Impact Of Employee Participation On Job Satisfaction, Employee Commitment And Employee Productivity

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It is widely believed that the employee participation may affect employee’s job satisfaction; employee productivity, employee commitment and they all can create comparative advantage for the organization. The main intention of this study was to find out relationship among employee participation, job satisfaction, employee productivity and employee commitment. For the matter 34 organizations from Oil & Gas, Banking and Telecommunication sectors were contacted, of which 15 responded back. The findings of this study are that employee participation not only an important determinant of job satisfaction components. Increasing employee participation will have a positive effect on employee’s job satisfaction, employee commitment and employee productivity. Naturally increasing employee participation is a long-term process, which demands both attention from management side and initiative from the employee side.

Field of Research: Human Resource Management

1. Introduction

One of the leading challenges in management has been implementing effective human development strategies to enhance organizational performance and accountability. As a result of the emphasis on performance, researchers in human resource management have stressed effective human resources strategies such as job satisfaction, team empowerment, participative management, and strategic planning. This study determines the impact of participation/ Employee Participation on job satisfaction, employee productivity and employee commitment. Since very insufficient work is done on this area in Pakistan due to limited data availability. One could find many research studies on this subject but when we discuss Pakistani organizations, we are at the deep end of the research resources. The fact that employees of organizations

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are becoming key to strategic decision-making seems reasonably indisputable even in Pakistani setting. In Pakistani setting Human Resources department is still facing a challenge to prove its added value to the organization’s performance. They are, however, battling to justify the reasons for their existence in organizations. Perhaps one of the reasons that Human Resources department has not been more successful in communicating the importance of what they do, is because they have tended not to express it in economic terms but one can not deny the fact that by logically studying the best HR practices, an individual, team or organization may accelerate its own progress and improvement. The face of traditional Human Resources services in progressive organizations throughout Pakistan is currently undergoing a dramatic change. The focus has moved from managing established traditional HR functions to providing guidance to implementing business strategy. As a result, professionals in Human Resources are increasingly challenged to take a more strategic perspective regarding their role in the organization. As Human Resources professionals respond to this challenge, measuring Human Resource’s performance and its contribution to the firm’s performance consistently emerge as a key theme. At the same time more and more top-level managers are realizing that HR or the people side of the business is critical to the long-term survival of the business.

In the last few decades’ government of Pakistan is trying to make the corporate sector feasible for investment and for overall uplift of economy because organizations from different industries are playing a significant role in the economic development of Pakistan e.g. telecommunication, banking and oil & gas sector.

Despite their economic importance, different organizations suffer from a variety of structural and institutional weaknesses, which have constrained their ability to take full advantage from rapidly advancing process of globalization but professionally and nonprofessionally human resource management is inside in different organizations from different industries. Participatory management has to be introduced in organizations where power is shared, everyone is given an opportunity to participate, work is conducted by consensus and multidisciplinary teams are utilized to implement processes. All this demands a change in corporate culture, in which everyone must adopt the new principles and values, particularly senior managers.

2. Significance of Study

This study is an attempt to explore the impact of a human resource practice (Employee Participation) on job satisfaction, employee commitment and employee productivity. However, it is a new subject for research in Pakistan. Looking towards all research studies completed in Pakistan, it is observed that there is insignificant research work done in Pakistan and it has created a wide gap, which needs to be filled up by the present and the near future human resource management research scholars. Today’s knowledge economy demands investments in human capital of the organization and to create a work environment where employees excel at their jobs but it is strongly
perceived that practices like employee participation are intentionally or unintentionally ignored in Pakistan so research is the last solution to find out the truth, cause and solution.

3. Literature Review

Managers who hold Human relation theory of participation belief simply in involvement for the sake of involvement, arguing that as long as subordinates feel that they are participating and are consulted, their ego needs will be satisfied and they will be more cooperative (Richie and Miles, 1970).

Job satisfaction and employee commitment receive considerable attention from industrial and organizational psychologists, management scientists, and sociologists. Three thousand studies had been done on job satisfaction alone by the time Locke prepared his study nearly 20 years ago (Locke, 1976).

3.1 Employee Participation

Employee Participation is generally defined as a process in which influence is shared among individuals who are otherwise hierarchically unequal (Locke and Schweiger, 1979; Wagner, 1994). Participatory management practice balances the involvement of managers and their subordinates in information processing, decision making and problem solving endeavors (Wager, 1994).

Coch and French (1949) are considered to be the pioneers in studying employee participation in the workplace. They developed the productivity and efficiency rationale, assuming that there is a direct link between employees’ involvement in decision-making and work outcomes such as the increase of job satisfaction and productivity. Participation in decision-making can satisfy employees’ self-actualization needs and, by doing so, increase employees’ motivation and job performance (Likert, 1961). These early theoretical contributions on participation were not taken seriously until the mid-1980s when major works such as Lawler (1986) started to emerge and make some significant impact on both academic and business circles.

Another line of enquiry on participatory management is focused on its impact on organizational outcomes such as organization performance and work outcomes, including job satisfaction (Rooney, 1987), productivity (Rooney, 1987; Werneke and Levitan, 1994), product quality (Cooke, 1992), absenteeism (Voos, 1989) and employee and superior relations (Cooke, 1990). Because of the different methodologies used in those studies, the results tend to be mixed (Wagner, 1994; Ledford and Lawler, 1994; Huang, 1997).

The best way to improve productivity is by striving for the shared goals of employees and managers. By allowing worker input into developing the mission statement, establishing policies and procedures, determining perks, etc., you can improve communication and increase morale and satisfaction.

In line with the research on Employee Participation has been emphasized in relation to job satisfaction (Cotton et al 1988; Norton 1989). In Past studies showed that employee participation is positively related to performance, satisfaction, and productivity of an employee (Pfeffer 1994; Wagner 1994; and Verma 1995). According to Blinder (1990)
that profit sharing programs are more effective when combined with employee participation in management.

3.2 Job Satisfaction

Locke (1976) defined job satisfaction as “... a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience.” That is, it is the discrepancy between what an employee values and what the situation provides. Smith et al. (1969, p. 6) suggested that “... job satisfaction are feelings or affective responses to facets of the situation.” Dawis and Lofquist (1984) defined job satisfaction as the result of the worker’s appraisal of the degree to which the work environment fulfills the individual's needs. These definitions, as Lease (1998) pointed out, are similar to other definitions where job satisfaction is viewed as the degree of an employee’s affective orientation toward the work role occupied in the organization.

Employee Participation and Job Satisfaction Historically, management theory (Argyris 1957; Bennis 1966; Herzberg 1966, 1968; Likert 1967; Maslow 1954) has emphasized the importance of coordinating the organization-human relationship to enhance productivity and develop human capital. Focusing on human motivation and its impact on job satisfaction and productivity, scholars have conducted research on Employee Participation and empowerment (Drucker 1954, 1974; Likert 1967; Spreitzer, Kizilos, and Nason 1997; Ouchi 1981; Pascale and Athos 1981). Participation is a process in which influence is shared among individuals who are otherwise hierarchical unequal (Locke and Schweiger 1979; Wagner 1994).

Employee satisfaction has always been important issues for organizations. Few practices (in fact, few organizations) have made job satisfaction a top priority, perhaps because they have failed to understand the significant opportunity that lies in front of them. Satisfied employees tend to be more productive, creative and committed to their employers. (J. Michael Syptak, MD, David W. Marsland, MD, and Deborah Ulmer, PhD).

H1: Employee Participation has direct positive effect on Job satisfaction.

3.3 Employee Productivity

Productivity is a performance measure encompassing both efficiency and effectiveness. It is important, therefore, to know who the productive workers are. Productivity is a performance measure encompassing both efficiency and effectiveness.

High performing, effective organizations have a culture that encourages employee involvement. Therefore, employees are more willing to get involved in decision-making, goal setting or problem solving activities, which subsequently result in higher employee performance (Hellriegel, Slocum & Woodman, 1998). Encourage a more modern style of participatory management, raise employee productivity and satisfaction, and even lower workers’ compensation rates. (Madison, Wisconsin, 2000).

According to Miller and Monge (1986) job satisfaction increases productivity through bringing high quality motivation and through increasing working capabilities at time of implementation. There is evidence that participative climate has a more substantial effect on worker's satisfaction then participation in specific decision and it appears that
participation in goal setting does not have strong effect on productivity. Participation has a strong effect on both job satisfaction and productivity, but its effect on satisfaction is somewhat stronger than on productivity.

Human resource policies that encourage worker involvement aim at providing employees with opportunities to have an input in decisions, incentives to expend discretionary effort and the means to acquire the appropriate skills (Berg 1999). Among these policies, participation schemes directly affect the first two aspects - opportunities and incentives – and as a result are thought to improve incentives to acquire skills as well as work organization and information flows. These combined effects are expected to increase X-efficiency and productivity.

**H2: Employee Participation has direct positive effect on Employee Productivity.**

### 3.4 Employee Commitment

Employee commitment has been defined in various ways (Mowday, Porter, & Steers, 1982; Reichers, 1985). Steer (1977) refers employee commitment to congruence between the goals of the individual and the organization whereby the individual identifies with and extends effort on behalf of the general goals of the organization.

Meyer and Allen (1994) state that employee commitment is a psychological state that:

- a) Characterizes the employee's relationships with the organization.
- b) Have implications for the decision to continue membership in the organization.

Spector's (1986) meta-analysis of 88 studies investigated the relationships of perceived control to other job variables (such as job satisfaction, employee commitment, emotional distress and absenteeism) with autonomy and participation being treated as joint indicators of control.

Employee commitment has been described as consisting of two constructs affective and continuance (Allen & Meyer, 1990). As an attitude, differences between commitment and job satisfaction are seen in several ways (Mowday, et al., 1982). Commitment is a more global response to an organization and job satisfaction is more of a response to a specific job or various facets of the job. Wiener (1982) states that job satisfaction is an attitude toward work-related conditions, facets, or aspects of the job. Therefore, commitment suggests more of an attachment to the employing organization as opposed to specific tasks, environmental factors, and the location where the duties are performed (Mowday, et al., 1982). When discussed on these terms, commitment should be more consistent than job satisfaction over time. “Although day-to-day events in the work place may affect an employee's level of job satisfaction, such transitory events should not cause an employee to reevaluate seriously his or her attachment to the overall organization” (Mowday et al., 1982, p.28).

In a study by Andrew Hale Feinstein Assistant Professor of University of Nevada, Las Vegas “ Relationships Between Job Satisfaction And Organizational Commitment Among Restaurant Employees” (1998), he proved that the several of the component scores for Job satisfaction; store location had a significant effect on the level of satisfaction with policies; and the level of education significantly affected satisfaction with recognition. Further, satisfaction with policies, compensation, work conditions, and
advancement were found to have a significant relationship to organizational commitment.

**H3: Employee Participation has positive effect on Employee commitment.**

4. Research Methodology

The broader purpose of the present study is to explore the relationship among employee participation, job satisfaction, employee commitment and employee productivity.

More specifically the objectives of the study are:

- To understand and analyze employee participation, job satisfaction, employee commitment and employee productivity and in Pakistan’s telecommunication, Oil and Gas and Banking sector organizations.
- To expose the scope of association sandwiched between employee participation, job satisfaction, employee commitment and employee productivity in Pakistan’s telecommunication, oil & Gas and Banking sector organizations.

Our research study is a relational for exploring association among employee participation, job satisfaction, employee commitment and employee productivity. The data included name of organization, life of organization in years, no of employees, employee participation, job satisfaction, employee commitment and employee productivity.

For the tangible research work, information regarding name of organization, life of organization in years, no of employees, employee participation, job satisfaction, employee commitment and employee productivity was collected from the first line managers and their immediate bosses of targeted organizations. These managers were requested to respond to all questions up to the best of their knowledge with reference to the working practices implemented in their organizations.

Questionnaires were divided into two portions first line employees had to answer the questions regarding name of organization, life of organization in years, no of employees, employee participation, job satisfaction, employee commitment and employee productivity. While there immediate bosses had to answers questions from portion of employee productivity.

The questionnaires consisted on relationship among employee participation, job satisfaction, employee commitment and employee productivity. Questionnaire was developed depending upon the extensive literature review (Martell and Carroll 1995; Verman 1995; Delancy and Huselid 1996; McEvoy 1997; Singh, K 2004), in the mentioned research studies likard scale questionnaire was used, in this research study we used the same approach to develop questions for measuring each of the employee participation, job satisfaction, employee commitment and employee productivity. Each scale was a 7-point scale with 1= strongly disagree to 7 Strongly agree.

The sample for this study was drawn from Telecommunication sector, Banking Sector and Oil & gas Sector of Pakistan. 34 organizations were selected for the study. The platform which helped us to select the sectors and the organizations is
the website of Islamabad Stock Exchange. This website contains all necessary information of the listed companies.

Study participants included both first line managers and their immediate bosses. 04 questionnaires each were distributes in every organization for minimizing the chance of ambiguity and biasness. From (34) companies only (34) responded back, response rate is (100 %).

5. Research Model and Variables

HYPOTHETICAL RESEARCH MODEL

6. Research Findings

Data was collected through questionnaires and responses were numerically coded to make the data actionable. Correlation and Regression were calculated for exploring the level of association amongst the 'Employee Participation, employee job satisfaction, employee commitment and employee productivity'.

Table 1 represents the outcomes of the descriptive statistics in terms of the means, standard deviations and the correlations for all the variables used. We can observe that there is a high correlation among the dependent variables (employee job satisfaction, employee commitment and employee productivity) and the independent variable (Employee Participation).
Table 1 set out the descriptive statistics in terms of the means, standard deviations, and correlations for all the variables. There is a high correlation amongst the independent and dependent variables. Mean of the Employee Productivity is (3.74), whereas, the standard deviation is (2.1), it indicates that when there is highly scientific and rigorous employee productivity. A correlation between Employee Participation and Employee Productivity indicates that the Employee Participation should be beneficial when practiced after mutual coordination of management and employees. While according to the study of Miller and Monge (1986) the degree of association between these two variables is (-0.33) means they are negatively correlated.

Job Satisfaction is positively correlated with employee participation (0.197), Employee Productivity (0.33), Employee Commitment (0.45). The study of Miller and Monge (1986) in which they study the relationship of employee participation and job satisfaction and employee productivity they find that relationship between employee participation and job satisfaction is only (0.16) while our study indicate that they degree of association between these two variables is (0.197). This shows that the difference do exists in the two different samples but this difference is too undersized.

Table 1: Mean and Correlations of Variables

<table>
<thead>
<tr>
<th></th>
<th>Standard Deviation</th>
<th>Mean</th>
<th>EPart</th>
<th>JS (X1)</th>
<th>OC</th>
<th>EP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Participation</td>
<td>1.5</td>
<td>3.35</td>
<td>1</td>
<td>0.197*</td>
<td>0.354*</td>
<td>0.433*</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>1.2</td>
<td>3.63</td>
<td>0.197*</td>
<td>1.000</td>
<td>0.045*</td>
<td>0.333*</td>
</tr>
<tr>
<td>Employee commitment</td>
<td>1.9</td>
<td>3.66</td>
<td>0.354*</td>
<td>0.045*</td>
<td>1.000</td>
<td>0.178*</td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>2.1</td>
<td>3.74</td>
<td>0.433*</td>
<td>0.333*</td>
<td>0.178*</td>
<td>1.000</td>
</tr>
<tr>
<td>Employee Turnover</td>
<td>1.4</td>
<td>2.33</td>
<td>-0.223*</td>
<td>-0.281*</td>
<td>-0.180*</td>
<td>-0.053*</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>1.3</td>
<td>3.13</td>
<td>0.156*</td>
<td>0.328*</td>
<td>0.139*</td>
<td>0.462*</td>
</tr>
</tbody>
</table>

* Show that Correlation among all of them is Significant on 0.01

Where as:
1. EPart = Employees Participation
2. JS = Job Satisfaction
3. EC = Employee Commitment
4. ET = Employee Turnover
5. EP = Employee Productivity
6. OP = Organizational Performance
6.1 Regression Results

Table 2 presents the regression outcomes for Pakistani listed. This regression model is noteworthy and significant, not even a single variable is statistically insignificant.

Regression Equation: Regression Equation that is used to test the research model is as under:

\[ E \text{ Part} = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Employee Participation = Intercept + Coefficient (Job Satisfaction) + Coefficient (Employee Commitment) + Coefficient (Employee Productivity) + Other Variables

One regression equation was used for analysis. Equation included three independent variables effect that is Job satisfaction employee Commitment and employee productivity. The output in the case of Equation, 48% the result is statistically significant.

Table 2: Regression Results of Model

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Results of Research Model</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Equation A</td>
</tr>
<tr>
<td></td>
<td>E part = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3</td>
</tr>
<tr>
<td>Employee participation</td>
<td>**0.366</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>**0.366</td>
</tr>
<tr>
<td>Employee Commitment</td>
<td>***0.508</td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>**0.179</td>
</tr>
<tr>
<td>R2</td>
<td>0.483</td>
</tr>
<tr>
<td>Adjusted R2</td>
<td>0.405</td>
</tr>
<tr>
<td>F</td>
<td>16.234</td>
</tr>
<tr>
<td>N= 136, *** P &lt; 0.10, ** P &lt; 0.05</td>
<td></td>
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</tbody>
</table>
7. Discussion of Findings

Although this study discusses organizational performance with reference to HRM, it has actually integrated most of the significant management subjects under considerations into the judgment. The results of this study are derived from organizations of Oil & Gas, Banking and telecommunication sectors of Pakistan. This makes the conclusions more sectors oriented. The results of this study provide relatively strong support for the existence of a positive relationship among employee participation, Job satisfaction, employee productivity and employee commitment.

At this instant this reality is extensively acknowledged that ‘human resources’ is the paramount organizational resource and the means to accomplish exceptional performance. At a general level, results generated by this study are largely consistent with results obtained in studies of employee participation-organization performance conducted in other geographical settings (Becker and Huselid, 1998). Moreover results of the present study add to the available empirical evidence and suggest that such declaration have some credibility (Huselid and Becker 1995, 1996; MacDuffie 1995; Youndt et al. 1996). Outcome of the study put forward an indication that use of the positive relationship between employee participation and the Job satisfaction and job satisfaction with employee productivity, commitment and turnover.

The data in Table 1 is giving the confirmation of the association sandwiched between the employees Participation, Job satisfaction, employee productivity and employee commitment in Pakistan. The variables prove a positive relationship with each other.

Table 2 is build up on the regression results indicating that there is positive relationship amongst employee participation and Job satisfaction, employee productivity, employee commitment. The Employees participation is having a positive and significant impact on the Job satisfaction of the employees indicating that an employee’s participation in decision making leads an employee to perform much better as relevant to its competitors in the industry. Further, it is important that
employees know what is going on in an organization so that they can use the knowledge that resides in the organization to its fullest potential (Pfeffer, 1998). As a result, it is important that organizations use information-sharing programs.

7.1 Contribution of the Current Study

- This study adds to researcher’s efforts to understand the relationship among employee participation, Job satisfaction, employee productivity and employee commitment in Oil & Gas, Banking and Telecommunication sector.
- The study contributed new directions in the research of management by opening up a debate on the importance of employee participation in job satisfaction. The fact that statistically significant correlations and regression results are indicating that employee participation has a significant impact on all the dependent variables Job satisfaction, employee productivity, employee commitment.

7.2 Implication for Management

The findings also suggested that management might be able to increase the level of commitment in the organization by increasing satisfaction with compensation, policies, and work conditions. One way of addressing this could be by increasing the interactions with employees in staff meetings and increasing guided discussions of topics related to these issues. Employees could be interviewed to determine their perceptions of management’s ability to address these issues. Changes in organizational variables, such as pay scales, employee input in policy development, and work environment could then be made in an effort to increase organizational commitment.

Most of the Pakistani organizations do not see employee participation as a driver of better employee performance; our research is indicating that this is one of the foremost contributing variables towards Job satisfaction.

7.3 Limitations of the Study

The results of this study should be viewed with a small number of limitations in mind this research study has the following limitations:

- This sample size is not sufficient enough to reflect the factual image of the organizations functioning in Pakistan in context with measuring the relationship among employee participation, Job satisfaction, employee productivity and employee commitment in Pakistan.
- The data, which was obtained from the organizations, was in the shape of perceptual measures of employee participation, Job satisfaction, employee productivity, employee commitment. Normally, instead of perceptual measures, the objective measures are more desirable and they particularly are more consistent in outputs (Huselid 1995: Harel and Tzafrir 1999). But observing the methods for research we are limited to use it.
- The method used by us in order to collect the data is very common as we have used the Questionnaire method for this research study. Other methods
could have been used for this research study like group discussions/discussion forum etc.

7.4 Directions for Future Research

Our study is indicating that certain employee Participation could influence Job satisfaction, employee commitment and employee productivity; it still does not shed light on the mechanisms through which this is accomplished. Future research directions could include:
- Longitudinal studies to establish the causal relationship between the variables.
- To enhance external validity, future research efforts should obtain a representative sample from more organizations.
- Future research should seek additional performance outcomes at the job level from larger samples with increased statistical power. Measures with few items are more prone to unreliability than summated measures with greater numbers of items (Spector, 1992). Future research should seek to develop more complete measures of employee job satisfaction tapping multiple dimensions of their job quality.

References


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