

Effect of Employee Participation in Decision Making on Performance of Steel Sector Companies in Jharkhand

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Abstract

This study looked at how certain companies in Jharkhand performed when their employees were involved in decision-making. With the use of a questionnaire, information was obtained from ten (10) owners and eighty (80) employees of the selected companies that were chosen randomly from Ghato, Ramgarh & Bokaro. Descriptive and inferential statistical techniques were used to statistically analyse the obtained data. The findings demonstrated that, on average, staff involvement in decision-making significantly improved organisational performance in companies, with ($\beta = 0.512$, $t = 6.257$, $P < .01$). This research suggests that the companies who have previously disregarded HRM techniques while operating their companies are realizing the importance of employee participation in decision making of the organizations.

Keywords: Employee Participation, Decision Making, Performance, Steel sector

1.0 Introduction

Globally, Steel companies are acknowledged as the primary catalyst for economic expansion and advancement. They are responsible to raise living conditions, generate significant local capital formation, and reach high productivity and competence levels. According to Olowe, Moradeyo, and Babalola (2013), Steel companies are acknowledged as the primary tool for attaining fair and sustainable industrial diversification and dispersal. According to Ofoegbu, Akanbi, and Joseph (2013), Steel Companies are the answer to the growth of emerging nations infrastructure like India which is experiencing moderate economic progress. They think that concentrating attention on steel companies would help to produce goods and services for the economy, lessen income inequality, create jobs, and foster the growth and learning of new skills.

For achieving the common objectives of managers and employees, employee engagement in decision-making has been acknowledged as a managerial strategy for enhancing organisational performance. This is made possible by incorporating employee feedback into the creation of the mission statement, the formulation of rules and guidelines, the setting of compensation, the awarding of promotions, and the choice of benefits. which has grown in importance as a topic in human resource management (HRM) (UK

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Essays, 2013). Research has indicated that involving workers in decision-making processes improves job performance, motivation, and organisational development (Gollan and Wilkinson, 2007; Kim, McDuffie and Pil, 2010; Bhuiyan, 2010; and Brown 1982). On the other hand, there is disagreement among research about the direct relationship between higher employee participation and improved organisational effectiveness. Some critics, like Shashin (1976), believe that management must employ participation since it is not only effective but also morally required. According to Locke and Schweiger (2001), Worker engagement is only a managerial tactic that can be applied successfully in specific circumstances. However, a growing practice of HR, especially in industrialised nations, has shown how important HR practices can be in promoting the expansion and survival of SMEs. This study's goal was to determine how employee decision-making involvement affected the performance of Steel sector Companies in Jharkhand.

In many organisations, successful value creation has been the outcome of worker participation in the decision-making process. However, there is still disagreement over how much staff should be involved in organisational decision-making. While some advocate for limited or circumscribed involvement—that is, employees' or workers' participation to a certain extent—others contend that workers' unions should engage with management as equal partners. Employees can engage in any organization's decision-making process in a variety of ways like participation at the board level, participation through ownership, participation through collective bargaining, participating through suggestion schemes, participation through complete control, participation through job enrichment, and participation through quality circles.

2.0 Review of Literature

Rathnakar (2012)³ examined in his research about the current state of worker participation in management decision-making at BHEL (Bharat Heavy Electrical Ltd.).

A survey totalling one hundred non-management employees was collected for the study. The primary research methods utilised for gathering data for the study were an interview schedule and in-depth interviews; percentage distribution and straightforward random sample approaches were employed for data analysis. The findings indicate that workers in organisations have a strong desire to be involved in decisions made at their specific locations. However, it was discovered that the employees' actual level of participation in managerial decision-making was rather low. Education and employees' participation in decision-making, as well as the frequency of employees' consultation and organisational commitment, are significantly correlated. According to the report, non-management workers in the workplace are becoming more and more interested in participating in the enterprise's decision-making process. Most workers are aware that decisions made in committee meetings are carried out, they have positive opinions about the functioning and performance of the councils, the company has been thinking about the requirements for successful worker participation, and they believe that the plant and shop councils greatly benefit the company.

³ Rathnakar, G. (2012). A study of workers participation in management decision making at Bhel, Hyderabad. *International Journal of Marketing, Financial Services & Management Research*, 1(9), 135-141.

Thakur (2014)⁴ in their study examined the current state of employee participation in management decision-making in Indian workplaces. The study involved a survey in which a total of 217 non-management employees drawn from two work organisations in Uttar Pradesh (Flour Mills and Sugar Mills) were used as subjects. The primary research methods used for gathering data for the study were an interview schedule and in-depth interviews. Statistical methods such as percentage distribution and chi-square were then employed to examine the data. The findings indicate that workers in both companies have a strong desire to be involved in decision-making at their places of employment. However, it was discovered that the employees' actual level of participation in managerial decision-making was rather low. The degree of education and the employees' participation in Flour Mill decision-making are significantly correlated. In Sugar Mills, there is a significant relationship between age and employees' involvement in decision making, as well as between frequency of employees' consultation and organisational commitment. According to the report, non-management workers in Indian workplaces are becoming more and more interested in participating in their companies' decision-making.

Gyawali (2017)⁵ make a study on the banking sector. A bank is one of the key organisations in every economy's financial sector. As a financial intermediary, the banking industry is essential to the nation's economic growth. Among them, the effect of employee involvement on perceptions of justice, organisational commitment, and job satisfaction is regarded as one of the most crucial elements that enhances the performance of commercial banks. This study addresses the core questions around how employee engagement affects job happiness, perceptions of employee justice, and organisational commitment in Nepal's commercial banks. Stratified sampling approaches were employed to pick the most representative and dependable samples. Stratified sampling approaches were employed to pick the most representative and dependable samples. The commercial bank population was divided into three categories: public banks, joint ventures, and non-joint ventures. A sample of 15 commercial banks was chosen. A total of 200 observations were employed in this analysis, comprising 20 observations from public banks, 110 observations from non-joint venture banks, and 70 observations from joint venture banks. Employee engagement has a positive and significant relationship with job happiness, perceptions of employee justice, and organisational commitment. Employee participation has the largest correlation coefficient among the three drivers, meaning that it has a greater impact on organisational commitment. Most of the employees who responded to the survey expressed satisfaction with their work-life balance and the management's ability to recognise their accomplishments. They also stated that they are open to advancement within the company and are prepared to go above and beyond what is required of them to support the success of the company.

Kumar & Saha (2017)⁶ in their study found that one essential element that every person must have been trust. Utilising survey data from 712 managerial staff members of public sector organisations, the impacts of decision-making participation and trust on attitudinal outcomes were investigated. The findings show

⁴ Thakur, N. (2014). Worker's participation in management decision making within selected establishment in Uttar Pradesh, India. *Annual Research Journal of SCMS*, 2(1), 65-81.

⁵ Gyawali, A. (2017). Impact of employee participation on job satisfaction, employee fairness perception and organizational commitment: A case of Nepalese commercial banks. *Saptagandaki Journal*, 8, 1-13.

⁶ Kumar, S. P., & Saha, S. (2017). Influence of trust and participation in decision making on employee attitudes in Indian public sector undertakings. *Sage Open*, 7(3), 2158244017733030.

a substantial relationship between affective commitment, group commitment, and work satisfaction and trust. While it did not predict collective commitment, involvement in decision-making is a predictor of affective commitment and job satisfaction. Work satisfaction has a major impact on emotional and group commitment. As a mediator between job satisfaction and affective commitment, group commitment predicts affective commitment. These results imply that managers should ask staff members about many areas of the job to foster trust and active engagement. Employees who feel that their organisation is trustworthy and that they can participate in decision-making show more loyalty and identification with it.

Saraf, Saha & Anand (2022)⁷ investigated the potential mediating roles of organisational learning (OL) and participation in decision-making (PDM) in the link between work involvement and supportive culture. Data was gathered from 712 workers who were employed by various public sector enterprises (PSUs) throughout India. The suggested hypotheses were tested using partial least square (PLS) analysis and necessary condition analysis (NCA). The results of this investigation showed that, in the interaction between supportive culture (SC) and job involvement (JI), PDM and OL, respectively, function as full mediators. PDM and OL were positively and strongly correlated with the SC. On the other hand, SL had little effect on JI. Additionally, it was discovered that JI was greatly impacted by greater PDM and OL.

3.0 Objectives of the Study

1. To find the effect of employee participation on performance of steel sector companies of Jharkhand.
2. To review the importance of employee participation in decision making of steel sector companies.

4.0 Hypothesis of the Study

NH₁: Employee participation has no significant effect on performance of steel sector companies of Jharkhand.

AH₁: Employee participation has significant effect on performance of steel sector companies of Jharkhand.

5.0 Research Methodology of the Study

Based on a quantitative survey of 80 workers and 10 owner/managers of randomly selected steel companies from Ramgarh, Ghato & Bokaro, this study was conducted. Companies like SAIL, Tata Steel etc. are included in the sample. Primary data was collected through questionnaires and secondary data are collected from websites of respective steel companies of Jharkhand. The researchers created the employee involvement questionnaire scale, and to determine the instrument's reliability and run it through a series of tests and retests. The instrument's reliability was demonstrated by the reliability test result of 0.76. Organisational performance was assessed using the Hartenian and Gudmundson (2000) performance questionnaire scale, with incremental turnover, profitability, sales growth, and return on investment serving as the primary metrics. The mean index of firms' performance was calculated by adding up and averaging the scores on the various items. Item analysis was used to verify the validity and reliability of the scale, and the results showed a reliability alpha of 0.798.

⁷ Saraf, P. K., Saha, S., & Anand, A. (2022). Supportive culture and job involvement in public sector: the mediating role of participation in decision making and organizational learning. *International Journal of Public Sector Management*, 35(5), 549-567.

6.0 Data Analysis & Interpretation

The data gathered from the participants was examined using inferential statistics. Simple regression analysis and the product-moment correlation coefficient were applied. Regression analysis was utilised to determine the amount of variations in organisational performance that can be linked to changes in the degree of employment involvement in decision making. The Product-Moment Correlation Coefficient was used to investigate the existence of a relationship between employee involvement in decision making and organisational performance.

Table 1: Correlation between employee participation in decision making and organizational performance.

		Organizational Performance	Employee Participation
Organizational Performance	Pearson Correlation	1	0.578**
	Sig. (2-tailed)		0.000
	N		80
Employee Participation	Pearson Correlation	0.578**	1
	Sig. (2-tailed)	0.000	
	N	80	80

**** Correlation is significant at 5% level (2-tailed)**

With $r = .578$ indicating that employee engagement in decision making contributes 59.7% to organisational performance, Table 4 demonstrates the significant relationship between employee participation in decision making and organizational performance. This outcome validates the findings of Kingirand Mesci (2010) and Singh (2009). He confirmed that if workers are to be dedicated to change their behaviour at work in new and improved ways, they must be involved in decision making. Additionally, Noah (2008) pointed out that including employees in decision-making is a strategy for motivating them, which results in a favourable work attitude and high productivity.

Table 2: Regression Analysis of employee participation in decision making and organizational performance

a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.578 ^a	0.357	0.339	0.4152	0.498

a. Predictors: (Constant), Employee participation

b. Dependent Variable: Organizational performance

b) ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	6.880	1	6.880	40.324	0.000 ^b

Residual	11.008	78	.158		
Total	17.888	79			

a. Predictors: (Constant), Employee participation

b. Dependent Variable: Organizational performance

c) **Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.800	0.431		4.456	0.000
Employee Participation	.600	.095	.578	6.143	0.000

Interpretation of the result

Table 5 presents the results, which indicate that there is a significant impact of employee participation in decision-making on organisational success ($\beta = 0.578$, $t = 6.143$, $P < .05$). Moreover, organisational performance is predicted by employee involvement in decision-making ($F(1, 78) = 40.324$; $R^2 = 0.357$; $P < .05$). Only 35.7% of the variance in organisational performance could be explained by the predictor variable on its own; extraneous variables may be responsible for the remaining 64.3%. This result is consistent with the findings of Noah (2008) and Barringer and Bleudorn (1999), who found that managers must allow a high level of employee involvement in decision-making in order to increase workers' commitment and humanise the workplace with the goal of improving job performance and good human behaviour.

7.0 Conclusion

This study looked at how employee participation affected the performance of the organisation in Steel sector Companies in Jharkhand. The results of this study showed that employee involvement significantly affects organisational performance. Since employee participation encourages employees to be dedicated to the company, it can be stated that employee participation is extremely important. This means that owners of companies must give careful consideration to the necessity of including their staff in decision-making to improve the performance and effectiveness of organization.

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