory postulated by Michael Porter in 1985. The value chain theory links organizational activities and work performance. Decision making process is part of activities that organization performs, which represents a course of action to deal with a specific problem and to improve organizational performance in the following areas such as; problem solving ability, innovativeness and social responsiveness in business environment. This theory further explains how organization can improve quality of decision making and create superior value to promote Organizational Performance. Therefore, the success or failure of every organization depends on the quality of decisions made by such organization. Therefore, the better the quality of decisions

made, the greater the organizational performance vis-à-vis. Value chain theory represent essential tool used by any organization to promote its competitiveness and create superior value.

## **EMPIRICAL REVIEW**

Several researchers have investigated the relationship between Employee Participation and Organizational Performance. This has generated both positive and negative arguments in the literature. Some of these researches conducted from different part of the world including Nigeria are reviewed below:

Rehman, Khalid and Khan (2012) studied impact of employee decision making styles on organizational performance in all public and private limited banks in Pakistan. The study adopted descriptive approach. The population of the study consists of 151 branches of all public and private limited banks in Gujranwala city of Pakistan. Random sampling techniques were applied to collect data from the banking industry. Primary data were collected using questionnaire and respondents consist of 16% top level managers, 59% of middle level managers and, 25% of low level managers respectively. Data were tested statistically using regression technique to compare the relationship between employee decision making and organizational performance in public and private sector banks. Findings showed that employee decision making rational have positive impact on organizational performance.

Similarly, Kesenwa, Oima and Oginda (2013) researched on effect of strategic decision making on firms performance using four selected firms in Kenya. The selected organizations include, Safaricom M-PESA, Airtel Money, Orange Money and Essaryucash Plc. Secondary data were employed to calculate the firms' liquidity ratio and profitability ratio to measure the performance for the firms. Findings showed that there is a significant positive relationship between decision making and organizational performance.

Again, Wainaina, Iravo and Waititu (2014), examined the effect of employee participation in decision making on academic staffs' organizational commitment in the private and public universities in Kenya. This study was conducted using descriptive research design. 347 questionnaires were administered all over sixteen selected universities in Kenya and 282 questionnaires were returned. The study found that employee participation in decision making significantly influence university academic staffs' organizational commitment in Kenya. The study recommended that university academic staffs should be involved in making decisions especially those that affect their working life.

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

Kuye and Sulaimon (2011) studied the relationship between employee involvement in decision making and firms' performance

in the manufacturing sector in Nigeria. This study was conducted using descriptive research design. Data were generated by means of questionnaires to 670 manufacturing firms on employee involvement in decision making and performance variables. The results of the study indicate a statistically significant relationship between employee involvement in decision making and firms' performance as well as reveal a significant difference between the performance of firms whose employee involvement in decision making are deep and the performance of firms whose employee involvement in decision making are shallow. The findings also reveal the involvement of participating firms in employee involvement in decision making.

Isichei and Godwin, (2015), investigated employee's participation in decision making and the hospitality industry in Nigeria, a study of selected hotels in the federal capital territory in Abuja. Primary data method was used for the study and the instrument used was a questionnaire survey designed using five point Likert-scale questionnaire format and administered to sixty respondents. Findings in the study showed that employee's participation in decision making impacts on the performance of hotels in Nigeria. The study concludes there is a positive relationship between extent of employee's participation in decision making and organizational performance. The study recommends among others that participation of employees' should not just be partial but holistic to give them a sense of belonging.

Omobude and Igbudu (2012) also investigated the influence of teachers' participation in decision making process and its impact on their job performances. The study discovered that participation in decision making influence performance as teachers who participated in decision making performed better, and the relationship between participation and performance varies on certain demographical factors and availed equal participatory opportunities in decision making.

Zubair, Bashir, Abrar, Baig and Hassan (2015) also investigated Employee Participation in Decision Making and Manager's Encouragement of Creativity: The Mediating Role of Climate for Creativity and Change. The study used descriptive method, 240 questionnaires were issued out to employees and managers, 206 for employees and 34 for managers. The results indicated that employee's participation in decision making and manager's encouragement of creativity were positively related with employee's creativity. Support was also found for the role of climate for creativity and change as a partial mediator. Findings suggested that employee's creativity was positively related with employee's participation in decision making and manager's encouragement of creativity through climate for creativity and change.

Given methodological limitations of studies conducted by Rehman et al. (2012); a gap in the use of analytical tool, research objective, timing of research and geographic coverage has been identified. Similarly, Rehman et al. (2012) used this tool regression technique to test for the hypothesis and analyses data; therefore this study

used this tool SPSS with the aid of Multiple Regression to test the hypothesis and analyzed data to generate result. The selected organization is Afam Power Plc, Port Harcourt Rivers State, Nigeria.

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

### 3.1 RESEARCH METHODOLOGY

Descriptive research survey was adopted using questionnaire. The population of this study comprises of staff and managers of Afam Power Plc. The total population was given as 125 staffs of the company representatives.

### 3.2 SAMPLE SIZE AND SAMPLE TECHNIQUES

A simple random sampling technique was used to generate the sample population required for the purpose of this research work. A simple random sampling is defined as a manner or situation where every element in the population is selected and given opportunity to be represented in the survey Nworhu (2001). Sample size was calculated using Yaro Yarmane's Formula stated below;

$$n = \frac{N}{1 + N(E)^2}$$

Where n= Total sample size

N=Total population size.

E= error term

The following department were represented in the survey; Human Resource Department, Legal Service Department, Finance and Account Department Administration Department, Production Department, Plant Operations Department, Public Relation Department, Medical Department and Education Department.

### 3.3 RESEARCH INSTRUMENT

Semi-structured questionnaire was employed in this study to gather information from the company's representatives. The questionnaire was administered to the participant using five-point likert- scale in the following; strongly agree (5), agree (4), neutral (3), disagree (2), and strongly disagree (1) in section B of appendix 1. Again, Bio-data or personal profiles of the participants were sought out using questionnaire in section A of appendix 1.

### 3.4 METHOD OF DATA COLLECTION

Both primary and secondary data were used in this study. Primary data was sourced through questionnaire. The questionnaire was administered to the managers and subordinates of the Afam Power PLC. Out of 125 questionnaires administered, only 100 were returned in good faith while, 25 were not returned. Secondary sources include; textbook, journal, thesis, and archival materials.

### 3.5 VALIDITY AND RELIABILITY

Validity of the questionnaire was achieved through use of the design of instrument. An expert in this field was consulted to look at the questionnaire from the face value. Again feedback from participants of Afam Power Plc helped to improve quality of the questionnaire. Cronbach's Alpha estimate was used to test for the reliability of test result. When reliability result ranges between 0.6 and above such result is reliable. The result of reliability test was

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

given the value of 0.9. This result satisfied the above condition of reliability test result and therefore indicates that the test result is valid and reliable.

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
n.900	.959	4

Source: (SPSS Version 20).

### 3.6 METHOD OF DATA ANALYSIS

This research work made use of tables, percentages and ANOVA statistical technique as method of data analysis at the significant level of 95% that is at 5% error limit. Simple percentage method of data analysis was used to analyze the respondent's data; while the hypothesis was tested using analysis of variance (ANOVA) statistical technique.

#### The Formula is stated below:

Within treatment sum of square (SSW)

$$\sum_r \sum_c (X_{ij} - X_j)^2$$

Between treatment sum square (SSB)

$$r(X_j - X)^2$$

$$SST = SSB + SSW$$

Table 2: Analysis of Variance (ANOVA)

Source of variation	Sum of squares	Degree of Freedom	Mean square of error	F-statistics
---------------------	----------------	-------------------	----------------------	--------------

Due to regression  $SSR = \sum Y^2 R^2$

$$K-1 \quad MSR = SSR/K \quad F = MSR/MSE$$

Due to error  $SSE = SST$

$$SSR = \sum Y^2 (1-R) \quad N-K \quad MSE = SSE / N-K-1$$

Total

Variation

$SST = \sum Y^2$   $N-1$  Decision: If  $F_{cal} > F_{tab}$ , reject  $H_0$  and accept  $H_A$

Source: Adapted from Nworuh (2001). Basic Research Methodology for Researchers Trainees and

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

Trainers in Management Science (first edition), Imo State, Nigeria: Ambix Printers Nigeria.

### 3.6.1: DECISION RULE

It helps to decide whether the observed ( $O_1$ ) and the expected ( $e_1$ ) frequencies used in study were so compatible to warrant a conclusion that the Null hypothesis ( $H_0$ ) was accepted or not. If the computed value was greater than the critical value at the selected level of significance, then reject  $H_0$ , which implies that observed frequencies differed significantly from expected frequencies. Again, if the computed value was less than the critical value at the selected level of significance, then accept  $H_0$ , which implies that observed frequencies do not differed significantly from expected frequencies.

Decision is stated mathematically as:  $F_{cal} > F_{tab}$ , reject  $H_0$  (null hypothesis) otherwise accept  $H_A$  (alternate hypothesis).

### 4.1 PRESENTATION OF RESULT AND INTERPRETATION

#### 4.1.1: Presentation of Result

This study therefore presents the following data.

Section A:

Sex	Frequency	Percentage
Male	65	65%
Female	35	35%
Total	100	100%

Source: (Field Survey 2016)

Figure 1: Personal Data

The figure 1 above shows that 65% of respondents are male, while the remaining 35% are female.

Age	Frequency	Percentage
18 – 25	17	17%
26 – 45	45	45%
46 – 55	33	33%
56 & Above	5	5%
Total	100	100%

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

Source: (Field Survey 2016).

Figure 2: Age Respondent

The figure 2 above shows that 17% of the respondents are within the ages of 18-25; while 45% of them are within the age of 26-45, 33% is within the age of 46-55 and the remaining 5% are within the age of 56 and above.

Marital status	Frequency	Percentage
Married	45	45%
Single	55	55%
Total	100	100%

Source: (Field Survey 2016).

Figure 3: Marital Statue

The figure 3 above shows that 45% of respondents are married; while the remaining 55% are single.

Academic qualification	Frequency	Percentage
SSCE /GCE/O'LEVEL	20	20%
HND/First Degree	65	65%
Masters Degree & Above	15	15%
Others	0	0%
Total	100	100%

Source: (Field Survey 2016).

Figure 4: Educational Qualification of Respondent

The figure 4 above shows that 20% of the respondent are SSCE/GCE/O'LEVEL holder; while 65% of the respondent are HND/FIRST Degree holder and remaining 15% of the respondent are Masters Degree and above holder.

Working Experience	Frequency	Percentage
1 – 2	10	10%
2 – 5	38	38%
5 – Above	52	52%

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

Total	100	100%
-------	-----	------

Source: (Field Survey 2016).

Figure 5: Working Experience

The figure 5 above shows that 10% of the respondents have worked in the company for 1-2years; 38% have worked for 2-5years; while the remaining 52% have been in the company for 5years and above.

Position	Frequency	Percentages
Management Staff	15	15%
Senior Staff	35	35%
Junior Staff	50	50%
Total	100	100%

Source: (Field Survey 2016).

Figure 6: Distributed According to Organizational Structure

The figure 6 above shows that 15% of the respondents are management staff; while 35% of the respondents are senior staff; while the remaining 50% of the respondents are junior staff.

## SECTION B: GENERAL QUESTIONS

### QUESTION 1: Employee Motivation

#### S/N EMPLOYEE MOTIVATION

No. of Respondent	Percentage (%)
1 I like my place of work.	100 100%

- | S/N | EMPLOYEE COMMITMENT  | Number of Respondents | Percentage (%) |
|-----|--|-----------------------|----------------|
| 2   | High pay encourages me to remain in the work place                         | 100                   | 100%           |
| 3   | Management has good relationship with employee.                            | 99                    | 99%            |
| 4   | Good working conditions motivate me to bring out my effectiveness to work. | 100                   | 100%           |
| 5   | Job security motives me to stay on the job without quitting.               | 100                   | 100%           |

Source: (Field Survey, 2016).

#### Question 2: Employee Commitment

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

- | S/N | EMPLOYEE COMMITMENT   | Number of Respondents | Percentage (%) |
|-----|---|-----------------------|----------------|
| 1.  | Employee commitment affects the performance of the organization positively.               | 98                    | 98%            |
| 2.  | Employee commitment enhances the performance of the organization.                         | 95                    | 95%            |
| 3.  | Employee commitment is important to ensure favorable organizational performance.          | 100                   | 100%           |
| 4.  | Employee commitment sustains positive organizational performance overtime.                | 100                   | 100%           |
| 5.  | If employees are not committed it affects the performance of the organization negatively. | 99                    | 99%            |

Source: (Field Survey 2016).

#### Question 3: Organizational Structure

- | S/N | ORGANIZATIONAL STRUCTURE  | Number of respondent | Percentage (%) |
|-----|---|----------------------|----------------|
| 1.  | Organizational structure has a positive effect on its performance.  | 100                  | 100%           |
| 2.  | Organization's performance depends on organizational structure.     | 100                  | 100%           |
| 3.  | Assess your organization effectiveness with respect to performance. | 99                   | 99%            |
| 4.  | Organizational structure has a negative effect on its performance.  | 98                   | 98%            |
| 5.  | Poor organizational structure causes decline in organizational      |                      |                |

performance. 94 94%

Source: (Field Survey 2016).

#### Question 4: Organizational Performance

- | S/N | ORGANIZATIONAL PERFORMANCE                             | Number of Respondents | Percentage (%) |
|-----|--|-----------------------|----------------|
| 1.  | My organization competes with people.                  | 100                   | 100%           |
| 2.  | My organization out perform more than its competitors. | 100                   | 100%           |

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

- | S/N | ORGANIZATIONAL PERFORMANCE  | Number of Respondents | Percentage (%) |
|-----|---|-----------------------|----------------|
| 3.  | My organization has a strong record of profitability better than rivals.                            | 100                   | 100%           |
| 4.  | My firm looks like a company with strong prospect for future growth.                                | 100                   | 100%           |
| 5.  | My organization offers high quality services than its competitors.                                  | 100                   | 100%           |
| 6.  | Organizational competitiveness lies on the skills, competency and knowledge that employees possess. | 100                   | 100%           |
| 7.  | Organizational competitiveness leads to superior work performance.                                  | 100                   | 100%           |
| 8.  | Organizational Competitiveness results to high productivity.  | 100                   | 100%           |

Source: (Field Survey, 2016).

#### 4.2 TEST OF HYPOTHESES

The research hypothesis of Question 1, 2, 3 & 4 above were tested using Analysis of Variance (ANOVA) techniques to compare Ftab and Fcal values.

##### 4.2.1 Test of Hypothesis 1

Ho: There is no significant relationship between employee motivation and competitiveness of Afam Power Plc.

HA: There is a significant relationship between employee motivation and competitiveness of Afam Power Plc.

Level of significance: The appropriate level of significance chosen for this study is 0.05.

Table 3: Analysis of Variance (ANOVA) Table

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.656	3	17.552	7.011
	Residual	240.334	96	2.503	.000b
	Total	292.990	99		

Source: SPSS version 20

a. Dependent Variable :organizational performance

b. Predictors: (Constant), employee motivation, employee commitment, organizational structure.

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

$$F_{cal} = 0.95 (3, 96) = 2.60$$

$$T_{ab} = T 0.975 = -+ 1.9867$$

Decision Rule: 1

From table 4 below,  $T_{cal} (2.733)$  is greater than  $T_{tab} (+1.9867)$ , study reject the null hypothesis and accept the alternative hypothesis and conclude that, there is a significant relationship between employee motivation and competitiveness of the organization.

Table 4: Result of Multiple Regression Test of the Individual Explanatory Variables

Coefficientsa

Model	Unstandardized		T	Sig.		
	Coefficients	Standardized Coefficients				
	B	Std. Error	Beta			
1	(Constant)	44.373	2.009	22.090	0.000	
	Em	.0376	0.138	0.254	22.733	0.007
	Ec	-0.047	0.142	-0.031	-0.329	0.743
	Os	-0.503	0.143	-0.326	-3.520	0.001

Source: (SPSS Version 20).

a. Dependent Variable: Competitiveness (Organizational Performance)

b. Independent variable: employee motivation, employee

commitment and organizational structure (Employee Participation).

#### 4.2.2: Test of Hypothesis Two

Ho: There is no significant relationship between employee commitment and competitiveness of Afam Power Plc.

HA: There is a significant relationship between employee commitment and competitiveness of Afam Power Plc.

Level of significance: The appropriate level of significance chosen for this study is 0.05.

#### Decision Rule: 2

From table 4 above,  $T_{cal} (-.329)$  is less than  $T_{tab} (+1.9867)$ , study accept the null hypothesis and reject the alternate hypothesis and conclude that, there is no significant relationship between employee commitment and competitiveness of the organization.

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

#### 4.2.3: Test of Hypothesis Three

Ho: There is no significant relationship between organizational structure and competitiveness of Afam Power Plc.

HA: There is a significant relationship between organizational structure and competitiveness of Afam Power Plc.

Level of significance: The appropriate level of significance chosen for this study is 0.05.

#### Decision Rule 3:

From table 3.1 above,  $T_{cal} (-3.520)$  is greater than  $T_{tab} (-1.9867)$ , study reject the null hypothesis and accept the alternate hypothesis and conclude that, there is a significant relationship between organizational structure and competitiveness of the organization.

### 4.3 SUMMARY OF FINDINGS

Table 4 above of hypothesis one shows that  $T_{cal} (2.733) > T_{tab} (+1.9867)$ , therefore study reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis ( $H_A$ ) and conclude that there is significant relationship between employee motivation and competitiveness of Afam Power Plc.

Table 4 above of hypothesis two shows that,  $T_{cal} (-.329)$  is less than  $T_{tab} (+1.9867)$ , study accept the null hypothesis and reject the alternate hypothesis and conclude that, there is no significant relationship between employee commitment and competitiveness of the organization.

Table 4 above of hypothesis three shows that,  $T_{cal} (-3.520)$  is greater than  $T_{tab} (-1.9867)$ , study reject the null hypothesis and accept the alternate hypothesis and conclude that, there is a significant relationship between organizational structure and competitiveness of the organization.

## CONCLUSION AND RECOMMENDATION

### 5.1.1 Conclusion

This study ascertained the effect of Employee Participation in decision making on Organizational Performance of Afam Power Plc, Port Harcourt Rivers State. The result of hypothesis one showed that  $T_{cal} (2.733) > T_{tab} (+1.9867)$ , therefore study reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis ( $H_A$ ) and conclude that there is significant relationship between employee motivation and competitiveness of Afam Power Plc. Again, the result of hypothesis two showed that,  $T_{cal} (-.329)$  is less than  $T_{tab} (+1.9867)$ , study accept the null hypothesis and reject the alternate hypothesis and conclude that, there is no significant relationship between employee commitment and competitiveness of the organization. Result of hypothesis three showed that,  $T_{cal} (3.520)$  is greater than  $T_{tab} (-1.9867)$ , study reject the null hypothesis and accept the alternate hypothesis and conclude that, there is a significant relationship between organizational structure and competitiveness of the organization. Based on findings of hypothesis 1 and 3 above, study conclude that,

Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101

Employee Participation in decision making has positive effect on Organizational Performance of Afam Power Plc.

### 5.1.2 Recommendations

The result of this study is suitable to adopt in any kind of organization (both private and public) especially those for having great challenges on employee participation in decision making. Based on the conclusion, recommendations are made as follows;

- I. Firms are advised to structure their organization in such a way that it will encourage free flow of decision making in every level of management to promote employee involvement in decision making and create efficiency on organizational decision making process.
- II. Organizations are advised to put more effort on encouraging their employees to come up with suggestions and useful input that will promote organizational performance.
- III. Organizations are encouraged to increase the frequency and level of worker participation in decision making between manager and subordinates.

IV. Every organization is advised to create a clear-cut understanding and notion of the concept of participative decision making to avoid confusion and clashes of interest between the employees and the managers.

## REFERENCES

- Armstrong, M. (2006). "A Handbook of Human Resource Management Practice" 10th ed., London: Kogan Page.
- Beardwell, J., & Claydon, T. (2011). "Human Resource Management: A Contemporary Approach. Pearson Education.
- K. Bhatti, & Nawab, S. (2011). "Effect of Direct Participation on Organizational Commitment", International Journal of Business and Social Science, 2 ( 9).
- R. Bullock., & S. Powell, S. (N.Y). "What is Employee Involvement", University Consulting Alliance. Available Online and Retrieved from: <https://www.washington.edu/admin/hr/pod/leaders/orgdev/alliance/articles/EmployeeInvolvement-ScontrinoPowell.pdf>.
- Busck, O, Knudsen, H., & Lind, J. (2010). "The Transformation of Employee Participation: Consequences for the Work Environment", Economic and Industrial Democracy, 31(3), 285-305.
- Chiekezie, O. M., Nzewi, N. H., & Orogbu, O. L. (2008). "The Principles of Management" (1st ed.). Anambra State, Nigeria: First Fountain Nigeria.
- Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. J Fin Mark. 2020; 4(4):101
- Cooke, W. N. (1994). "Employee Participation Programs, Group-Based Incentives, and Company Performance", A Union-Nonunion Comparison, Industrial and Labor Relations Review, 47, 594.
- Cotton, J. L. (1993). Employee Involvement: Methods for Improving Performance and Work Attitudes, United State of America, CA: Thousand Oaks: Sage Publications, Inc.
- David, F. (2005). Strategic Management: Concepts and Cases (10th ed.). New Jersey: Pearson Prentice Hall.
- Eisenfuhr, F. (2011). Decision Making. Academy of Management Review, 19 ( 2), 312-330.
- Galbraith, J. R. (1987). Organization Design. In, J. W. Lorsch, ed., Handbook of Organizational Behavior, New Jersey: Englewood Cliffs, Prentice Hall.
- Greenberg, J. (2011). Behavior in Organizations, 10th ed.,

- New Jersey: Upper Saddle River, Prentice Hall.
- Heller, F. A., Pusic, E., Strauss, G., & Wilpert, B. (1998). *Organizational Participation: Myth and Reality*, New York: Oxford University Press.
  - Hellriegel, D., Jackson, S. E., & Slocum, J. (2005). *Management*, Cape Town: Oxford Edition.
  - Isichei, E. E., & Godwin, U. D. (2015). Employees' Participation in Decision Making and the Hospitality Industry in Nigeria, An Investigative Study of Selected Hotels in the Federal Capital Territory, Abuja, Nigeria, *Academic Journal of Economic Studies*, 1(4), 54–6.
  - Jones, D. C., Kalmi, P., & A. Kauhanen, (2010). "The effects of general and firm-Specific Training on Wages and Performance: Evidence from Banking". *Oxford Economic Papers*, 64 (1), 151-175.
  - Kesenwa, A., Oima, O. D., & Oginda, M. (2013). Effect of Strategic Decision Making on Firms Performance: A Case Study of Safaricom Limited. Nairobi, Kenya. *International Journal of Business and Social Science*, 4 (13).
  - Kreitner, R. (2004). *Management*, 9th ed., Boston: Houghton Mifflin Company.
  - Kuye, L. O., & Sulaimon, A. H. A. (2011). Employee Involvement in Decision Making and Firms Performance in the Manufacturing Sector in Nigeria, *Serbian Journal of Management*, 6 (1), 1 – 15.
  - M.S.G, Management Study Guide (2016). Advantages of Participative Management. Retrieved from: <https://www.managementstudyguide.com/participative-management-advantages-disadvantages.htm>.
  - Manning, G., & Curtis, K. (2009). "The Art of Leadership", 3rd ed., New York: McGraw-Hill Irwin.
  - Marchington, M. (1980). *Responses to Participation at Work: A Study of the Attitudes and Behaviour of Employees, Shop Stewards and Managers in a Manufacturing Company*.
  - Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. *J Fin Mark. 2020; 4(4):101*
  - Mitchell, T. R. (1982). Motivation: New Directions for Theory, Research, and Practice, *Academy Of Management Review*, 7 (1), 80-88, 1982.
  - Moorhead, G., & Grifcin, R. (2004). *Organizational Behavior: Managing People and Organisations*, (7th ed.). Boston: Houghton Mifflin Company.
  - Nelson, D. B., & Quick, J. C. (2011). *Understanding Organizational Behavior*. Mason: South-Western Cengage Learning.
  - Nnabuife, E. K. N. (2009). *Organizational Behavior and Management Theory*, Anambra State, Nigeria: Rex Charles and Patrick Limited.
  - Noah, Y. (2008). "A Study of Worker Participation in Management Decision Making Within Selected Establishments in Lagos", *Nigeria Journal of Social Science*, 17 (1) 31-39.
  - Nworuh, G. E. (2001). *Basic Research Methodology for Researchers' Trainees and Trainers in Management Science*, 1st ed., Owerri, Nigeria: Ambix Printers.
  - Omobude, M., & Igbudu, U. (2012). Influence of Teachers Participation in Decision Making on their Job Performance in Public and Private Secondary Schools in Oredo Local Government Area of Edo State, Nigeria, *European Journal of Business and Social Sciences*, 1 (5), 12-22.
  - Porter, M. E. (1985). "Competitive Advantage: Creating and Sustaining Superior Performance", New York: Free Press.
  - Rehman, R. R., Khalid, A., & Khan, M. (2012). Impact of Employee Decision Style on Organizational Performance: In the Moderating Role of Emotional Intelligence. *World Applied Science Journal* 17, 10.
  - Richard, P. J., Devinney, T. M., Yip, G.S., & Johnson, G. (2009). Measuring Organizational Performance: Towards Methodological Best Practice. *Journal of Management*, 35(3), 718-804.
  - Sofijanov, E., & Chatleska, V. Z. (2013). Employee Involvement and Organizational Performance: Evidence from Manufacturing Sector in Republic of Macedonia. *Trakia Journal of Science*, 11(1), 31-36.
  - Stoner, J. A, Freeman, R. E., & Gilbert, D. A. (1995). *Management* (6th ed.). New Jersey: Prentice Hall.
  - Vrba, M. J., & Brevis, T. (2002). "A Guide to Passing: General Management". Claremont: New Africa Education.
  - Wainaina, L., M. Iravo, M., & Waititu, A. (2014). Effect of Employee Participation in Decision Making on the Organizational Commitment Amongst Academic Staff in the Private and Public Universities in Kenya, *International Journal of Advanced Research in Management and Social Science*, 3 (12), 131-142.
  - Citation: Ijeoma Chimaobi, Employee Participation and its impact on Firms Performance: Evidence from Power Holding Plc, Port Harcourt, Nigeria. *J Fin Mark. 2020; 4(4):101*

- Westhuizen, D. (2010). Culture, Participative Decision Making and Job Satisfaction. *Economic and Industrial Democracy* 31 (3), 285-305. Banking
- Williamson, M. G. (2008). The Effects of Expanding Employee Decision Making on Contributions to Firm Value in an Informal Reward Environment. *Contemporary Accounting Research*, 25 (4), 1184-1209.
- Zubair, A., Bushir, M., Abrar, M., Baig, A. S., & Hassan, Y. S. (2015). Employee's Participation in Decision Making and Manager's Encouragement of Creativity: The Mediating Role of Climate for Creativity and Change. *Journal of Service Science and Management* 8. (3), 306-321. Keywords: Finance, Financial Management, Corporate Finance, Management