

EMPLOYEE PARTICIPATION IN DECISION MAKING AND ITS EFFECT ON JOB SATISFACTION



Ahsanullah Mohsen ^{*1}✉, Omer Sharif ²

^{*1} Management and Business Administration Department, Faculty of Economics, Kabul University, Kabul, Afghanistan

² Kabul University, Student, Afghanistan



DOI: <https://doi.org/10.29121/granthaalayah.v8.i7.2020.580>

Article Type: Research Article

Article Citation: Ahsanullah Mohsen, and Omer Sharif. (2020). EMPLOYEE PARTICIPATION IN DECISION MAKING AND ITS EFFECT ON JOB SATISFACTION. International Journal of Research - GRANTHAALAYAH, 8(7), 415-422. <https://doi.org/10.29121/granthaalayah.v8.i7.2020.580>

Received Date: 18 July 2020

Accepted Date: 31 July 2020

Keywords:

Job Satisfaction
Participative Decision Making
Employee Commitment
Employee Participation

ABSTRACT

This research was set to determine the effects of Participatory Decision Making on Employee Satisfaction in Afghanistan International Bank. The core objective of this research is to determine the effects of participation in decision making on employee satisfaction among Afghanistan International Bank staff members. The study also examines the impact of employee commitment, organizational structure, leader behavior, academic level, and workplace on the job satisfaction of the staff. The importance of collaborative management empowering the member of the workforce today is one of the core tasks of managers. The general population of the study comprises employees of Afghanistan International Bank (AIB). The information gathered in this study consists of primary data and secondary data including articles, previous research, and websites. SPSS 24 software was used to analyze the information. Regression analysis was used to accept or reject the hypotheses and determine the relationship between personnel participation in decision making and job satisfaction. The results show that employee involvement in decision making has a positive effect on job satisfaction, while bank employees still participate in the decision making on average. The results also show that employee commitment, organizational structure, leader behavior, and the workplace are among the factors that produce a positive impact on participation in decision making and the level of education endures no relationship with participation in decision making.

1. INTRODUCTION

One of the most significant activities in organizations is decision making. While these decisions may have to do with the strategy of the organization or simply with the routine activities of staff These decisions may require months after gathering information or exchanging details or at one point without any consideration either by individuals or in groups.

In the present scenario of high competitiveness, companies need to have a human resource pool generating high performance that cannot be substituted by its rivals. Many stresses placed on performance and result-oriented services due to which participative management is considered as absolutely essential for the satisfaction of employees. Participation allows individuals to share influence among themselves who are not hierarchically equal, and participative management practices help to maintain a balance on the involvement of managers as well as

subordinates in the routine tasks and activities related to the job (Cotton, 1995). It is believed that participation achieves a power on paintings practices, recognition, and rewards, and it correlate with job delight and organizational commitment. According to Saha and Kumar (2007), the maximum range of satisfaction is most likely to occur when there is an excessive degree of employee involvement in the planning process, producing alternatives, developing policies, and comparing the results.

Interviews with successful executives in developed countries have found the key to success in organizations is the use of employee opinions in decision making. The idea to make decisions with groups that can participate in decision making is unavailable to all managers. Many of the problems that employees have within organizations, is from their lack of involvement in organizational decision making.

The financial system remains the most essential organizational and efficient tool for an economic transformation in any country, and the banking sector is an important or in other words, a pressure gauge to the financial system.

The Bank, as a facilitator of economic growth, carry out an important role in the country's economic development. The geographical spread along with the expansion of banking services develops the banking system an important tool in ordinary transactions. Although banks do not generate increased wealth, lending, borrowing, and related activities facilitate the process of production.

Experts and creative staff considered assets of the organization because they provide their internal ability to cope with the dangers of environmental threats. Therefore, we chose A.I.B. Bank as a case study, considering the importance of the banking sector to economic growth.

2. LITERATURE REVIEW

Pathak and Reeta (2012) in their study on "The Relationship between Employee Participation and Job Satisfaction among HDFC Bank" explore the connection between Employee Participation and Job Satisfaction in the financial division. The findings indicate a reliable connection between job satisfaction and employee participation for example satisfaction increases with an increase in employee participation and the other way around. The data were gathered from the workers of one of the main private area banks HDFC bank Ltd in Uttar Pradesh. Two distinctive standard questionnaires based on five pointers Likert scale were utilized for the assortment of information. Job Satisfaction has been considered as a dependent variable and Employee Participation as an independent variable. (Pathak&reeta, 2012).

Zohori, Razai, and Jargi (2008), in their study on "effect of participative decision making on job satisfaction in the Agricultural Bank of Khuzestan." examine the effect of participative decision making on job satisfaction. The findings show the agricultural bank of Khuzestan employees gives importance to participatory decision making so that they can get their job satisfaction by participating in the affairs of the organization. Naturally, participatory decision making can be one of the ways that lead to employee job satisfaction.

Khezerloo, et, al, (2016), Conducted study on "the study of the causal effect of participation in decision making on job commitment and Job satisfaction." The finding demonstrates a constructive and significant relation between participation and job commitment and satisfaction. In other words, individuals with a high sense of participation in decision making under conditions of high sense of job characteristics indicative of their significant levels of organizational commitment.

Saha and Kumar (2017), conducted a study on "influence of participation in decision making on job satisfaction, group learning, and group commitment." The finding shows job satisfaction had a tremendous and enormous courting with participation in decision making. Further, participation in decision making caused a significant effect on group learning but had no effect on group commitment. Job satisfaction had a positive and significant impact on group commitment. The group learning was undoubtedly and significantly associated with job satisfaction and group commitment. The results propose that employee participation within the selection-making method is pretty desirable because it elevates employee identification with their respective organization. The findings of the study are applicable to the humans maintaining key managerial positions in public-quarter undertakings and they're discussed in detail.

A study on effect of participative decision making on job satisfaction show that participation is recognized as one of the most significant variables related to job satisfaction that affect job satisfaction directly and indirectly Eibli, et al (2014). Omar, Uzel, and Ibue (2017) conducted a study on the effect of participatory decision making on

employee satisfaction in parastatals in mombasa count. The findings indicate that activity autonomy had an average high-quality relationship with job satisfaction while transformational management and employee empowerment had a strong fantastic courting with employee satisfaction.

Pacheco and webber (2014) conducted study on participative decision making and job satisfaction. The finding indicates that irrespective of whether the worker has Participation in Decision Making (PDM), the marginal effects of individual and situational variables are comparable in phrases of their impact on job satisfaction. However, the effect of marital status and education level follow incredible developments when rising through the ranges of occupational popularity.

Shaed, Ishak, and Ramli (2015) conducted study on employees' participation in decision making (PDM). The finding suggests that variables that had high-quality correlations with PDM were gender, schooling level, task experiences, organizational performance, job satisfaction, activity performance, job commitment, perceived manager support, perceived organizational support, attitude, psychological ownership, self-efficacy, training, leadership, trust, motivation and productivity. All this reiterated the fact that employees' PDM have been one among the powerful equipment in enhancing advantageous consequences for organizations, and ought to consequently be given due priority in organizational management.

Amin, Hossain, and Nasimuzzaman (2012) conducted study on the impact of employee participation on job satisfaction and employee commitment. The finding shows that manager's use of a participative management style and employee's perceptions of participative strategic planning processes are positively related with excessive degrees of activity satisfaction.

3. OBJECTIVES

1) Main objective

To find out the effect of employee participation in decision making on job satisfaction at A.I.B. Bank.

2) Sub objectives

To study the relationship between staff member participation and employee commitment

To find out the involvement of A.I.B. employee in decision making

3) Hypotheses

H0: Employee participation in decision making does not affect job satisfaction.

H1: Employee participation in decision making affects job satisfaction.

$$JS = \beta_0 + \beta_1 EC + \beta_2 LB + \beta_3 OS + \beta_4 EL + \beta_5 WP \quad (1)$$

Where, JS represent job satisfaction, EC stands for employee commitment, LB stands for leader behavior, OS stands for organizational structure, EL stands for academic level and WP stands for the workplace.

4. RESEARCH METHODOLOGY

In this study quantitative and qualitative research method have been used to achieve the research objectives. Primary and secondary data were employed in this study; the primary data were collected using a questionnaire and the Likert scale method was used to structure and design the questionnaire. Secondary information was collected from journals and past research and websites. The population of this study is composed of A.I.B. bank workers. The bank's head office staff which are 128 employees has been selected as sample. Data analysis was done qualitatively and quantitatively by using questionnaire coding and data entry into the computer based on SPSS software and regression analysis was used to confirm and determine a relationship between employee participation in decision making and job satisfaction.

5. FINDINGS

A questionnaire was distributed to collect data. The aggregate number of our respondents were 128 employees. The questionnaire consisted of three personal characteristics of employees and 28 questions and its results were analyzed in SPSS.

5.1. RELIABILITY TEST

To examine the reliability of the questionnaire, we measured the Cronbach's alpha for each of the variables shown in the table below.

Table 1: variables Cronbach's alpha

| Variables | Items | Cronbach's alpha |
|--------------------------|--------------|-------------------------|
| Job Satisfaction | 7 | 0.804 |
| Employee commitment | 4 | 0.700 |
| Organizational structure | 4 | 0.626 |
| Leader Behavior | 4 | 0.665 |
| Educational Level | 4 | 0.858 |
| Workplace | 4 | 0.754 |

Source: own computation

Table 2: shows the sample frame of respondents

| | | Percentage |
|---------------|-----------------|-------------------|
| Gender | Male | 71% |
| | Female | 29% |
| Qualification | Under Graduates | 8% |
| | Bachelors | 75% |
| | Master | 16% |
| Age | 20-30 | 38% |
| | 31-40 | 39% |
| | 41-50 | 21% |
| | 51-above | 2% |

Source: own computation

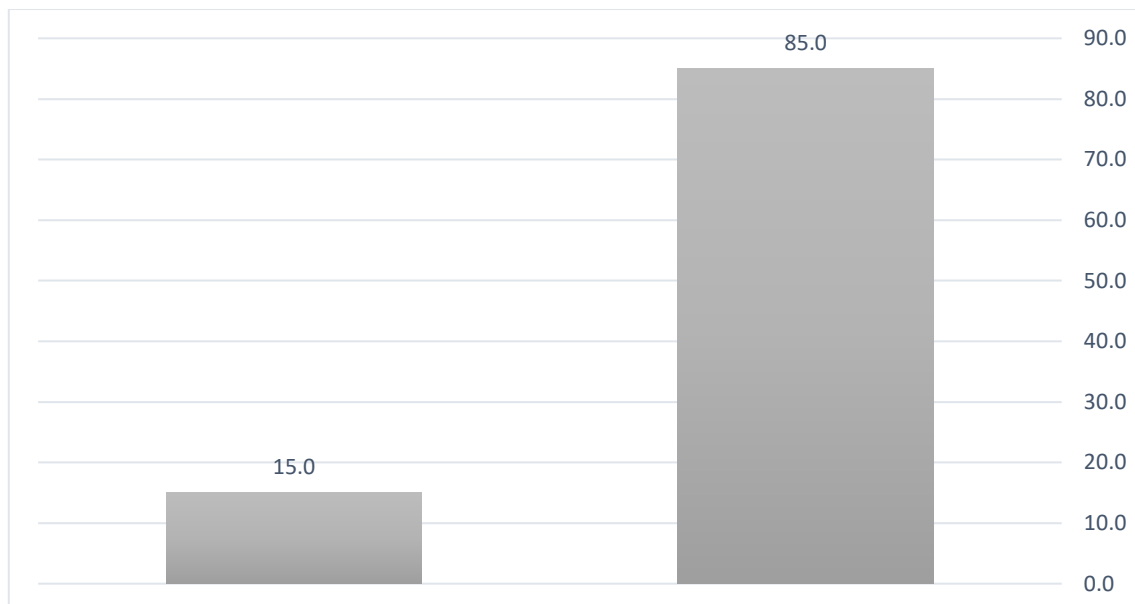


Figure 1: The effect of employee participation in decision making on job satisfaction. Source: own computation

Figure 1 shows that 85% of office staff believe that employee participation has a positive impact on employee satisfaction decisions.

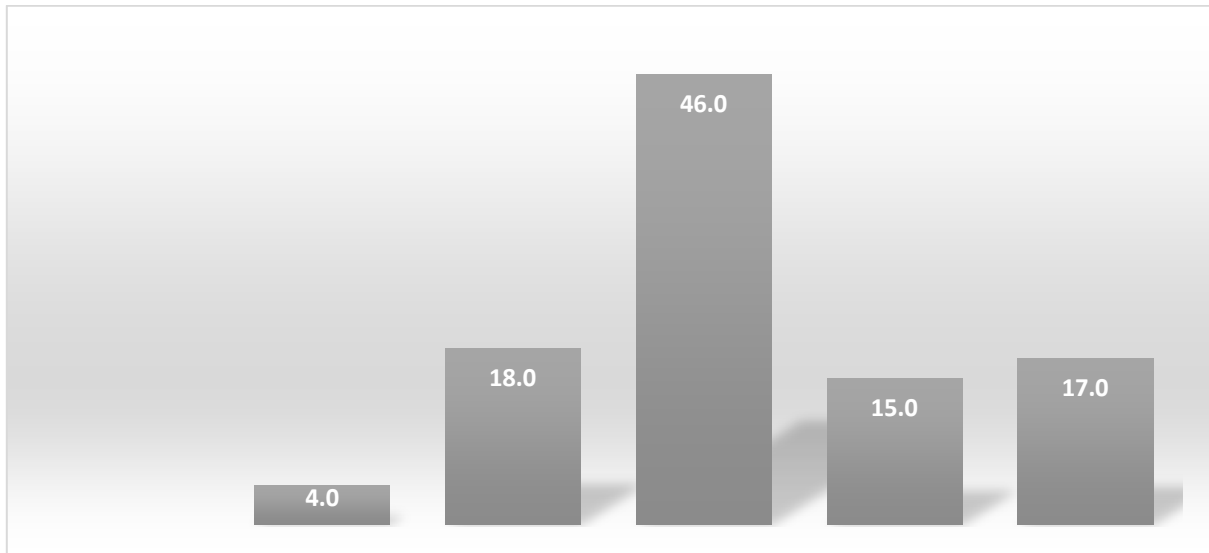


Figure 2: involvement of employees by their leader or boss in decision making.

Source: own computation

Figure 2 shows that employees are 46% on average, 17% highly, 1% on high, 18% on low, and 4% on very low involved in decision making by their leader or boss.

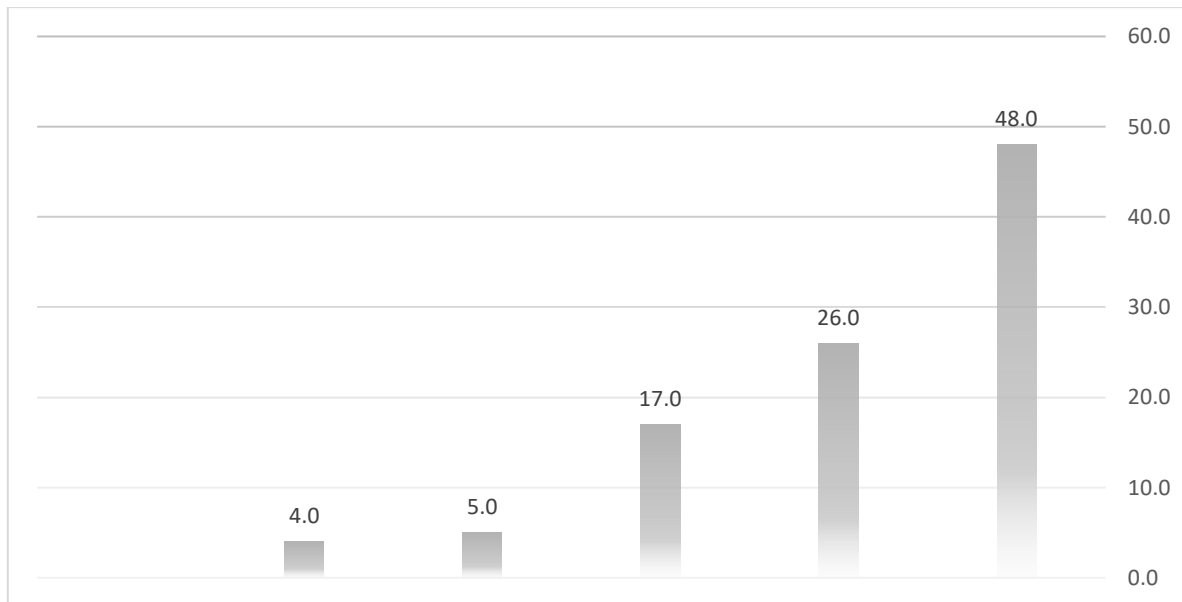


Figure 3: The effect of employee participation in decision making on employee commitment. Source: own computation

Figure 3 shows that employee participation in decision making 48% very highly, 26% highly, 17% on average, 5% on low, 4% on very low effect employee commitment.

5.2. MULTIPLE REGRESSION

Multiple Regression is used to illustrate the relationship between employee satisfaction (dependent variable) and employee participation (independent variable).

Table 3: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|------|----------|-------------------|----------------------------|
| 1 | .720 | .518 | .499 | 2.67418 |

Source: own data

Show the fitness of our model. The R Square (0.518) value of the model is also appropriate and indicates that 52% of the variance in the dependent (job satisfaction) is explained by the independent variable. To analyze the validity of the model, we analyze the rest of the tables.

Table 4: analysis of variance

| Model 1 | Sum of squares | Df | Mean square | F | Sig. |
|------------|----------------|-----|-------------|--------|-------|
| Regression | 939.422 | 5 | 187.884 | 26.273 | .0000 |
| Residual | 872.453 | 122 | 7.151 | | |
| Total | 1811.875 | 127 | | | |

Source: own data

Table 4 shows that our p value is less than 0.05 so our model is valid. Also reject the null hypothesis.

Table 5: coefficients of variables

| Model 1 | Unstandardized coefficients | | standardized coefficients | T | Sig. |
|----------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. error | Beta | | |
| Constant | -.887 | 1.888 | | -.470 | .639 |
| EC | .221 | .121 | .143 | 1.818 | .017 |
| LB | .341 | .126 | .208 | 2.719 | .008 |
| OS | .738 | .158 | .403 | 4.669 | .000 |
| EL | .091 | .118 | .071 | .774 | .441 |
| WP | .425 | .105 | .281 | 4.052 | .000 |

Source: own data

It shows that there is a positive relationship between job satisfaction and employee commitment, increasing employee commitment by one unit, will raise job satisfaction by.221 units. There is also a positive relationship between job satisfaction and leader behavior, by improving leader behavior by one unit, job satisfaction will increase by.341 units. There is also a positive relationship between job satisfaction and organizational structure, by advancing organizational structure by one-unit, job satisfaction will increase by.738 units. There is also a positive relationship between job satisfaction and the workplace. By enhancement of the workplace by one unit, job satisfaction will increase by.425 units. But there is no significant relationship between job satisfaction and educational level. According to answers of bank employees, educational level doesn't affect participation in decision making. Our β_0 is negative, which means that if independent variables become zero, job satisfaction drops to -.887. Therefore, we can summarize our model:

$$\text{Job satisfaction} = -.887 + .221 \text{ employee commitment} + .341 \text{ leader behavior} + .738 \text{ organizational structure} + .425 \text{ workplaces} \quad (2)$$

6. CONCLUSION

From our study, we can conclude that there is a positive relationship between employee participation in decision making and job satisfaction, indicating that 52% of the dependent variables (job satisfaction) is explained by independent variable. We can reject our null hypothesis with a small p value of 0.05 ($p < 0.05$), and we accept our alternative hypothesis that there is a positive relationship between staff member participation in decision making and job satisfaction. The high correlation between the independent variable (participative decision making) and depended variable (job satisfaction), we can conclude that bank employees attaches importance to participative decision making and by involvement of employees in decision making we can increase their job satisfaction.

The first objective was to examine influences of worker participation in decision making on employee satisfaction. From the findings, it can be concluded 85% of respondents answered that it has a positive relationship. The model results also prove that employee participation in decision making has positive impact on employee satisfaction.

The second objective was to examine the bank's staff participation in the decision making. From the findings of the questionnaire that urged staff, whether they were involved with their boss or leader in decision making, 46% of staff responded that on average they were involved in decision making.

7. RECOMMENDATIONS

Based on the results of the present study, a series of suggestions are considered, which are as follows:

This study recommends that organizations should increase employee awareness of participation programs, especially in decision making, in order to increase job satisfaction. Likewise, they should encourage the introduction of a full participation program among their employees, so that they can become more aware of their participation and increase their job satisfaction.

Organization should provide an environment in which employees can express their ideas freely and without fear of being rejected.

Managers need to increase worker participation in decision making because they are the people who perform the core operational tasks and have more information about operational activities.

This study examined various indicators of participation in decision making that affect employee satisfaction. However, some indicators need to be improved because of their low beta value. Therefore, further studies need to be conducted to test variables in different contexts for comparison.

This study was carried out in only one organization (A.I.B) for more accurate results. Further research can be carried out in different private and public organizations to obtain more accurate results.

SOURCES OF FUNDING

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

CONFLICT OF INTEREST

The author have declared that no competing interests exist.

ACKNOWLEDGMENT

None.

REFERENCES

- [1] Pathak, Anchal; Singh, Mrs. Reeta;. (n.d.). Relationship between Employee Participation & Job Satisfaction among the Employees in HDFC Bank Ltd.
- [2] Pathak, A., & Singh, M. (2012). Relationship between Employee Participation & Job Satisfaction among the employees in HDFC Bank Ltd. *International Journal of in Multiciplinary and Academic Reserach*, 3(3), 182-195.
- [3] Pacheco, G., & webber, D. (2010). Participative decision making and job satisfaction. *The International Journal of Human Resource Management*.
- [4] Saha, S., & Kumar, S. (2017). Influence of Participation in Decision Making on Job Satisfaction, Group Learning, and Group commitment. *Asian Academy of Management Journal*, 22(1), 79-101.
- [5] Shead, M. M., Ishak, S., & Ramli, Z. (2015). Employees Participation in Decision Making. *Malaysian Journal of Society and Space*, 11(13), 142-155.

Employee Participation in Decision Making and Its Effect on Job Satisfaction

- [6] Khezerloo, R., Hassani, M., & Alishahi, A. G. (2015). The study of Causal effect of participation in decision making on commitment and job satisfaction. *Quarterly Journal of Career & Organizational*, 7(23), 104-122.
- [7] Amin, M. R., Hossain, M. M., & Nasimuzzaman, M. (2012). The Impact of Employee participation on Job satisfaction and Employee Commitment. *Journal of Faculty of business Administration*, 9(1), 1-24.
- [8] Cotton, J. (1995). Participation's Effect on Performance and Satisfaction: A Reconsideration of Wagner. *The Academy of Management Review*, 20(2), 276-278.
- [9] Omar, K. A., Uzel, D., & Idua, D. P. (2017). Effect of Participatory Decision Making on Employee Satisfaction in Parastatals in Mombasa County. *International Journal of Management and Commerce Innvoations*, 5(1), 797-805.
- [10] Zohori, Q., Razai, S., & Jargi, S. (2008). Effect of participative decision making on job satisfaction in the Agricultural Bank of Khuzestan. *Danesh Modriate*, 21(80), 61-76.
- [11] Eibli, K., Nadari, a., Yazadani, B. o., & zahai, N. n. (2014). Effect of participative decision making on job satisfaction. *danashkda parastai wa mamai ormai*, 12(2), 101-108.