



**St. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**EMPLOYEE PARTICIPATION IN DECISION MAKING AND ITS  
IMPACT ON ORGANIZATIONAL PERFORMANCE, THE CASE OF  
SAVE THE CHILDREN INTERNATIONAL ETHIOPIA, ADDIS  
ABEBA, ETHIOPIA**

**BY  
EMEBET MEKONNEN ESHETE (SGS/178/2007A)**

**December, 2021  
Addis Ababa, Ethiopia**

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**A Thesis Submitted to the School of Graduate Studies of St. Mary's University  
in Partial Fulfillment of the Requirements for the Master of Arts Degree in  
Business Administration (MBA Program)**

**St. Mary's University  
School of Graduate Studies**

**December, 2021**

**Addis Ababa, Ethiopia**

## Statement of Declaration

I declare that this thesis, titled “Employee Participation in Decision Making and its Impact on Organizational Performance: The case of Save The Children International Ethiopia, Addis Ababa, Ethiopia” is my original work. It has not been submitted for any degree in any other universities and all the materials used in this study have been duly acknowledged. It is offered for the award of the degree of Master of Business Administration from St. Mary’s University.

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Date

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## **Statement of Certification**

This is to certify that the thesis titled: Employee Participation in Decision Making and its Impact on Organizational Performance: The case of Save the Children International Ethiopia, Addis Ababa, Ethiopia prepared by Emebet Mekonnen Eshete, for the partial fulfillment of Master of Business Administration at St. Mary's University School of Graduate Studies. A study was conducted and compiled with the regulations of the University and meets the accepted standards with respect to originality and quality.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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## Acronyms

AARP	American Association of Retired Persons
INGOs	International Non-Governmental Organizations
MSG	Management Study Guide
NGO	Non-Governmental Organization
PDM	Participatory Decision Making
SCIE	Save the Children International Ethiopia
SPSS	Statistical Package for the Social Sciences

## Abstract

*The aim of the study was to examine the employee participation in decision making and its impact on the organizational performance of SCIE. Informative, consultative, administrative, associative, and decisive participation levels; and formal and informal participation of employees in decision making, participative decision making, and representative participation of employees in decision making were identified as an independent variable in this study. The research has followed quantitative research approach, survey as a strategy, and structured questionnaire adopted from previous related works as data collection instrument. The research used descriptive and explanatory research design. The data was collected from the employees of SCIE across the existing occupational levels working at the head office, Addis Ababa, Ethiopia. Proportionate stratified sampling method along with random sampling techniques was applied to identify respondents proportionately across the occupational levels. Both primary and secondary data sources were used to gather data. The study has utilized a statistical tool called SPSS V.25 for doing the analysis. Descriptive statistics were used for summarizing and presenting the data. In addition to this, inferential statistical tools such as correlation, and regression analysis were utilized for examining the relationship between dependent and independent variables. The study revealed that associative and informative participations; and representative participation are the most practiced levels and types of employee participation in SCIE. The study found that there is a positive and statistically significant relationship between all independent variables and dependent variable; and all independent variables have a significant impact on the organizational performance of SCIE. The study concludes that, among the identified independent variables, there is strongest relationship between informative participation level and organizational performance of SCIE followed by participative decision making and formal and informal participation of employees in decision making respectively. In contrary, consultative, and associative participation levels have the least impact on the organizational performance of SCIE. The study recommends that SCIE should focus on implementing all dimensions of types of employee participation in decision making to enhance the performance of the organization.*

**Keywords:** *Employee Participation, Decision Making, Organizational Performance.*

# CHAPTER ONE: INTRODUCTION

This chapter presents the background of the study and the study area, statement of the problem, objective of the study, research questions, significance of the study, operational definition, delimitations of the study and limitation of the study and organization of the study.

## 1.1 Background of the Study

Decision making has developed as one of the most dynamic, continuous, complex, and active areas of leadership investigations in organizational leadership and management operations (Ledingham, 2003). Organizational decision-making has traditionally been the domain of top management, with no engagement from those on the lower rungs of the management ladder, even though they are required to oversee the implementation of these choices (O'Fallon & Butterfield, 2005). However, organizations are now recognizing the importance of employee participation in accomplishing company goals. Most companies that use a participative management strategy have seen significant improvements in the performance of their organization. Individuals are given the opportunity to take on job responsibilities and participate in collaborative decision-making for the company's overall benefit through employee participation (MSG, 2016).

Employee participation in decision-making in the workplace is critical for motivating employees. Employee participation is a process of employee involvement designed to provide employees with the opportunity to influence and where appropriate, take part in decision making on matters which affect them (Delery & Shaw, 2001). Dimensions of participation include giving employees an opportunity to achieve their goals, seeking ideas among the employees and assigning responsibilities to employees (Blyton & Turnbull, 2004). Employee productivity and employee performance are both enhanced by broad participation in decision-making. Employees' problem-solving abilities and commitment to the organization's success improve because of this participatory process. Employees can be made more motivated and dedicated to the business, as well as more productive and content with their jobs, by including them in choices that affect them and enhancing their autonomy and control over their work (Deluga, 2010).

There are several ways through which employee participation is likely to impact on organizational performance. Participation permits a variety of different views to be aired and people are more likely to implement decisions they have made themselves. Participation may improve communication and cooperation; employees communicate with each other instead of requiring all communications to flow through management, hence saving management time (Gill, 2009). Participation also comes in handy through sharing information. It sends a message to the employees that the company trusts them and aids in making informed decisions because employees have access to critical information and hence, information sharing fosters organizational relationship among employees (Nonaka, 2009). According to Ahmad and Schroeder (2003), participative workers supervise themselves, thus reducing the need for managers and so cutting overhead labor costs.

In contrary, non-involvement of lower-level management in decision-making, according to Wimalasiri and Kouzmin (2000), implies that crucial input from employees is frequently ignored. This causes issues in businesses when it comes to the adoption of these decisions and their implementation since employees feel slighted and unimportant because their opinions were not sought. Employees do not feel like they are a part of the decision-making process, according to Mchunu (2010), but rather decisions are made and 'pushed down their throats.' This results in a lazy attitude toward implementation or resistance to compliance.

Participating employees to engage in decision-making has been shown in several studies to improve organizational performance (Abdulrahman, 2016; Isichei & Ukandi, 2015; Dede, 2019; Rhokeun, 2007; and Kuye & Sulaimon, 2011). Many research, however, disagree on whether increased employee participation has a direct impact on organizational performance or not. Some critics, such as Locke and Schweiger (2001), argue that worker engagement is simply a management strategy that can be beneficial in some circumstances. Those against the concept of employee participation in decision-making also view it as a waste of time, lowering of efficiency and weakening the effectiveness of management (Apostolou, 2002).

Accordingly, this study tried to investigate; employee participation in organizational decision-making processes and its impacts on organizational performance on the case of Save the Children International Ethiopia (SCIE). The organization is engaged in diversities of developmental and humanitarian (Emergency) activities since 1930s in Ethiopia. The first chapter presents an introduction of the study, and the second chapter provides the reader both empirical and theoretical background about the study area. The third chapter presents the

entire research process including its research design, approach, as well as, sampling design, data collection and analysis methods. The fourth chapter presents the data analysis and discussion. The last chapter presents the conclusion and recommendations.

## **1.2 Background of the Organization**

Save the Children is one of the prominent International Non Profit Organizations with a dual mandate which has been actively involved in Ethiopia in diversities of developmental and humanitarian (Emergency) activities since 1930s. Globally, Save the Children is a leading independent non-governmental organization working for the children in need with the aim to inspire breaking through in the way the world treats children and to achieve immediate and lasting changes in the life of children by improving their health, education and economic opportunities (Okpanachi & Muhammad, 2013). There were Seven the Children members in Ethiopia before they merged in one in October 2012. The member organizations are Save the Children USA, Save the Children UK, Save the Children Norway, Save the Children Denmark, Save the Children Finland, Save the Children Sweden and Save the children Canada. They were working independently with their own mission, vision, and strategic goals (Gizaw, 2020).

The organization has gone a big Organization on October 2012 where the seven Save the Children member offices that used to operate independently came together to form one Save the Children International in Ethiopia. Because of this unification, there are a lot of changes on the organizational structure such centralization and de-centralization of the staffs to different regions that the organization is implementing the activities. The staffs are now experiencing significant change on leadership styles like being managed by new supervisor, having a new system at different levels, policy, and procedures, and adopting a new way of doing things. Lately on July 1, 2014, another INGO called Merlin joined Save the Children members.

The total budget for Save the Children Ethiopia office at the time of unification was more than 120 million USD and its major service category that provides to the societies are Humanitarian response, Child right Governance, Education and Youth, Livelihood and Resilience, Food security, Health and Nutrition, HIV/AIDS Prevention and Sponsorship services. The Head Office of Save the Children is based in the capital city of Ethiopia, Addis Ababa Nifas Silk Lafto SubCity Old Airport. In addition, Save the Children have Offices in



four regional hubs in North, West, South and East and 54 Field Offices and Satellite offices in different Regions, Zones, and towns of Ethiopia. The major objective of seven Save the Children members and Merlin becoming as one organization is to increase opportunities for a more reliable base of funding, decrease competition for limited resources among save the children members, and improve organizational efficiency through realizing economies of scale.

In Save the Children International Ethiopia, senior management team assumes that the overall goals or vision of the organization will be achieved through coordination of all departments to work towards achieving a common goal i.e., the performance of the different parts of the organization must be interrelated. Save The Children International is one of International Non-Governmental Organization working globally for improvement of a world in which every child attains the right to survival, protection, development, and participation (Mostashari,2015). Save the Children International Ethiopia is working on different social development activities such as, humanitarian, health, education, and others to attain, develop and improve the living standard of children on this world.

### **1.3 Statement of the Problem**

Nongovernmental organizations (NGOs) have become one of the basic pillars for public wellbeing, playing key roles such as humanitarian functions, human rights defense, economic development management, disaster relief, and environmental protection (Van Hoa, *et al.*, 2018). In the commercial sector, an instrumental view of participation – that higher engagement would lead to greater efficiency and, as a result, greater profits – is critical (Beardwell & Holden, 2014). Furthermore, from the perspective of NGOs, several studies show that relying on employee participation in decision-making and support from superiors and/or colleagues significantly improves employee work satisfaction and organization performance (Gordon, *et al.*, 2019; & Boukis, *et al.*, 2020).

For NGOs, the concept of "participatory management" has recently gained traction. However, there is a lot of discussion around this complicated and poorly understood idea (Sheehan, 2018). According to Reis *et al.* (2000), the NGO sector should strive for a model of human resource management that is both efficient and sustainable. To achieve this broad goal, which may be thought of as a strategic paradigm, the management model must lead as close as possible to the ideal point of participatory management in the workplace, as a result of its

positive effects on tasks performed both within and outside the business. If the strategic model in the human resource management of NGOs is inadequate, the consequences the worker may suffer due to the described panorama are the following: stress, alienation, low organizational commitment, lack of internal motivation, and burnout, and thereby organizational performance as the most important.

Several authors claim that NGOs can benefit from a participatory management strategy (Campbell, 2000; Fowler, 2002; Chambers, 2005). To ensure flexibility and maintain the ability to respond to continually changing realities, NGOs must build decentralized and participatory decision-making structures and embrace a problem-solving rather than a predictive blue-print approach to management (Campbell, 2000; Fowler, 2002). According to Brodhead & Herbert-Copley (2008), NGOs must take a participatory strategy in order to have a larger influence. Moreover, Hodson (2002) argues that as NGOs grow ‘decentralized and consensual forms of decision-making’ are of particular importance ‘if decisions are to be seen by staff as legitimate’. However, as Sheehan (2018) points out, the ‘NGO management argument’ is difficult to resolve. Several questions about the suitability of a participatory management style for NGOs remain unaddressed. This prompted the researcher to look into employee participation and how it affects organizational performance, with a focus on SCIE.

The performance of any organization is affected by a variety of factors which include employee participation in decision making according to Bhatti & Qureshi (2007). Participating employees to engage in decision-making has been shown in several studies to improve organizational performance (Abdulrahman, 2016; Isichei & Ukandi, 2015; Dede, 2019; Rhokeyun, 2007; and Kuye & Sulaimon, 2011). In contrary, Cotton *et al.* (2014) have conducted a study on employee participation in diverse forms and they concluded that PDM has a negligible effect on organizational performance.

However, Aldoory and Toth (2014) contend that there is much less research evidence for the value of employee participation and involvement on decision making globally. With this, Ethiopia is not an exception and hence this triggered the researcher to undertake this study. Besides this, as Cotton *et al.* (2014) stated, previous studies on participation in decision making (PDM) noted conceptual distinctions among forms of PDM but ignored such differences and their impact on organizational performance and hence such conclusions may be misleading if PDM is not a unitary construct. If different forms of participation exist and if they are associated with different outcomes, aggregating findings across the various forms

will yield misleading results. Hence, this study aimed to overview PDM in different dimensions such as types and levels of participation and examine their effects on the organizational performance of SCIE.

Several research were assessed in order to determine the impact of employee engagement on the organizational decision-making process. However, there have been very few research on the subject in Ethiopia. For example, to the researcher's knowledge, Gosako (2014), Demse (2001), Birhanu (1996), and Assesmamaw (2019) were the only studies on the study that were available, despite the fact that the studies were focused on commercial sectors. Aside from that, the research was primarily concerned with finding important determinants of employee participation in organizational decision-making, rather than the impact of employee participation on organizational performance. Besides the availability of insufficient research on the study topic in general and NGOs in particular, the researcher intended to conduct the study on the topic in the case of INGO, namely SCIE. Among all INGOs the researcher preferred to conduct this study on SCIE since this organization is among the most senior INGOs working in Ethiopia. Hence, the researcher assumed the organization i.e., SCIE as the best representative of INGOs working in Ethiopia. Therefore, this is the other triggering factor that initiated the researcher to investigate on the area, specifically, by taking one of the INGO known as SCIE.

The researcher has reviewed different literatures for identifying the independent variables and dimensions for measuring organizational performance suited for INGOs. The study identified two broad independent variables i.e., levels of employee participation in decision making and types of employee participation in decision making. The types of employee participation in decision making with its constructs such as formal and informal participation under which participative decision making, and representative of participation is adopted from Nigusu (2018). The other variable which is adopted from a previous study of Gamji (2014) is the levels of participation in decision making and it has five dimensions such as informative, constructive, associative, administrative, and decisive participation levels. There are different dimensions for measuring the performance of organizations. However, as stated by AARP and Datar *et al.* (2007), among different dimensions or measuring INGOs performance, social impact and value (impact) is the most accurate and widely employed measuring dimension. Hence, the study is delimited to social impact and value (impact) for measuring the organizational performance of SCIE.

## **1.4 Research Questions**

The study aimed to examine the employee participation in decision making and its impact on organizational performance in the case of SCIE and the study seeks to address the following sub questions.

1. How is the level of employee participation in decision making in SCI?
2. What types of employee participation in decision making mostly practiced in SCIE?
3. To what extent does the levels of employee participation in decision making affect the organizational performance of SCIE?
4. To what degree does the types of employee participation in decision making affect the organizational performance of SCIE?

## **1.5 Objectives of the Study**

### **1.5.1 General Objective**

The study aimed to examine the employee participation in decision making and its impact on organizational performance in the case of SCIE.

### **1.5.2 Specific Objectives**

Despite the aforementioned general objective of the study, the study specifically seeks:

1. To analyze the level of employee participation in decision making in SCIE.
2. To examine types of employee participation in decision making in SCIE.
3. To examine the effect of each level of employee participation (such as informative, consultative, associative, administrative, and decisive participation levels) in decision making on the organizational performance of SCIE.
4. To determine the impact of different types of employee participation (such as formal and informal, participative, and representative participations) in decision making on the organizational performance of SCIE.

## 1.6 Hypotheses

To achieve the above listed objectives the study attempts to test the following non-directional hypotheses that were developed based on the reviewed literatures and research model or conceptual framework.

### Hypotheses

*H01: Informative participation level has no significant impact on the organizational performance of SCIE.*

*H02: Consultative participation level has no significant impact on the organizational performance of SCIE.*

*H03: Associative participation level has no significant impact on the organizational performance of SCIE.*

*H04: Administrative participation level has no significant impact on the organizational performance of SCIE.*

*H05: Decisive participation level has no significant impact on the organizational performance of SCIE.*

*H06: Formal and informal participation of employees in decision making has no significant impact on the organizational performance of SCIE.*

*H07: Participative decision making has no significant impact on the organizational performance of SCIE.*

*H08: Representative participation of employees in decision making has no significant impact on the organizational performance of SCIE.*

## 1.7 Significance of the Study

The study would have significances for the organization i.e., SCIE, policy makes, researchers and academia, different stakeholders, and government. The organization will benefit from this research since top management of the organization will be able to see the study's identified problems and advised solutions, and management will take corrective action in the organization's way and function. It will also assist senior managers and other stakeholders in the organization in understanding and utilizing employee participation in decision-making to improve the performance of the organization and to design strong organizational strategies.

The study will benefit policymakers by providing information on the impact of employee participation in decision-making in increasing organizational performance in non-commercial sectors in general and international NGOs in particular. Aside from filling a gap in the

country's lack of studies on the subject, the study also benefits researchers and academia as being a steppingstone for other scholars who want to do more in-depth research on the subject. Besides that, the study will play an important role in enticing new scholars to continue conducting studies on the topic and sector with a broader scope and improved methodology in order to gain a better understanding of the subject matter. Furthermore, this study will increase the researchers' knowledge and experience on the concept of employee participation in decision making and its impact on organizational performance in Ethiopia. The study will equally be a very good reference material and provide basis for further research. Furthermore, the findings of the study will help the stakeholders or other NGOs in Ethiopia to gain additional insights about the concepts and the impact of employee participation in decision making on organizational performance and thereby look for solutions for the identified problems. The study will also aid the government in identifying areas where employee participation in decision-making might benefit Ethiopian non-governmental organizations in terms of effective decision-making processes as part of the national planning strategy.

### **1.8 Scope of the Study**

This research is delimited conceptually, geographically, and methodologically. There are many dimensions of employee participation and organizational performance as reviewed in the literature review. However, this study is conceptually delimited to types of participation with its constructs such as formal and informal participation of employees in decision making, participative decision making, representative participation of employees in decision making, as well as levels of participation with its constructs such as formative, consultative, associative, administrative, and decisive participation levels. On the other hand, among different dimensions of measuring organizational performances, this study is delimited to a dimension which is mostly used for measuring the organizational performances of NGOs i.e., social impact and value (impact). In addition, the study is delimited to the theory developed by McGregor (1960) and elaborated by Elele and Fields (2010) named as "theory Y", which suggests that employees are interested in being committed and performing well if managers value their contributions in making decisions that affect the nature of work.

Among all INGOs currently working in Ethiopia, the researcher preferred to conduct this study on SCIE since this organization is among the most senior/pioneer INGOs working in Ethiopia. Hence, the researcher assumed the organization as the best representative of INGOs

working in Ethiopia. For this, the study focused on the head office of the organization found in Addis Ababa. Hence, geographically the study is delimited to Addis Ababa. Methodologically, this study applied a quantitative research approach and used self-administered structured questionnaire for collecting primary data from the staffs of SCIE working in the head office of the organization. The results of the study are used to conclude the organization answering the research question stated previously and testing the hypotheses listed above.

## 1.9 Operational Definition of Key Terms

**Table 1.1: Definition of Key Terms**

Key Terms	Definition	Authors
<b>Employee Participation</b>	An employee's direct involvement or engagement in helping a business achieve its mission statement and core values by applying their own inventions, knowledge, and efforts to solving problems and making choices.	Ijeoma & Mbah (2020).
<b>Decision Making</b>	A process of defining problems and selecting a plan of action among the choices generated.	Eromafuru (2016)
<b>Participative Decision Making (PDM)</b>	The opportunity for an employee to provide input into the decision-making process related to work matters (i.e., work organization, task priority) or organizational issues, for example, when they have a say on promoting new strategy ideas.	Elele & Fields (2010)
<b>Non-governmental Organization (NGO)</b>	A non-profit group that functions independently of any government.	Poister (2003)
<b>Organizational Performance</b>	The actual output or results of an organization as measured against its resources and stewardship, people, social impact value, organization leadership and integration	AARP as cite in Datar <i>et al.</i> (2007)

Source: Authors computation

## 1.10 Organization of the Paper

The report is structured in five chapters. The first chapter presents the background of the study, background of the study area, statement of the problem, the research question, and objectives, as well as the scope of the study. The second chapter provides the reader both empirical and theoretical background about the study area. Theoretical Background provides insight into the concepts related to the study area. Empirical Background provides the findings of different studies conducted in related study areas. The third chapter presents the entire research process including its research design, approach, sampling design, & data collection methods. The fourth chapter i.e., Data analysis & Discussion. The last chapter i.e., Summary of Findings, Conclusion & Recommendation, presents the summary of the findings, conclusion, and recommendations as well as limitations and further research direction.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

This chapter reviews literatures relevant to the study. This chapter is structured in four main sections such as theoretical literature review, empirical literature review, research gap, and conceptual framework. The theoretical literature review section presents the concept of decision making, employee participation, the types and levels of employee participation in decision making, organizational performance, and other theoretical foundation of the study. The empirical literature review section presents the result of different literatures related with the research topic. In the research gap section, the gap that this research is intended to fill is presented. At the end of the chapter, the conceptual framework of the study is presented.

### **2.1 Theoretical Literature Review**

#### **2.1.1 Definition of Decision Making**

Decision making, according to Abdulai and Shafiwu (2014) as cited in Chukwuemeka (2020), is "the process of recognizing and selecting a plan of action to solve a specific problem." In the decision-making process, it can also be characterized as a cognitive process for selecting a logical choice from the given possibilities. Decision making, according to Eromafuru (2016), is a process of defining problems and selecting a plan of action among the choices generated.

According to Welhrich and Koontz (2010), decision making is at the heart of planning. They asserted a plan cannot be claimed to exist unless a decision has been made - a commitment of resources, direction, or reputation. As a result, decision making is the allocation of organizational resources to a specific course of action. In this regard, decision-making is at the heart of any management activity, requiring managers to employ creativity, subjectivity, reason, and, at times, quantitative methods to issues of corporate, group, or individual importance.

As stated by Eromafuru (2016), the end goal of a manager is to produce relevant options, prune them, and then make an informed decision. Because of the perverse nature of the necessity for decision making, it may be regarded a crucial aspect of the managerial job. To reach the desired objectives, managers must decide how to plan, organize, staff, control, and direct organizational activities. As a result, a decision must be taken on how to most effectively and efficiently use and allocate organizational resources to achieve goals. He



further elaborated that, management must decide on how to carry out its activities amidst constant, precarious, and unwholesome organizational climate in order to minimize or avoid likelihood of environmental threats while attempting to maximize exploitative opportunities.

Decision making is also defined by Vrba and Brevis (2002) as the process of picking the optimal method for solving an issue. People no longer accept decisions without being a part of the processes that enable them to affect the outcome, according to Ijeoma and Mbah (2020). They further elaborated that when employees are not involved in decision-making, they typically feel restricted and consider quitting the company. Perhaps it is for this reason that modern management sees the participatory mechanism as a more effective means of increasing the effectiveness of their organization. As stated by Ijeoma and Mbah (2020), it is now well acknowledged that involving a diverse group of people in decision-making can improve both the quality of the decision and the level of confidence that people have in it.

From the above definitions, we can infer that decision making is not an exclusive preserve of the top management alone; other members of the organization do make decisions appropriate for their own needs. The difference, however, is the dimension, direction, timing, and the scope of the decision. Effective decision making permeates all aspects of the management process. The necessity of good decision making cannot be overstated for any manager, regardless of their position in the organization. Employee participation in such managerial decisions is also necessary. As stated by Chukwuemeka (2020), it is very important in management to give employees a say in molding what impacts them directly or indirectly. As a result, it can be viewed as a collaboration between management and staff. Employees must, however, be able to exert upward control on management decisions during the sharing process.

### **2.1.2 Definition of Employee Participation**

Employee participation, according to Sofijanova and Chatleska (2013), is a process of involving and empowering individuals on the job so that they can use their efforts to improve individual and organizational performance. Employee participation is also defined as an employee's direct involvement or engagement in helping a business achieve its mission statement and core values by applying their own inventions, knowledge, and efforts to solving problems and making choices (Ijeoma & Mbah, 2020). Employee Participation is also defined by Westhuizen (2010) as "the fullness of modes, whether direct (personal or by the

employee) or indirect (via the legislative body of the employees) by which persons, groups, or collectives protect their welfare or throw into the decision-making process."

As Beach (2006) points out, participation refers to the process by which people (workers) contribute ideas to the solution of problems that affect the organization and their jobs. Furthermore, according to Noah (2008), employee participation is a type of delegation in which the subordinate gains more influence and freedom of choice in terms of bridging the communication gap between management and workers.

Beardwell and Claydon (2011), on the other hand, defined employee involvement as the distribution of power between the employer and the employee in the firm's decision-making, whether through direct or indirect participation. Furthermore, employee engagement also refers to employee involvement in business decision-making (Busck *et al.*, 2010). Bhatti and Nawab (2011) as cited by Ijeoma and Mbah (2020) also stated employee involvement as a term that refers to a collection of task-related behaviors aimed at boosting employees' sense of involvement in their workplace and their responsibility to the company. From these definitions, we can infer that there are two types of employee involvement in decision-making: direct (by employees themselves) and indirect (by others) (through their legislative body). Individuals in various organizations make decisions either directly or indirectly based on their desires on a daily, weekly, monthly, or annual basis. From the above definitions, we can infer that Employee participation can be defined as the exchange of information, ideas, and suggestions, as well as the sharing of experience among members of a company.

### **2.1.3 Employee Participation in Decision Making**

According to Amos *et al.*, (2008) and Judge and Robbins, an organization is an intentionally organized social unit that consists of two or more people and functions on a continuous basis to achieve a common aim or set of goals (2009). They went on to say that an organization is a group of individuals who work together to achieve a common goal, and to meet its goals, vision, and enhance productivity, management should involve all stakeholders in the firm. Examples of stakeholders are employees, internal teams, customers, vendors, suppliers and even members of the surrounding community or local economy who are affected by business decisions (Moriarty, 2010). Engaging all stakeholders in the running of a business is an extension of the principle of democracy in the workplace (Nigusu, 2018).

There are as many definitions of employee participation in decision making as there are authors on the subject, according to Westhuizen (2010). Employee engagement in decision making is defined by Shelley (2000) as the process by which two or more parties influence each other in making plans, policies, or choices. Participation, according to Nel *et al.*, (2005), refers to influence in decision-making exercised through a process of interaction between employees and managers based on information exchange. According to Newstrom and Davis (2004), participation in management decisions is defined as a person's mental and emotional involvement in a group scenario that encourages them to contribute to collective goals and take responsibility for them. Furthermore, Woodruffe (2006) characterized employee engagement in decision making as a term implying a mix of dedication to the firm, its principles, and a readiness to assist colleagues, resulting in greater business performance.

According to Elele and Fields (2010), participative decision making (PDM) is the opportunity for an employee to provide input into the decision-making process related to work matters (i.e., work organization, task priority) or organizational issues, for example, when they have a say on promoting new strategy ideas. Participative decision making is a managerial strategy which has been argued to affect the performance, organization commitment, turnover, motivation and satisfaction of the employees, organization productivity (Muindi, 2011; Agwu & Olele, 2014). Making decisions requires mapping out the possible consequences of actions, determining the importance of human factors, and deciding on the best course of action to pursue (Florence, 2011; as cited by Chukwuemeka, 2020). It is also a means of choosing amongst alternatives, according to Moorhead and Griffin (2004). Greenberg (2011) argues that both individual and collective decision making are difficult and complex to attain, though the result is dependent on firms, where the stakes are high, and the impact is well-known.

#### **2.1.4 Benefits of Participation in Decision Making**

Participation in decision making offers various benefits at all levels of the organization. Muindi (2011) explains that putting decision making power as close as possible to the point of delivery makes that implementation of those decisions not only possible, but also successful. Participation in decision making leads to harmony in the organization and improves staff morale and support (Florence, 2011). By creating a sense of ownership in the company, participation in decision making instills a sense of pride and motivates employees to increase productivity to achieve their goals. Employees who participate in the decisions of

the company feel like they are a part of a team with a common goal and find their sense of self-esteem and creative fulfillment heightened (Helms, 2006).

As Kuye and Abdul-Hameed (2011) stated, managers who use a participative style find that employees are more receptive to change than in situations in which they have no voice. Changes are implemented more effectively when employees have input and make contributions to decisions. Participation keeps employees informed of upcoming events so they will be aware of potential changes. The organization can then place itself in a proactive mode instead of a reactive one, as managers are able to quickly identify areas of concern and turn to employees for solutions (Christensen & Jonsson, 2011).

Participation helps employees gain a wider view of the organization. Through training, development opportunities, and information sharing, employees can acquire the conceptual skills needed to become effective managers or top executives. It also increases the commitment of employees to the organization and the decisions they make (Helms, 2006). Creativity and innovation are two important benefits of participative management. By allowing a diverse group of employees to have input into decisions, the organization benefits from the synergy that comes from a wider choice of options. When all employees, instead of just managers or executives, are given the opportunity to participate, the chances are increased that a valid and unique idea will be suggested (Helms, 2006).

### **2.1.5 Levels of Employee Participation in Decision Making**

Having known the objectives of employee participation in decision making the question then is to what extent workers can participate in decision-making process. In other words, it is important to know the extents/levels of co-determination in an organization. Viewed from this angle, Gamji (2014) has suggested five levels of workers' participation ranging from the minimum to the maximum. Since these levels of workers' influence the process and quality of decision making in an organization. These levels briefly ranking them from the minimum to the maximum level of participation.

#### **A. Informative Participation Level**

As stated by Mhetras (1966), informative participation refers to sharing of information with workers regarding economic position of firms, state of the market, production and sale programme, work methods, balance sheet, expansions, plant etc. Here the worker has no right

to scrutinize the information provided by management. Davis (2001) also stated that under this type, management informs the members of committees of the decisions taken already. It does not seek the opinion of the participative committee members as to the proposed step. Gamji (2014) stated that information participation ensures that employees are in the position of giving and receiving information. They have the right to have a say and express their ideas and viewpoints, especially in the case of the matters concerning them. The management depends upon the joint committee for informing the workers in terms of the business conditions. Furthermore, Kapur (2020) elaborated that in this level of participation, employees are informed in terms of the changes that are to take place in the functioning of the organization. In other words, when any changes are to take place in the functioning of the organization, it is vital to inform the employees. In case, they have ideas and suggestions, they should be allowed to express. This is termed as the information participation level of the employees.

### **B. Consultative Participation Level**

As stated by Davis (2001), in this type of participation, workers are consulted in those matters which relate to them. Here, the role of workers is restricted to give their views only. However, the acceptance and non-acceptance of these views depends on management. Nonetheless, it provides an opportunity to the workers to express their views on matters involving their interest. Mhetras (1966) also stated that consultative participation involves a higher degree of sharing of views of workers and giving them a chance to express their views on various issues concerning work, workplace, working conditions, market standing, financial status etc. According to Gamji (2014). In this level of participation, the joint council of workers and management works as an advisory body only. Management may or may not accept the suggestions. Kapur (2020) further explained that consultative participation level is a shade better than informative participation. Committee members are consulted before any decision is taken by the management. He further explained that, in this level of participation, the members have the right to receive information, discuss and give suggestions on the general and economic conditions of the organization like production, markets, finances and technology affecting the position of the organization or the profit and loss account of the organizations. The workers have the right to receive information and discuss important matters, such as, change in the methods of production, expansion of business and closing of a

particular unit. The workers not only receive information and discuss the issues, but when suggestions are made, it is binding on the management.

### **C. Associative Participation Level**

According to Gamji (2014), in associative participation level, the role of the workers' council is not just advisory unlike consultative participation. In a way, this is an advanced and improved form of consultative participation. Now, the management is under a moral obligation to acknowledge, accept and implement the unanimous decision of the council. The workers have the right to receive information and discuss important matters like change in the methods of production, expansion of business or closing of a particular unit. The workers not only receive information and discuss the issues but when suggestions are made it is binding on the management. As stated by Mhetras (1966), in associative participation, the management is under a moral obligation to accept and implement the unanimous decisions of the council. It is an improvement over consultative participation. Members are entitled to receive information and data, and discuss, analyze, and give suggestions. As stated by Kapur (2020), in the consultative participation level, the participative workers are consulted on the matters of employee welfare, such as, work, safety, health and training. It involves a higher degree of sharing of views of the workers and making provision of opportunities to them to express their feelings and opinions. In this level of participation, it is the prerogative of the management to accept the suggestions of the workers given at the participative forum. The suggestions given by the workers are advice-giving in nature. When the management feel that they are worthwhile, they may accept them. Whereas, when they feel that the suggestions of the workers may not be beneficial, they may not accept them. But the workers are allowed to give their ideas and suggestions.

### **D. Administrative Participation Level**

According to Gamji (2014), in the administrative participation, decisions already taken are implemented by the workers. Compared to the former three levels of participation, the degree of sharing authority and responsibility by the workers is more in this participation. Here, the decisions are taken jointly by the management and the workers of an organization. In fact, this is the ultimate level of workers' participation in management. As stated by Mhetras (1966), in administrative participation, there is greater degree of sharing authority and responsibility of managerial work, allowing workers a little more autonomy in exercising

administrative and supervisory powers in respect of welfare, safety, benefits, rewards etc. He further explained that, in the case of administrative participation, management consults committees as to the mode of implementation. Thus, members have a greater role in implementing a decision. For example, safety practices, disciplinary action, grievance procedure, purchase of equipment, etc. As stated by Kapur (2020), Administrative participation level gives a greater degree of sharing of authority and responsibility of management functions. The issues taken at this level are welfare, safety, training, preparation of work schedules, working hours, incentives, holidays, and rewards for valuable suggestions. In this level of participation, alternatives are given by the management and the workers make selection of the most productive alternative from those decided for appropriate implementation and efficient administration. In other words, the workforce is allowed to participate in selecting the options, which they find most suitable and advantageous. They express their ideas and perspectives before the management in terms of which option they would be interested in putting into operation.

#### **E. Decisive Participation Level**

According to Gamji (2014), this is the highest form of participation where decisions are taken jointly on the matters relating to production, welfare, economic, financial, and administrative policies. Delegation of authority and responsibility of managerial functions to the workers is maximum at this level of participation. When participation is done at this level it speaks of democracy and the democratic style of management. It also shows the faith and trust between management and the employees. As stated by Mhetras (1966), decisive participation is the highest form of participation where decisions are taken jointly on matters relating to production, safety, welfare etc. This is the highest level of participation as decisions are made jointly by committees and management. Workers through committee members, have the right of codetermination. For example, Board level participation, self-managed teams, etc. As stated by Kapur (2020), Decisive participation level is level, where the employees are to participate in the decision-making processes. The decisions need to be made jointly in various matters, such as, production, welfare, economic, financial, and administrative concerns. The delegation of authority and responsibility of managerial functions to the employees is regarded as maximum at this level of participation. When the participation of the employees is encouraged in the decision-making processes, it also renders a significant contribution in the reinforcement of pleasant and trustworthy terms and relationships between the

management and workforce. Therefore, it can be stated employees should be consulted and be allowed to express their viewpoints, particularly when major decisions have to be made concerning the functioning of the organization.

### **2.1.6 Type of Participation in Decision Making**

Different authors classified the types of employee participation in decision making within an organization. In this study, formal and informal participation, representative participation, and participative decision making are identified and discussed as follow.

#### **A. Formal and Informal Participation**

According to Locke and Schweiger (1979) as cited by Nigusu (2018), participation is formal when there are official and recognized channels to put it into practice, there are certain norms or rules that impose or guarantee employee participation. Formal employee involvement, according to Gamji (2014), is a set of regulations that are imposed on or granted to an organization. He went on to say that it is when a supervisor lets his or her employees to make decisions regarding how their work is done on a casual basis. Informal participation occurs as a result of top-down and bottom-up management relationships. Job satisfaction is directly influenced by the strength of the relationship between subordinates and supervisor, according to Stringer (2006). His research reveals a link between high-quality supervisor-employee interactions and job happiness, resulting in increased organizational efficiency. Even though informal participation is not technically organized, it produces positive results and can successfully impact participation due to the level of trust that exists between supervisor and subordinate.

According to Dirks (2001), trust can play a significant influence in employee satisfaction, and the sort of work environment determines whether trust is expected to result in a favorable conclusion. He stated that high levels of trust lead to more positive attitudes, greater cooperation, and superior performance, demonstrating that trust inside an organization leads to positive work ethics and productivity. As a result, the more formal the channels that enable empowerment, the more participative the management style will be (Cole *et al.*, 2000), because informal involvement is the outcome of a unique relationship, and it does not guarantee a long-term, general empowerment, and mutually beneficial relationship.



## **B. Representative Participation**

Representative participation is where workers elect executives or some members to represent their interest in management meetings. With representative participation workers participate in decision through their selected executives. With this form of participation employees input and grievances are made known through their representation. This is indirect form of participation because not all workers involve directly in the decision making. Unions are the most used types of representative participation (Dede, 2019).

Representative participation is a form of employee involvement achieved by selecting or electing employee representatives from the different department and teams to sit on the organization board. The process is consultative where employees elect representatives who are mandated to discuss with senior management issues that concern employees (Apostolou, 2000). This forum provides employees a chance to contribute to proposals before they are presented to senior management for implementation. Further he contends that representative participation requires that acceptable solutions to problems be sought through an open communication of ideas and information.

## **C. Participative Decision Making**

Participative decision making is an employee involvement method described as the extent to which employers engage employees in making key decisions for the organization (Judge & Gennard, 2010 as cited in Ambani, 2016). The goal of participative decision making is to enable the organization engage employees through involvement and consequently achieve higher job performance (Latham, 2010). However, participative decision making is a power-sharing initiative where decision making roles are shared between senior managers and employees (Black & Gregersen, 1997). To be effective, participative decision making should involve all the employees in the organization since it seeks to solve employee's problems and enhance decision making (Locke & Schweiger, 1979). Downward communication from managers and upward problem-solving communication are techniques used to inform employees of management plans, discuss organizational performance, or solve specific issues related to employees (Judge and Gennard, 2005 as cited in Ambani, 2016). Management employs various strategies and include sharing of videos, company newsletters, journals, and reports. These materials enable employees to be informed about changes and development in the organization. Upward problem-solving methods include team briefing, suggestion

schemes, employee attitude surveys and regular team meeting are ways to create awareness for top management to be aware of the issues faced by the employees about the organization (Latham, 2007).

According to Judge and Gennard (2005), financial participation enables workers to share in the financial achievements and failures of the company. This motivates workers to be more committed to the goals and objectives of the organization, leading to higher job performance. It is also widely accepted that financial participation boosts the morale and enthusiasm of employees towards the achievement of organizational goals. By sharing in the financial success or failure of the company, employees become important shareholders and may even own the company at some point (as cited in Ambani, 2016).

### **2.1.7 Organizational Performance**

Non-governmental organization (NGO) is defined as a non-profit group that functions independently of any government (Poister, 2003). The importance and benefits of utilizing performance measurement and management to various organizational management structures, techniques, and processes have been well demonstrated in NGOs' performance measurement and management literature (Teelken, 2008). Many authors in the literature on NGOs proposed numerous definitions of performance measurement. For example, according to Poister (2003), performance measurement is a way of regularly finding, regulating, and utilizing various objective metrics of an organization's performance and programs.

Furthermore, Lindblad (2006) defined performance measurement in non-organization as the use of objectives, indicators, and data to evaluate non-governmental organization (NGO) initiatives and services. Ferreira and Otley (2009) used it to evaluate people, teams, and the company. Miller (2007) defined performance measurement as a means of evaluating a program's efficiency and effectiveness as well as its impact. Performance measurement, according to Carman (2007), is a systematic examination of a program's outputs, inputs, and affects. Still, there has been always little consensus over how to define and measure performance in NGOs since these organizations have unclear goals and uncertain relationship between programs' activities and outcomes (Mohammed & Elio, 2015).

According to Kareithi and Lund (2012), the major aim of these NGOs is to achieve goals sought by their targeted beneficiaries and communities, hence their efficacy and efficiency in achieving mutually recognized social goals should be measured. Understanding the right

indicators that should be examined when measuring and evaluating NGOs performance is an important component of NGOs performance assessment that has been a concern for a long time (Gill *et al.*, 2005).

The study of NGOs' performance measurement looked at two primary issues: internal and external indicators. Internal indicator of measuring NGOs' effectiveness is related to "Organizational Health," according to (Mohammed & Elio, 2015). These metrics relate to NGOs' financial performance, including their ability to raise funds, budgeting efficiency, expenses, and costs (Ritchie & Kolodinsky 2003; Gill *et al.*, 2005). External indicators, on the other hand, focus on the relationship between the NGO and the environment.

In general, NGOs can evaluate their effectiveness by developing performance indicators and then collecting data on these metrics. Efficiency, effectiveness, fundraising, expenses, audits, and beneficiary satisfaction are among the most commonly used performance measures by NGOs, according to Carman (2007). Teelken (2008) evaluated NGOs' performance using four performance indicators: efficiency, effectiveness, economy, and efficacy. In NGOs, Benjamin and Misra (2006) stated that performance should be measured in terms of inputs, outputs, outcomes, and impact.

Partnership and quality, according to Niven (2008), are also essential metrics for assessing NGOs' social performance. Quality is defined by donor satisfaction, service innovation, and adherence to international quality standards, whereas partnership is measured by the number of partners, their relevance to an NGO's work field, and their contentment. The key issue that has been frequently emphasized and underlined in the literature when it comes to the financial success of NGOs is fundraising efficiency. Andreasen and Kotler (2008) defined fundraising efficiency as a process of obtaining funds for NGOs survival. The fundraising efficiency is measured using donors' dependency ratio (Epstein & McFarlan, 2011).

Many authors have developed performance measurement frameworks for the NGO sector in the recent years. In general, there are not many models and frameworks for assessing the performance of NGOs as much as the frameworks available for the private sector. Moreover, the reliance on the traditional financial-based indicators of performance, like return on assets, liabilities or profitability ratios cannot be applied to NGOs (Herman & Renz, 1997 as cited in Mohammed & Elio, 2015). The literature review reveals several performance measurement frameworks in NGOs. For instance, Ritchie and Kolodinsky (2003) proposed a framework for

assessing the financial performance of NGOs. The framework involves fundraising efficiency, public support, expenses, and cost efficiency. Similarly, Standards for Charity Accountability of the Better Business Bureau proposed a framework for measuring NGOs performance in which the performance measures include the financial aspect, effectiveness, and governance. In their model, the financial aspect is not only represented by fundraising efficiency but involves also managing and producing clear and accurate financial statements and budgets. Another framework has been offered by AARP (American Association of Retired Persons) which is the biggest NGO membership institution for people who exceed the age of fifty in USA (Datar *et al.*, 2007). The AARP foundation's framework consists of the following measures: resources and stewardship, people, social impact value, organization leadership and integration as presented in table 2.1. These measures of the AARP are matched with inputs, outputs, outcomes, and social impact measures.

**Table 2.1: Organizational Performance Measures**

<b>Performance Measures</b>	<b>Sub-Measures</b>
Resource and Stewardship (inputs)	Amount of dollars generated. Percentage of fundraising costs. Level of operating reserves.
People (outcome)	Employees' satisfaction. Gender diversity of employees.
Organizational leadership and integration (outputs)	Strategic plan. Number of volunteers.
Social impacts and value (impact)	Number of beneficiaries served. Number of beneficiaries affected by AARP programs.

Among these four performance measures of NGOs, most researchers have identified social impact and value (impact) as the most comprehensive performance measures for NGOs (Datar *et al.*, 2007, Teelken, 2008, and Kapur, 2020). Hence, in this study, for measuring the organizational performance of Save the Children international Ethiopia (SCIE), the researcher adopted social impacts and value (impact) as a measuring indicator.

## 2.2 Theoretical Foundation

This research reviewed theories linked to employee participation, namely Theory X and Y. McGregor (1960) in his edition titled the human side of enterprise, pioneered Theory X and theory Y style of management. He introduced and discussed the pivotal concepts and varying assumptions regarding the nature of humans in organization on the tenets of Theory X and Theory Y management approaches. McGregor (1960) proposed that leaders guided by Theory Y operated under a set of suppositions which he identified as classical management and he postulated that ordinarily humans prefer to be controlled, avoid responsibility, and lack ambition. These presuppositions, therefore, led managers to oppose to give employees control over their work environment. Theory X managers place priority on the chain of command, they promote motivational methods of punishment or reward and observe close control of employee behavior. These assumptions led McGregor (1960) to conclude that classical management style was retrogressive and hindered achievement of organizations goals.

Based on this inference, McGregor (1960) advanced a differing set of managerial presumption referred to as Theory Y leadership style. Theory Y promotes a participative and involvement management style and advocates self-control, self-direction, and commitment of employees to organization success. In addition, Theory Y leaders presume that individual are committed to work and that have the capacity to seek for solutions to work related challenges (Hindle, 2003). Leaders who practice Theory Y, also assume that employees are intrinsically motivated to work and thus managers prefer to delegate authority down the chain of command. Managers give individuals autonomy and also work is designed to provide enough opportunity to employees to enable them to be creative and innovative. Also, managers who have adopted Theory Y, design the organization environment so that individual goals are linked to the overall organizational goals, resulting in greater creativity and productivity. Thus, Theory Y leadership places priority on the nature of relationships that promotes employer and employee relationships, creation of conducive environment that enhances commitment to organization and enables employees exercise initiative, ingenuity, and self-direction (McGregor, 1960).

Theory Y is adopted for this study since Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to

organizational well-being. Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

## **2.3 Empirical Literature and Hypotheses**

### **2.3.1 Level of Participation in Decision Making**

Employee involvement is based upon the recognition that the success of any organization is determined to a significant extent by the contribution of its employees. Employee involvement programs therefore seek to facilitate the involvement (or participation) of employees in the company. The degree of involvement can either be high or low. A high degree of involvement will have all categories of employees being involved in the planning process while a low degree shows there is selectivity (Noah, 2008). Scott-Ladd and Marshall (2004) explored the form of participation and the context in which participative techniques are employed also influence the extent of any positive effect on performance. As stated by Gamji (2014) and Mhetras (1966), there are five levels of employee participation in decision making. The following section presents the hypotheses of each participation level.

#### **A. Informative Participation Level**

According to the study of Abdulrahman (2016), informative participation level has a positive and statistically significant impact on the performance of the organization. He stated that sharing of information with workers regarding economic position of firms and other related issues will provide an opportunity to get supportive information to the organization and if the management properly utilized the information, it would lead to enhanced organizational performance. Kapur (2020) also found a positive relationship between informative participation level and organizational performance in his study. He explained that informative participation level ensures that employees are in the position of giving and receiving information. Besides this, in this level of participation, employees are informed in terms of the changes that are to take place in the functioning of the organization and hence it would lead to enhanced performance for the organization.

Furthermore, Bhatti and Qureshi (2007), in their study revealed that informative participation level has a statistically significant and positive impact on the performance of the

organization. They elaborated that in this participation level, workers think that they should be primarily involved in the decisions made about their jobs, but also in decisions made about their departments, general policies, future strategies, and even routine operations to maximize the performance of their organizations. Based on the empirical evidence, it can be hypothesized that:

***H01: Informative Participation Level has no significant impact on the organizational performance of SCIE.***

### **B. Consultative Participation Level**

Consultative participation level according to John, *et al.* (2014) refers to situations where employees engage in long-term, formal, and direct participation, and the content of the PDM is focused on job issues. The only difference between consultative participation and participation in work decisions is that the former involves a lesser level of employee influence. Employees give their opinions, but typically they do not have a veto or complete decision-making power.

A study conducted by Schuster (2004) on large manufacturing plant found that consultative participation level has a statistically significant and positive impact on the increase in productivity and performance of the organization. The study elaborated the reason is that, in consultative participation level, rewards are tied to suggestions without formal participative plans. The studies of Cummings and Malloy (1997), Lee (2002), and Totorich, *et al.* (2009) also supported this finding. However, a study conducted by Mohrman and Novelli (2009) revealed that consultative participation of employees on decision making has no impact on the performance of organization. Cotton, *et al.* (2014) also stressed that consultative participation has a positive and statistically significant impact on organizational size and performance. However, it has negatively related to delegate participation. They elaborated that in consultative participation, employees will feel secure when involved in the decision-making process. Thornton (2009) also established a significant relationship between frequency of employees' consultation and job satisfaction, while Anitha (2014) found that workers who have greater choice concerning how to do their own work have high job satisfaction and consequently high job performance. Based on this, the hypothesis is:

***H02: Consultative Participation Level has no significant impact on the organizational performance of SCIE.***

### **C. Associative Participation Level**

A study conducted by Cotton, *et al.* (2014) revealed that, associative participation level has a significant positive impact on the performance of the organization. They further expounded that in this participation level, since the workers have the right to receive information and discuss important matters of the organization, and since they are not only receive information and discuss the issues, and they would also provide constructive suggestions and hence would have a positive impact on the performance of the organization if the information is accepted by the management. Kapur (2020) also revealed that, in the associative participation level, the participative workers are consulted on the matters of employee welfare, such as, work, safety, health and training. Hence, it would have a positive impact on the performance of the organization. However, he stated that there is a possibility that associative participation level has no impact on the performance of the organization. This is when the management feel that the suggestions of the workers is not beneficial to the organization and reject their suggestions. Based on the empirical evidence, it can be hypothesized that:

***H03: Associative Participation Level has no significant impact on the organizational performance of SCIE.***

### **D. Administrative Participation Level**

According to Gamji (2014), in the administrative participation, decisions already taken are implemented by the workers. Thornton (2009) revealed in his study that administrative participation level has a significant positive impact on the performance of the organization. He stated that in this participation level, the decisions are taken jointly by the management and the workers of an organization. Hence, there would be a collaborative implementation of the decisions and hence contribute to the enhancement of the organizational performance. Kapur (2020) also supported this finding and stated that in this participation level there is greater degree of sharing authority and responsibility of managerial work, allowing workers a little more autonomy in exercising administrative and supervisory powers in respect of welfare, safety, benefits, rewards etc. He further explained that, in the case of administrative participation, management consults committees as to the mode of implementation. Thus, members have a greater role in implementing a decision and thereby enhance the performance of the organization. Based on this, the hypothesis is:

***H04: Administrative Participation Level has no significant impact on the organizational performance of SCIE.***



## **E. Decisive Participation Level**

Several organizational analysts have focused on the more generalized positive effects of employee participation in decision making on the performance of the organization. For example, Patchen (2001) has studied the relationships between decisional participation and job satisfaction on the one hand and job achievement and organizational integration on the other. His research among collage employees suggests that, along with other consequences, increased participation in institutional decision-making leads to greater job satisfaction and work achievement, as well as greater individual integration into the organization. Cotton, *et al.* (2014) also concluded that decisive participation level has a positive impact on the performance of the organization. They justified this that in workers' participation, they put their efforts, invest their labor for the organization, and they are contributing to the outcome, hence they would contribute enhanced performance for the organization. Based on the empirical evidence, it can be hypothesized that:

*H05: Decisive Participation Level has no significant impact on the organizational performance of SCIE.*

### **2.3.2 Type of Participation in Decision Making**

Different authors classified the types of employee participation in decision making within an organization. In this study, formal and informal participation, representative participation, and participative decision making are identified and the following section presents the hypotheses of each type of participation.

#### **A. Formal and Informal Participation**

The previous studies of Fleishman (1965), Neider (1980), and Jenkins & Lawler (1981) revealed that formal participation of employees on decision making has statistically significant and positive impact on work efficiency, productivity, and organizational performance. On the other hand, the previous studies of Abdel-Halim (1983), Ivancevich (1979), and Vroom (1959) revealed that informal participation of employees in decision making has a positive impact on the productivity/performance of the organization.

On the other hand, a study conducted by Berkowitz (2003) revealed that informal participation of employees in decision making has no impact on the productivity/performance

of the organization. However, in this study only job satisfaction was considered as an indicator for measuring the performance of the organization. Marehign (2018) has conducted a study on the effect of employees' participation in decision making on organizational performance in the case of three-star hotels found in Gondar (Ethiopia) town. In his study, formal and informal participation, decision issues for participation, and degree of involvement were identified as independent variables. In his study, he revealed that formal and informal participation of employees in decision making has a statistically significant and positive relationship with organizational performance. Besides this, he found that formal and informal participation has relatively strong degree of importance on organizational performance than the remaining variables that are identified in his study. Based on the empirical evidence, it can be hypothesized that:

***H06: Formal and Informal Participation of Employees in Decision Making has no significant impact on the organizational performance of SCIE.***

### **B. Participative Decision Making**

Abdulrahman (2016) examined the influence of employee participation in decision-making on firm performance in Saudi Arabia's manufacturing sector. The study discovered a substantial positive link between Participative Decision Making (PDM) and business performance, implying that PDM is an important factor in determining firm performance. They concluded that the higher employee participation in decision-making, the better the firm's success. Isichei and Ukandi (2015) also investigated employees' participation in effective decision making in the hospitality industry in Abuja, Nigeria. They found that employees' participation in effective decision-making impacts on the performance of hotels in Nigeria. Dede, (2019) examined the relationship between employee participation in decision making and organizational performance among staff in Cross River State Board of Internal Revenue, Calabar. The study concluded that when employees participate in decision making, implementation becomes easy, and creates a good working environment, increases commitment and satisfaction on decisions taken and increases employee's moral since the feel recognized and as part of the team in the organization and the direct consequence of all this improved performance. Kuye and Sulaimon (2011) also tried to empirically assess the relationship between employees' participation in decision making and firm's performance. They concluded that to increase workers' commitment and humanize the workplace, with the intention of improving firms' performance and managers need to permit a high degree of

employee involvement in decision making. Furthermore, Rhokeun (2007) in his study concluded that employee participation has positive impact on organizational performance, and it leads to create a motivated employees who have an interest to attain organizational objectives.

Irawanto (2015), examined employee participation in decision-making: evidence from a state-owned enterprise in Indonesia. The result from the research showed that there is a positive significant relationship between participation in decision making and motivation in state owned enterprise in Indonesia. Further studies have reported that employee participation has a positive impact on organizational performance (Owolabi & Abdul-Hameed, 2011), (Ojokuku & Sajuyigbe, 2014), and (Tchapchet, 2013). However, some studies have reported different findings. James (2006) surmise that the cost of implementing participatory management systems may far exceed the actual return and therefore employee participation has very little impact on organizational performance. The other study by MSG (2016) indicates that employee participation has negative impact on organizational performance. As the name implies, it represents increased involvement, and i.e., to many people involved in the decision-making process of the firm, and this in turn delay entire decision process because of a lot of disagreement among member bodies involved in the decision-making process (MSG, 2016). More so, it takes time to verify the accuracy of information which may lead to delay in decision making process. Based on the empirical evidence, it can be hypothesized that:

***H07: Participative Decision Making has no significant impact on the organizational performance of SCIE.***

### **C. Representative Participation**

The previous studies of Rosenberg and Rosenstein (2003) revealed that representative participation of employees in decision making has positive impact on productivity/performance. They explained that when organizations involve their employees through the intermediary of employee representative bodies, not only emotional affiliation with the organization increases but also their loyalty and cost of leaving the organization increases. However, a study conducted by Rus (2003) revealed that representative participation of employees in decision making has negative impact on the productivity/performance of the organization. On the other hand, the previous study of Witte

(1980) revealed that representative participation of employees in decision making has no impact on the productivity/performance of the organization. Based on the empirical evidence, it can be hypothesized that:

***H08: Representative Participation of Employees in Decision Making has no significant impact on the organizational performance of SCIE.***

## **2.4 Research Gap**

Cotton *et al.* (2014) did a study on various forms of employee involvement and found that PDM has a minor effect on organizational performance and mixed effects on job satisfaction. Previous studies on participation in decision making (PDM) had observed conceptual variations among kinds of PDM, but had neglected such differences in their investigations, as they explained. They only differentiated research based on "more" or "less" participation, which may be deceptive if PDM is not a unified entity. If several types of participation exist and are linked to distinct outcomes, combining results from all of them will lead to errors. If different forms of participation exist and if they are associated with different outcomes, aggregating findings across the various forms will yield misleading results. Hence, this study varies from past attempts to provide a comprehensive picture of PDM across several dimensions such as types and levels of participation. Aside from that, the results of each form were examined independently. Therefore, this study will fill this research gap.

Several authors argue that a participatory approach to management is particularly suitable for NGOs whose work involves the promotion of participation and the empowerment of beneficiaries (Campbell, 1987; Fowler, 1987; Chambers, 1995). Chambers (1983: 210), for example, insists that such a management style is more in keeping with 'bottom-up development' or a participatory development approach. NGOs need to develop decentralized and participatory decision-making structures and adopt a problem-solving rather than a predictive blue-print approach to management, to ensure flexibility and maintain the ability to adapt to constantly changing realities (Campbell, 1987; Fowler, 1987). In particular, participatory planning processes are important as it is the field staff who normally have closest contact with beneficiaries (Sahley, 1995). his 'effectiveness' argument is also taken up, for example, by Brodhead and HerbertCopley (1988), who suggest that NGOs must adopt a participatory approach in order to have wider impact. Moreover, Hodson (1992) argues that as NGOs grow 'decentralized and consensual forms of decision-making' are of particular

importance 'if decisions are to be seen by staff as legitimate'. In addition, there is an assumption that respect for workers leads to improved organizational functioning. The 'NGO management debate' cannot be easily resolved. In particular, a number of questions about the appropriateness of a participatory style of management for NGOs remain unanswered. Moreover, the debate about the appropriateness of 'participatory management' is constrained by a degree of definitional ambiguity which needs to be addressed.

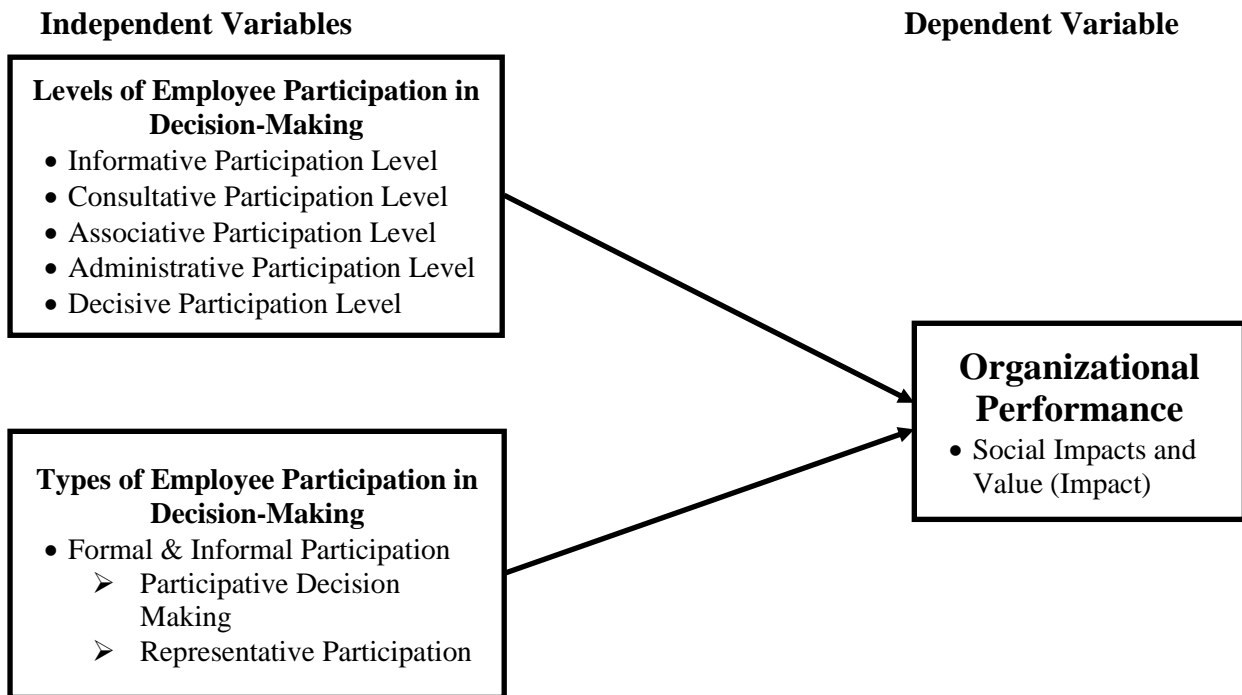
Several authors claim that NGOs can benefit from a participatory management strategy (Campbell, 2000; Fowler, 2002; Chambers, 2005). To ensure flexibility and maintain the ability to respond to continually changing realities, NGOs must build decentralized and participatory decision-making structures and embrace a problem-solving rather than a predictive blue-print approach to management (Campbell, 2000; Fowler, 2002). According to Brodhead & Herbert-Copley (2008), NGOs must take a participatory strategy in order to have a larger influence. Moreover, Hodson (2002) argues that as NGOs grow 'decentralized and consensual forms of decision-making' are of particular importance 'if decisions are to be seen by staff as legitimate'. However, as Sheehan (2018) points out, the 'NGO management argument' is difficult to resolve. Several questions about the suitability of a participatory management style for NGOs remain unaddressed. Hence, this study aimed to fill this research gap and prompted the researcher to look into employee participation and how it affects organizational performance, with a focus on SCIE.

## **2.5 Conceptual Model**

The conceptual framework provides the study of a structure that represents the systematic approach of researching and finding out fundamental relationships between variables. The conceptual framework shows the crucial process, which is useful to show the direction of the study (Creswel, 2009). Before designing the conceptual framework of the study, the researcher has reviewed different literatures as indicated in the previous section.

The five levels of participation in decision making were adopted from a previous study of Gamji (2014). These are informative participation, constructive participation, associative participation, administrative participation, and decisive participation. The types of participation in decision making are another identified variables which is adopted from Nigusu (2018). Among these four performance measures of NGOs, most researchers have identified social impact and value (impact) as the most comprehensive performance measures

for NGOs (Datar *et al.*, 2007, Teelken, 2008, and Kapur, 2020). Hence, in this study, for measuring the organizational performance of Save the Children international Ethiopia (SCIE), the researcher adopted social impacts and value (impact) as a measuring indicator. The conceptual framework is adopted from Black and Gregersen (1997), Robert, *et al.* (1975), and Chukwuemeka (2020)



**Figure 2.1: Conceptual Framework**

Source: Adopted from Black and Gregersen (1997), Robert, *et al.* (1975), and Chukwuemeka (2020)

## **CHAPTER THREE: RESEARCH METHODOLOGY**

This chapter presents the discipline of grinding how this research is done and the practical methods that was followed to answer the research questions and fulfill the purpose of the research. This includes the research method, the design, the target population and the sample. Besides this, this section presents the data used in the research, the sampling design, the data collection instrument and procedure, the validation of the measurement instrument, and the method of analysis.

### **3.1 Research Approach**

Research approach is a logical order the researcher needs to follow to achieve a certain predetermined result (Jonker & Pennink, 2010). There are two kinds of research approach i.e., qualitative research and quantitative research. Quantitative research seeks to quantify the collected data for analyzing and finding a final course of the action. Qualitative research forms a major role in supporting decision-making, primarily as an exploratory design but also as a descriptive design (Cresswell, 2003).

This study followed quantitative research approach. The reason for quantitative approach is that the research questions deal with issues that require both deep understanding as well as facts on the study population. Besides this, a quantitative approach is one in which the investigator primarily uses post positivist claim for developing knowledge (i.e., cause and effect thinking), reduction of specific variables, and question (Cresswell, 2003).

### **3.2 Research Design**

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Saunders *et al.*, 2009). Based on the purposes they serve, Robson (2002) categorized research into three types: explorative, descriptive, and explanative.

To achieve the identified objectives and address the research questions, the researcher used both descriptive and explanatory research designs. The study used descriptive design to find out what, where, and how of a phenomenon; and to have a clear view of the problem from other related sources, ascertain, and describe the identified variables and narrow the research around important issues related to the study. As stated by Musungu and Nasongo (2008),

descriptive research design involves querying the selected population about a certain issue and allows the researcher to collect information on the actual state of the phenomenon at the time of the study. The study also employed explanatory research design to link ideas raised in the study to realize the associations of variables in terms of cause and result relationship. In another word, to examine the causal relationship between the independent variables (i.e., Informative Participation Level, Consultative Participation Level, Associative Participation Level, Administrative Participation Level, Decisive Participation Level, Formal and Informal Participation, Participative Decision Making, and Representative Participation) and the dependent variable (i.e., organizational performance such as social impacts and value (impact)), the study used explanatory research design.

### **3.3 Sources of Data and Data Collection Techniques**

#### **3.3.1 Data Type and Source**

Both primary and secondary sources were used in the research. Structured questionnaires were used to acquire the primary data. The data was gathered from the SCIE workers at the head office as primary sources. Different documents from recent year's records, the internet, articles, periodicals, research papers, and various reference books that state about the study topic were used as secondary sources of data. Secondary data aided the researcher in better understanding the problem and provided a comparison point for the data gathered by the researcher. The researcher used secondary data source to investigate an alternative viewpoint on the study's research topics. Malhotra and Peterson (2005) states that the assessment of accessible secondary data is a requirement for the collecting of primary data.

#### **3.3.2 Data Collection Methods**

The researcher used the survey method to acquire primary data from the target population. A survey method, according to Cooper and Schindler (2008), is an instrument process that uses structured closed-ended questions to collect information during a highly structured interview. A structured questionnaire was utilized to collect data in the survey approach. Secondary data was gathered by looking at the written materials from the aforementioned sources.



### 3.3.3 Data Collecting Instruments

For collecting the primary data, the researcher used structured closed-ended questionnaire as the main instrument for data gathering from the employees of SCIE. According to Sansoni, *et al.*, (2014), a questionnaire is a data collection tool designed to collect structured and unique data from respondents.

The independent variable namely levels of participation in decision making with its construct dimensions were assessed by a data collection instrument adopted from the previous work of Gamji (2014). This measuring instrument has five dimensions such as informative participation, consultative participation, associative participation, administrative participation, and decisive participation. The measuring instrument for the other independent variable i.e., types of participation in decision participation is adopted from Nigusu (2018). The instrument has three dimensions such as formal & informal participation, participative decision making, and representative participation. For evaluating the organizational performance of SCIE, the measuring instrument and questionnaire is adopted from AARP and Datar *et al.* (2007). The researcher modified the questionnaire to relate it with the general & specific objectives of the research.

Each item of the dependent and independent variables was rated using a five points Likert Scale expressed as 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree to indicate how respondents agree or disagree regarding the statements prepared for measuring the independent and dependent variables.

The researcher designed the questionnaire in English language as indicated in Appendix A. Since the questionnaires are self-administered, the researcher provided the questionnaire to the target population with a covering letter which explains the purpose of the study, the way of responding, the aim of the research, and the security of the information to encourage high response. The questionnaire has four parts and has a total of (30) question. The first section contains questions related with demography, the second section contains questions for assessing the level of employee participation in decision making in SCIE, and the third section contains a question for assessing the type of employee participation in decision making in SCIE. The fourth section contains questions for assessing organizational performance of SCIE. Table 3.1 indicates the structure of the questionnaire as below.

**Table 3.1: Questionnaire Structure of the Study**

S.No.	Sections	Questions	No. of Questions
<b>1</b>	<b>Demographic Information</b>	<b>Question No. 1 – 5</b>	<b>5</b>
<b>2</b>	<b>Level of Participation in Decision Making</b>	<b>Question No. 6 – 16</b>	<b>11</b>
2.1	<i>Informative Participation</i>	<i>Question No. 6 – 7</i>	2
2.2	<i>Consultative Participation</i>	<i>Question No. 8 – 10</i>	3
2.3	<i>Associative Participation</i>	<i>Question No. 11 – 12</i>	2
2.4	<i>Administrative Participation</i>	<i>Question No. 13 – 14</i>	2
2.5	<i>Decisive Participation</i>	<i>Question No. 15 – 16</i>	2
<b>3</b>	<b>Types of Employee Participation in Decision Making</b>	<b>Question No. 17 – 28</b>	<b>12</b>
3.1	<i>Formal &amp; Informal Participation</i>	<i>Question No. 17 – 20</i>	4
3.2	<i>Participative Decision Making</i>	<i>Question No. 21 – 24</i>	4
3.3	<i>Representative Participation</i>	<i>Question No. 25 – 28</i>	4
<b>4</b>	<b>Organizational Performance</b>	<b>Question No. 29 – 30</b>	<b>8</b>
4.1	<i>Social Impact &amp; Value (Impact)</i>	<i>Question No. 29 – 30</i>	2
	<b>Total Questions</b>		<b>30</b>

### 3.4 Sampling Design

A sample design is a defined plan for obtaining a sample from a given population (Kothari, 2004). So, in this section the population, target population, sampling frame, sample size, and the sampling techniques were described as follow.

#### 3.4.1 Population of the Study

According to Hair *et al.* (2010), target population is a specified group of people or object for which questions asked or observed to develop required data structures and information. The purpose of this study was to examine the participation of SCIE employee in decision making and the impact of employee participation in decision making on the organizational performance of SCIE. Since population constitutes the totality of units about which the research intends to study, the population for this study comprises all the 534 permanent and temporary staffs of SCIE working in the head office. The hierarchy of employees in SCIE has four levels such as assistant, officer, coordinator, managers, and head/director. Table 3.2 presents the population of SCIE across each hierarchy.

**Table 3.2: List of Population across each Occupation**

S.N	List of Departments	Total Target Population
1	Assistants	54
2	Officers	181
3	Coordinators	191
4	Managers	54
5	Head/Directors	54
	<b>Total Population</b>	<b>534</b>

Source: Data from Human Resource Department of SCIE (as of August 2021)

### 3.4.2 Sample Size

According to Polit, *et al.* (2001), a sample size is a proportion of a population. Tustin, *et al.* (2005), states that sample size is a smaller set of the larger population. Use of a sample enables a researcher to save time and money hence get more detailed information for its respondents. As per the information from Human Resource department of SCIE, as of August 2021, the organization has 534 employees working at the head office. Therefore, the study considered these employees working at the head office of SCIE i.e., 534 employees as the total population size. However, due to time and resource constraints, since it is difficult to study all the population of the study (i.e., all employees of the organization); defining a sample size is necessary. The researcher employed a statistical technique created by Kothari (2004) and used by numerous researchers to estimate the sample size. This calculation is based on a desired level of precision of 5% and a desired level of confidence of 95%. The following is a description of the formula.

$$n = N / [1 + N(e^2)]$$

Where: n = Sample size  
N = Population size i.e., 534  
E = Level of precision or acceptable sampling error (0.05)

$$\text{Sample size (n)} = 534 / [1 + 534(0.05)^2]$$

$$n = 229$$

Based on the above formula, a sample of 229 employees were targeted from the population.

### 3.4.3 Sampling Techniques

Sampling technique is the process by which the entities of the sample have been selected (Cooper & Schindler, 2008). There are two types of sampling techniques probability and non-probability sampling Techniques. Since it is very important to choose a sample that is truly representative of the population, this study followed proportionate stratified sampling (which is one of probability sampling) and simple random sampling method to collect the data and obtain representatives from each group/occupation. Stratified sampling is a type of sampling method in which the total population is divided into smaller groups or strata to complete the sampling process (Kothari, 2004). Based on their common characteristics in the population, the population was stratified by the five major occupations found in SCIE. Stratified sampling was preferred because it allows the researcher to obtain a sample population that best represents the entire population. After dividing the population into strata i.e., occupations, the researcher randomly selected the sample proportionally across all strata (occupations). The researcher preferred a proportionate stratified random sample since it

ensures all parts of the population represented in the sample to increase the efficiency of the study.

For conducting a proportionate stratified sampling technique, the researcher followed a formula provided by Kothari (2004) to calculate the number of elements from each stratum: -

$$i = n \cdot p_i \quad p_i = \text{strata } i / N$$

Where  $i$  = number of items selected from stratum  $I$ ,  $P_i$  = proportion of population included in stratum  $i$ ,  $n$  = total sample size, and  $N$  = total population size. Thus, to determine the number of sample items from each stratum i.e., occupation, the questionnaires were distributed to the sample size 229 employees in the following manner.

**Table 3.3: Proportionate Stratified Sample Distribution**

S.N	Stratum by Occupation	Staff Size (N)	Sampling Fraction (I) = $M(N_i/P)$	Sample Size
1	Assistants	54	$\frac{229(54)}{534}$	23
2	Officers	181	$\frac{229(181)}{534}$	78
3	Coordinators	191	$\frac{229(191)}{534}$	82
4	Managers	54	$\frac{229(54)}{534}$	23
5	Head/Directors	54	$\frac{229(54)}{534}$	23
	<b>Total</b>	<b>534</b>		<b>229</b>

Source: Own Computation (2021)

Based on the size of each stratum as indicated in the above table, the researcher followed a simple random sampling technique to identify the respondents across the stratum.

### 3.5 Data Analysis Techniques

Data analysis is the process where collected data is reduced to a more controllable and convenient size, and a researcher can start to identify trends or patterns, apply statistical techniques, and give a summary of the data (Cooper & Schindler, 2008).

Once the period allocated for the questionnaires to fill lapsed and the questionnaires that has been filled were returned, before directly conducting the analysis, the data cleaning activity such as detection of errors and omissions as well as checking of data completeness and consistency was carried out through scrutiny of the completed questionnaires. Aside from

that, anomalous items were deleted, and outliers were rectified. This practice is a crucial aspect of statistical data analysis, according to Sawilowsky (2005), because anomalous items might change the path of predicted findings. After that, the information was sorted and coded. The study used a statistical analysis tool, Statistical Package for Social Sciences (SPSS V.25), to conduct the analysis. Because of its capacity to cover a wide variety of statistical and graphical data analysis, SPSS is preferred.

The proper statistical tools were aligned with the objectives of the research. While utilizing the descriptive analysis, tables, percentages, means, and standard deviation were used. In addition to this, inferential statistical tools such as mean rank, correlation analysis, and multiple linear regression analysis were utilized for examining the relationship between dependent and independent variables and evaluate the significant effect of independent variables on dependent variable respectively.

### **3.6 Model Specification**

As indicated in the research question, the research aimed to examine the effect of independent variables such as types of participation dimensions i.e., formal and informal participation, participative decision making, and representative participation of employees; as well as levels of participation with its constructs such as informative, consultative, associative, administrative, and decisive participation levels on organizational performance (i.e., social impact and value (impact)). In order to do so, a multiple linear regression model was used to derive the best prediction of a dependent variable from the identified independent variables, as specified in the conceptual framework. The researcher tested the relevance of the structural equation model before completing the multiple linear regression analysis. According to Almaquist *et al.*, (2016), the key tests for running multiple linear regression models include the lack of outliers, linearity, normality, and the absence of multicollinearity.

It is necessary to ensure that the data set is of sufficient size before performing regression analysis. When investigating the associations between variables using a medium effect size, Tabachnick & Fidell (2013) proposed that  $N \geq 50 + 8m$  is necessary, where "m" is equal to the number of predictors. The minimum sample size for this study, using this method, would be 114 respondents (the number of predictors (m) specified in the conceptual framework is eight). The sample size is considered adequate for doing the regression analysis because this study planned to utilize a sample size of 229 for the analysis.

The proposed general linear regression model of this study is expressed as: -

$$OP (impact) = \beta_0 + \beta_1IPL + \beta_2CPL + \beta_3APL + \beta_4ADPL + \beta_5DPL + \beta_6FIP + \beta_7PDM + \beta_8RP + \varepsilon$$

Where OP is Organizational Performance i.e., social impact and values (impact),  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$ ,  $\beta_5$ ,  $\beta_6$ ,  $\beta_7$ , and  $\beta_8$  are model parameters;  $\varepsilon$  is the error or noise term. IPL, CPL, APL, ADPL, DPL, FIP, PDM, and RP denotes the independent variables Informative Participation Level, Consultative Participation Level, Associative Participation Level, Administrative Participation Level, Decisive Participation Level, Formal and Informal Participation, Participative Decision Making, and Representative Participation respectively.

### **3.7 Description of Study Variables**

Variables are things that we can measure, control, or manipulate in the research. In this study, majorly two kinds of variables were used: independent and dependent variables. In this study among different constructs of organizational performance, only social impact and value (impact) had been taken as dependent variable (measuring the organizational performance of SCIE). Types of employee participation constructs such as Formal and informal participation of employee participation in decision making, participative decision making, and representative participation of employees in decision making, as well as levels of employee participation in decision-making dimensions such as informative, consultative, associative, administrative, and decisive participation levels were considered as independent variable.

### **3.8 Test of Measurement Quality**

#### **3.8.1 Validity**

Validity is the extent to which differences found with a measuring tool to reflect true differences among respondents being tested (Cooper & Schindler, 2008). The purpose of validity of the study has been to seek relevant evidence that confirms the answers found with the measurement device, which is the nature of the problem. There are several ways of establishing validity such as content validity; convergent validity concurrent; predictive validity; construct validity; and convergent validity.

As stated in the literature review part, the questionnaire has been developed based on previous studies such as Gamji (2014), Nigusu (2018), Eldor & Harpaz (2015), and Wang & Chia-Chun (2013) and review of related literatures to increase its validity. Besides that, the

researcher discussed with the advisor about the questionnaires before it was distributed and to ensure the validity of the instrument a pilot test 20 questionnaire was distributed to the staffs of SCIE. Therefore, this study addressed content validity through the review of literature and adapting instruments used in previous studies. In addition to that, the correlation coefficient for the independent and dependent variables were calculated.

### 3.8.2 Reliability

According to Kothari (2004), reliability refers to consistency, where internal consistency involves correlating the responses to each question in the questionnaire with those other questions in the questionnaire. One of the most used indicators of internal consistency is Cronbach’s alpha coefficient. Almaquist, *et al.* (2016) provide the following rules of thumb: scales with a coefficient above 0.95 considered as excellent reliability; scales with a coefficient between 0.80 and 0.95 considered to have very good reliability. Scales with a coefficient between 0.70 and 0.80 considered as good reliability, and value with a coefficient between 0.60 and 0.70 indicates fair reliability. When the coefficient is below 0.6, the scale has poor reliability.

Therefore, the researcher has analyzed the reliability of the questionnaire by using Cronbach’s alpha statistics. As indicated in the table 3.4 below, all Cronbach’s alpha indexes are above 0.7 suggesting that the variables are consistent.

**Table 3.4: Reliability Test**

S.No.	Variables	No. of Item in the Scale	Cronbach’s Alpha Result
1	Informative Participation Level	2	.845
2	Consultative Participation Level	3	.781
3	Associative Participation Level	2	.960
4	Administrative Participation Level	2	.792
5	Decisive Participation Level	2	.882
6	Formal & Informal Participation	4	.983
7	Participative Decision Making	4	.950
8	Representative Participation	4	.769
12	Social Impact & Value (Impact)	2	.953
	<b>Overall Reliability</b>	<b>25</b>	<b>.954</b>

As indicated in table 3.4, the reliability of independent and dependent variables ranges from 0.769 to 0.983. As per the categorization of Almaquist *et al.* (2016), the reliability of associative participation level, formal and informal participation, participative decision making; and social impact and value (impact) is termed as excellent reliability since Cronbach’s alpha coefficient of these variables relies under the range of above 0.95. The reliability of informative participation level and decisive participation level are termed as

very good since Cronbach's alpha coefficient of these variables relies under the range of 0.80 - 0.95. The reliability of the remaining variables such as consultative participation level, administrative participation level, and representative participation is termed as good since Cronbach's alpha coefficient of these variables relies under the range of above 0.70 – 0.80.

On the other hand, the overall Cronbach's Alpha values of the entire questions were equals 0.954 (95.4%) and as per the classification of Almaquist *et al.* (2016), this indicates excellent reliability of the entire questionnaire. This means that there is excellent internal consistency and reliability in the questionnaire. Therefore, the level of alpha was reliable enough to proceed with the data analysis. Thereby, it can be said that the researcher proved that the questionnaire was valid, reliable, and ready for distribution to the population sample. Generally, this constituted a basis for making valid conclusions through the reliable data in this research.

### **3.9 Ethical Consideration**

Throughout the research procedure, the researcher addressed ethical concerns about confidentiality and privacy. The respondents were provided a written guarantee that their names would not be exposed in the questionnaire or the research report. Before the survey, the participants were given a verbal and written description of the study, as well as informed consent. They were promised that their replies would be kept anonymous and only utilized for the purpose of this study if they agreed to participate in the study.



## CHAPTER FOUR: DISCUSSION AND RESULTS

This chapter presents the analysis, interpretation of responses from questionnaires, and the findings of the study and discussion on the findings. The chapter is organized into seven sections. The first part focuses on the response rate and the background information of the respondents. The second section states about the levels of participation in decision making in SCIE. The third section presents the types of participation in decision making in SCIE. The fourth section presents the organizational performance of SCIE as perceived by the employees of SCIE. The fifth section presents the correlation analysis between the independent and dependent variables. The sixth section presents the multiple linear regression analysis. The last section i.e., seventh section presents the results of hypothesis tests. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 25.

### 4.1 Response Rate and Demographic Information

#### 4.1.1 Response Rate

The target population of the study was that the employees of SCIE working at the head office i.e., Addis Ababa, Ethiopia. Self-completion questionnaires, which are simple and easy to understand, were designed to collect data from the target population. The questionnaires contained close-ended questions with a five-point Likert scale on which the respondents were asked to tick the boxes that apply to them. The researcher issued a total of 229 questionnaires in person and email to the identified respondents and only 202 were filled and returned giving a response rate of 88% as indicated in table 4.1 below.

**Table 4.1: Response Rate of the Respondents**

No.	Description	Respondents
1	Total target population	229
3	Questionnaire distributed	229
4	Questionnaire returned	202
5	Response rate (%)	88%
6	Usable response	202

Source: - Computed by the Researcher, 2021

The researcher issued 229 questionnaires (having 30 questions) in person & email to the respondents; out of which 202 were filled and returned giving a response rate of 88% as indicated in table 4.1 above. Therefore, the response rate considered adequate for the study.

The questionnaire was distributed across the major occupational levels such as assistants, officers, coordinators, managers, and head/directors found in SCIE head office. The response rate across these occupational levels is presented as follow in table 4.2.

**Table 4.2: Response Rate across the Target Population**

No.	Stratum by Occupation Level	Targeted Sample Size	Responded Population	Response Rate
1	Assistants	23	18	78%
2	Officers	78	70	90%
3	Coordinators	82	78	95%
4	Managers	23	20	87%
5	Head/Directors	23	16	70%
	<b>Total</b>	<b>229</b>	<b>202</b>	<b>88%</b>

Source: - Computed by the Researcher, 2021

As indicated in the above table, the response rate from coordinators is the highest followed by officers, and managers with a response rate of 95%, 90%, and 87% respectively. On the other hand, the least response rate is observed in assistants followed by head/directors with a response rate of 78% and 70% each, respectively.

#### 4.1.2 Demographic Information of Respondents

This section presents variables that show demographic and socioeconomics characteristics of respondents including sex, age, education level, work experience in the organization, and occupational level while working in SCIE with their frequencies and percentages.

**Table 4.3: Demographic Information of Respondents**

Characteristics	Description	Frequency	Percent	Cumulative Percent
<b>Gender</b>	Female	97	48.0	48.0
	Male	105	52.0	100.0
<b>Age Group</b>	Below 20 years	14	6.9	6.9
	21 – 30 years	81	40.1	47.0
	31 – 40 years	79	39.1	86.1
	41 – 50 years	25	12.4	98.5
	Above 51 years	3	1.5	100.0
<b>Education Level</b>	High School Certificate	8	4.0	4.0
	Certification (10+1/2)	3	1.5	5.4
	Diploma	11	5.4	10.9
	Degree	159	78.7	89.6
	Master’s degree	19	9.4	99.0
	PhD	2	1.0	100.0
<b>Years of Service</b>	Less than/equal to 1 year	18	8.9	8.9
	1– 5years	84	41.6	50.5
	6 – 10years	65	32.2	82.7
	11 – 15 years	23	11.4	94.1
	16 – 20 years	9	4.5	98.5
	Above 20 years	3	1.5	100.0

Characteristics	Description	Frequency	Percent	Cumulative Percent
<b>Occupational Level</b>	Assistant	33	16.3	16.3
	Officer	75	37.1	53.5
	Coordinator	58	28.7	82.2
	Manager	23	11.4	93.6
	Head/Director	13	6.4	100.0

Source: *Own Survey Result (2021), SPSS Output*

### **A. Gender of Respondents**

Out of the 202 respondents for the study, 97 were female (48%) whilst 105 (52%) were male. This shows that the ratio of male is greater than female in involving in the study. Even though, the focus of the study is examining the employee participation and its impact in SCIE, which has no gender consideration, the study considered nearly proportional number of male and females.

### **B. Age Group Distribution of Respondents**

The age distribution of respondents reported in Table 4.3 above shows that majority of the respondents fell within the age group of 21 – 30 years (40.1%) followed by age groups 31 – 40 years and 41 – 50 years with a percentage share of 79% and 25% respectively. In contrary, respondents who fell within above 51 years group constituted the least share followed by age groups of below 20 years, which represents 3% and 14% of the sample respectively. This implies that age groups below 40 years occupy above three-fourth (i.e., 86.1%) of the respondents in SCIE. From the result, we can say that the significant majority of respondents were well matured.

### **C. Education Level of Respondents**

With the educational background, majority of the respondents (i.e., 159 or 78.7% out of the total respondents 202) have said that they possessed the first degree; and 9.4% possessed second-degree (master's degree) educational level. On the other hand, least share of respondents possessed PhD degree followed by certification (10+1/2) and high school completion certificate by having a percentage share of 1%, 1.5%, and 4.0% respectively. Hence, 89.11% of the respondents have possessed above first-degree (Degree, Master, and PhD) educational level. This shows that, the majorities of respondents, which are participating in the study, were well educated and have the ability to understand the questionnaire easily and will have a great contribution for the quality of the collected data.

#### **D. Year of Experience in SCIE**

To evaluate the quality of data for the study, the respondents were asked to indicate the length of years they had spent in SCIE. The results indicate that majority of the respondents (i.e.,41.6%) had spent 1 up to 5 years in the organization. Besides this, 32.2% of the respondents had spent 6 up to 10 years in the organization whilst 11.4% of the respondents had spent 11 up to 15 years and 8.9% of the respondents spent less than a year as well as 4.5% of the respondents had spent 16 up to 20 years, and 1.5% of the respondents spent above 20 years in their organization. This implies that91% of the respondents have worked in their organization for above 1 year and around 50% of the respondents have worked in SCIE for above 6 years. This also will have a great contribution to get quality of data.

#### **E. Occupational Level of Respondents**

As it indicated in the previous section, proportionate stratified sampling design was utilized in this study. The sample was designed based on different occupational levels such as assistant, officer, coordinator, manager, and head/director. As indicated in the above table, majority of the respondents were officer followed by coordinators and assistants by having a percentage share of 28.7% and 16.3% respectively. In contrary, least share of respondents were head/directors and managers by having a percentage share of 6.4% and 11.4% respectively.

### **4.2 Levels of Employee Participation in Decision Making in SCIE**

The first objective of the study is to examine the level of employee participation in decision making in SCIE. The study sought to seek the response of the staffs across all occupational levels found at the head office of the organization about their perception about the level of employee participation in decision making in the organization. The following section presents the result of the collected data. For examining the level of employee participation in decision making in SCIE, the respondents were asked to indicate their agreements towards eleven questions to know their perceptions towards the levels of their participation in decision making. According to Akmaliah (2009), mean score measurement can be used while interpreting the data. As he further specified, if the mean score is greater than 3.79, it will be considered as high; if it is between 3.40 and 3.79, it will be considered as moderate; and if the mean score is below 3.40, it will be considered as low. The response of the respondents is presented as below.

**Table 4.4: Frequency of Level of Employee Participation in Decision Making in SCIE**

Level of Employee Participation in Decision Making in SCIE	Frequency					Mean
	SD	D	N	A	SA	
I receive useful information about my organization	36 17.8%	58 28.7%	58 28.7%	32 15.8%	18 8.9%	2.6931
My supervisor informs me when decisions related to my career made by the management.	48 23.8%	46 22.8%	36 17.8%	43 21.3%	29 14.4%	2.7970
My boss actively seeks input from employees on most decisions	42 20.8%	56 27.2%	54 26.7%	46 22.8%	4 2.0%	2.5743
My boss usually asks for my opinions and thoughts in decisions affecting my work	44 21.8%	64 31.7%	43 21.3%	36 17.8%	15 7.4%	2.5743
Before taking any acting my boss consults with employees	32 15.8%	64 31.7%	42 20.8%	34 16.8%	30 14.9%	2.8317
In my organization, employee's opinion is respected and considered.	25 12.4%	68 33.7%	45 22.3%	34 16.8%	30 14.9%	2.8812
The top management believes that employees have inputs for making any decision related to the organization.	26 12.9%	54 26.7%	50 24.8%	46 22.8%	26 12.9%	2.9604
In my organization, there is low influence from the managers on how to do my job.	46 22.8%	54 26.7%	26 12.9%	50 24.8%	26 12.9%	2.7822
In general, I am empowered to decide on how to do my job.	50 24.8%	54 26.7%	46 22.8%	26 12.9%	26 12.9%	2.6238
My organization gives me high degree of involvement in organizational decision-making processes.	24 11.9%	64 31.7%	50 24.8%	46 22.8%	18 8.9%	2.8515
My superiors are receptive and listen to my ideas and suggestions.	50 24.8%	64 31.7%	46 22.8%	24 11.9%	18 8.9%	2.4851
<b>Overall Level of Employee Participation in Decision Making in SCIE Mean Score</b>						<b>2.7322</b>

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021

From the above table 4.4 it can be seen that majority (38%) of respondents or staffs of SCIE were agreed or highly agreed that in SCIE, there is low influence from the managers on how to do their job and 36% of the respondents stated that their supervisor informs them when decisions related to their career made by the management and the top management believe that employees have inputs for making any decision related to the organization.

Relatively, respondents showed least agreement/highest disagreement (56%) for the statement stating that their superiors are receptive and listen to their ideas and suggestions. Furthermore, 53% and 51% of the respondents showed their disagreement that their boss usually asks for their opinions and thoughts in decisions affecting their work and they are empowered to decide on how to do their job.

From this, the research concluded that there is low influence from the managers and though the managers inform their employees when decision related to their career made by the management, their managers doesn't receive and listen to their employees' ideas and suggestions as well as they usually don't ask for their employee's opinions and thoughts.

As indicated in the conceptual framework, the levels of participation in decision making have different dimensions such as informative, consultative, associative, administrative, and decisive participation. In order to identify the most practiced level of employee participation in decision making in SCIE, the researcher compared the mean rank of each dimension of level of employee participation in decision making. Table 4.5 presents the result.

**Table 4.5: Mean Rank of Level of Employee Participation in Decision Making in SCIE**

<b>Dimensions of Levels of Employee Participation in Decision Making</b>	<b>Mean Rank</b>
Informative Participation	3.03
Consultative Participation	2.75
Associative Participation	3.59
Administrative Participation	2.88
Decisive Participation	2.75

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021

In order to identify the most practiced level of employee participation in decision making in SCIE, among the aforementioned five dimensions of levels of employee participation in decision making, the researcher has utilized mean rank & Friedman Test as indicated in the above table 4.5. From the above Table 4.5, it can be seen that employees of the organization ranked the practice of associative participation (Mean Rank = 3.59) as the first practiced levels of employee participation in decision making in SCIE followed by informative participation (Mean Rank = 3.03) and administrative participation (Mean Rank = 2.88) respectively. In contrary, the respondents ranked consultative and decisive participation as the least practiced levels of employee participation in decision making in SCIE with a mean rank of 2.75 each.

However, in order to check whether these observed differences are statistically significant or not, the researcher applies the Friedman procedure test. Table 4.6 presents the SPSS output of the Friedman Test Statistics for the identified dimensions of levels of employee participation in decision making.

**Table 4.6: Friedman Test Statistics for Levels of Employee Participation**

<b>Test Statistics<sup>a</sup></b>	
N	202
Chi-Square	50.817
Df	4
Asymp. Sig.	.000
a. Friedman Test	

As reported in the Table 4.6 above, the computed Friedman Chi-square statistics is 50.817 with four degree of freedom and the Asymptotic p-value is 0.000, which is less than 0.05.

Hence, we conclude that the observed differences in the rankings among the five dimensions of levels of employee participation in decision making in SCIE are not simply by chance. Therefore, the practice of the levels of employee participation in decision making in SCIE are statistically different and not simply by chance.

In conclusion, the study revealed that among the five dimensions of levels of employee participation in decision making, associative participation, informative participation, and administrative participation are the dominant or the highly practiced levels of employee participation in decision making in SCIE. On the other hand, consultative and decisive participation are the least practiced levels of employee participation in decision making in SCIE.

### 4.3 Types of Employee Participation in Decision Making in SCIE

The second objective of the study is to examine the types of employee participation in decision making in SCIE. The study sought to seek the response of the staffs across all occupational levels found at the head office of the organization about their perception about the types of employee participation in decision making in the organization. The following section presents the result of the collected data. For examining the types of employee participation in decision making in SCIE, the respondents were asked to indicate their agreements towards twelve questions in order to know their perceptions on the types of their participation in decision making. The response of the respondents is presented as below.

**Table 4.7: Frequency of Types of Employee Participation in Decision Making in SCIE**

Types of Employee Participation in Decision Making in SCIE	Frequency					Mean
	SD	D	N	A	SA	
My organization has a culture of allowing employees to participate in formal meetings and motivate them to be a part of the decision-making activities.	36 17.8%	58 28.7%	58 28.7%	32 15.8%	18 8.9%	2.8614
My formal and informal participation in decision making in my organization create employees' satisfaction.	48 23.8%	46 22.8%	36 17.8%	43 21.3%	29 14.4%	2.9901
Managers always motivated me in formal meetings to participate in decision making activities	42 20.8%	56 27.2%	54 26.7%	46 22.8%	4 2.0%	2.7376
Top management of my organization are confident to give a chance for employees to participate in formal meetings and initiate us to be a part of decision-making activities.	44 21.8%	64 31.7%	43 21.3%	36 17.8%	15 7.4%	2.8465
I am involved in making decisions that affect my work	32 15.8%	64 31.7%	42 20.8%	34 16.8%	30 14.9%	2.8416
My organization values the contribution of its employees	25 12.4%	68 33.7%	45 22.3%	34 16.8%	30 14.9%	2.7475
My manager consults me before making decisions that will affect me.	26 12.9%	54 26.7%	50 24.8%	46 22.8%	26 12.9%	3.4356
Proposed decisions in my organization are made at the lowest possible level.	46 22.8%	54 26.7%	26 12.9%	50 24.8%	26 12.9%	2.8515

Types of Employee Participation in Decision Making in SCIE	Frequency					Mean
	SD	D	N	A	SA	
My organization has elected employee representatives at the board	50 24.8%	54 26.7%	46 22.8%	26 12.9%	26 12.9%	3.0347
Managements in my organization encourages sharing of information, ideas, and knowledge between managerial and non-managerial employees.	24 11.9%	64 31.7%	50 24.8%	46 22.8%	18 8.9%	3.0693
My organization gives an opportunity for employees to participate in decision making processes through employees' representatives	50 24.8%	64 31.7%	46 22.8%	24 11.9%	18 8.9%	3.0693
My organization has a culture of direct and indirect participation of employees in the case of organizational decision activities	50 24.8%	64 31.7%	46 22.8%	24 11.9%	18 8.9%	2.9604
<b>Overall Types of Employee Participation in Decision Making in SCIE Mean Score</b>						<b>2.9538</b>

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021

From the above table 4.7 it can be seen that majority (38%) of respondents or staffs of SCIE were agreed or highly agreed that in SCIE, proposed decisions in SCIE are made at the lowest possible level and 36% of the respondents stated that their formal and informal participation in decision making in SCIE create employees' satisfaction and their manager consults employees before making decisions that will affect them.

Relatively, respondents showed least agreement/highest disagreement (56%) for two statements stating that SCIE gives an opportunity for employees to participate in decision making processes through employees' representatives and SCIE has a culture of direct and indirect participation of employees in the case of organizational decision makings. Furthermore, 53% and 51% of the respondents showed their disagreement that top management of SCIE are confident to give a chance for employees to participate in formal meetings and initiate them to be a part of decision-making activities and SCIE has elected employee representatives at the board respectively.

As indicated in the conceptual framework, the types of participation in decision making have three dimensions such as formal and informal participation, participative decision making, and representative participation. In order to identify the most practiced type of employee participation in decision making in SCIE, the researcher compared the mean rank of each dimension of the types of employee participation in decision making. Table 4.8 presents the result.

**Table 4.8: Mean Rank of Types of Employee Participation in Decision Making in SCIE**

Dimensions of Types of Employee Participation in Decision Making	Mean Rank
Formal and Informal Participation	1.79
Participative Decision Making	2.04
Representative Participation	2.17

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021



In order to identify the most practiced type of employee participation in decision making in SCIE, among the aforementioned three dimensions of types of employee participation in decision making, the researcher has utilized mean rank & Friedman Test as indicated in the above table 4.8. From the above Table 4.8, it can be seen that employees of the organization ranked the practice of representative participation (Mean Rank = 2.17) as the first practiced types of employee participation in decision making in SCIE followed by participative decision making (Mean Rank = 2.04). In contrary, the respondents ranked formal and informal participation as the least practiced types of employee participation in decision making in SCIE with a mean rank of 1.79.

However, in order to check whether these observed differences are statistically significant or not, the researcher applies the Friedman procedure test. Table 4.9 presents the SPSS output of the Friedman Test Statistics for the identified dimensions of types of employee participation in decision making.

**Table 4.9: Friedman Test Statistics for Types of Employee Participation**

Test Statistics <sup>a</sup>	
N	202
Chi-Square	16.834
Df	2
Asymp. Sig.	.000
a. Friedman Test	

As reported in the Table 4.9 above, the computed Friedman Chi-square statistics is 16.834 with two degree of freedom and the Asymptotic p-value is 0.000, which is less than 0.05. Hence, we conclude that the observed differences in the rankings among the three dimensions of types of employee participation in decision making in SCIE are not simply by chance. Therefore, the practice of the aforementioned types of employee participation in decision making in SCIE are statistically different and not simply by chance.

In conclusion, the study revealed that among the three dimensions of types of employee participation in decision making, representative participation is the dominant or the highly practiced type of employee participation in decision making in SCIE followed by participative decision making. On the other hand, formal and informal are the least practiced types of employee participation in decision making in SCIE.

## 4.4 Organizational Performance of SCIE

In order to measure the organizational performance of SCIE, a model developed by AARP and Datar *et al.* (2007) is utilized in this study. The model used social impact and value (impact) as the best dimensions for measuring the organizational performances of NGOs. Respondents were asked to demonstrate their agreement with 2 questions in order to learn about their perception about the organizational performance of SCIE. The following table presents the result of the survey.

**Table 4.10: Frequency of Organizational Performance of SCIE**

Organizational Performance of SCIE	Frequency					Mean
	SD	D	N	A	SA	
My organization has served a desired number of beneficiaries throughout its programs/projects.	20 9.9%	52 25.7%	35 17.3%	42 20.8%	53 26.2%	3.2772
My organization has affected large number of beneficiaries and changed their livelihoods.	44 21.8%	32 15.8%	44 21.8%	56 27.7%	25 12.4%	2.9901
<b>Overall Organizational Performance of SCIE Mean Score</b>						<b>3.1336</b>

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021

From the above table 4.10, among the indicators of measuring the organizational performance of SCIE, majority (47%) of respondents or staffs of SCIE were agreed or highly agreed that SCIE has served a desired number of beneficiaries throughout its programs/projects. On the other hand, 40.1% of the respondents were agreed of strongly agreed with a statement stating that SCIE has affected large number of beneficiaries and changed their livelihoods.

In conclusion, despite Datar *et al.* (2007), Teelken (2008), and Kapur (2020) suggesting that social impact and value (impact) is the most comprehensive performance measure for NGOs, as indicated in this study, this indicator (i.e., social impact and value) is identified as an indicator for measuring the organizational performance of SCIE among the remaining indicators.

## 4.5 Correlation Analysis

This study used both descriptive and explanatory designs to reach at the identified objectives. Correlation analysis is one of explanatory design that is intended to address the objectives and hypotheses identified in this study. As stated by Gamji (2014) and Mhetras (1966), there are five levels of employee participation in decision making. The following section presents the impact of each level of participation on the organizational performance of SCIE and presents the results of hypotheses of each participation level.

#### 4.5.1 The Levels of Participation and Organizational Performance

In order to examine the impact of each participation level on the organizational performance of SCIE, the measurement that is applied here is the Pearson correlation coefficient with its associated sig. values (p-values). The correlation coefficient (r) represents the linear relationship between two variables. Correlation analysis helps to gain insight into the direction and strength of correlation between variables (Almaquist *et al.*, 2016).

As stated in Almaquist *et al.* (2016), the correlation coefficient 1 or -1 is termed as perfect, -0.9 to -0.7 (or 0.7 to 0.9) termed as very strong, -0.69 to -0.5 (or 0.5 to 0.69) termed as substantial association, -0.49 to -0.30 (or 0.30 to 0.49) termed as moderate, -0.29 to -0.1 (or 0.10 to 0.29) termed as low, and from -0.09 to -0.01 (or 0.01 to 0.09) termed as negligible association. Based on this premises, the correlation analysis was conducted and presented as below.

**Table 4.11: Pearson Correlation: Relationship between Levels of Participation and Organizational Performance**

		IPL	CPL	APL	ADPL	DPL	OP
Informative Participation Level	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	202					
Consultative Participation Level	Pearson Correlation	.653**	1				
	Sig. (2-tailed)	.000					
	N	202	202				
Associative Participation Level	Pearson Correlation	.756**	.595**	1			
	Sig. (2-tailed)	.000	.000				
	N	202	202	202			
Administrative Participation Level	Pearson Correlation	.777**	.620**	.700**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	202	202	202	202		
Decisive Participation Level	Pearson Correlation	.553**	.448**	.596**	.555**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.	
	N	202	202	202	202	202	
Organizational Performance	Pearson Correlation	.732**	.528**	.639**	.590**	.442**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	202	202	202	202	202	202

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: *Own Survey Result (2021), SPSS Output*

According to Table 4.11, the coefficients indicated that all participation levels were positively related to the organizational performance of SCIE. As stated by Almaquist *et al.* (2016), a positive correlation coefficient indicates that as one variable increases in value, so does the other; while a negative value indicates a negative linear relationship between variables and as one variable increases in value, the other variable decreases in value. Hence, this study

revealed that there is a positive linear relationship between all levels of participation (i.e., informative, consultative, associative, administrative, and decisive participation levels) and organizational performance of SCIE. This means that the extent of implementation of all participation levels have positive impact on the organizational performance of SCIE.

Concerning the relationship between the dependent and independent variables, as stated by Almaquist *et al.* (2016), correlation is significant at the 0.01 level during a 2-tailed significance. Based on this, as indicated in table 4.11, there is statistically significant relationship between all levels of participation and organizational performance of SCIE. As indicated in the above table, there is statistically significant relationship between informative participation level and organizational performance of SCIE ( $r = 0.732, 0.000; p < 0.01$ ), consultative participation level and organizational performance of SCIE ( $r = 0.528, 0.000; p < 0.01$ ), associative participation level and organizational performance of SCIE ( $r = 0.639, 0.000; p < 0.01$ ), administrative participation level and organizational performance of SCIE ( $r = 0.590, 0.000; p < 0.01$ ), and decisive participation level and organizational performance of SCIE ( $r = 0.442, 0.000; p < 0.01$ ).

As per the classification of relationship strength stated by Almaquist *et al.* (2016), there is statistically significant, positive, and very strong relationship between informative participation level and organizational performance of SCIE. Besides this, there is substantial association between associative participation level and organizational performance, administrative participation level and organizational performance, and between consultative participation level and organizational performance of SCIE. Furthermore, the study revealed that there is moderate relationship between decisive participation level and organizational performance of SCIE. Among the identified the five levels of participation, there is relatively strongest relationship between informative participation level and organizational performance followed by associative, administrative, consultative, and decisive participation levels respectively.

#### **4.5.2 Types of Employee Participation and Organizational Performance**

Different authors classified the types of employee participation in decision making within an organization. In this study, formal and informal participation, representative participation, and participative decision making are identified and the following section presents the correlation analysis between the types of employee participation and organizational performance and the results of the hypotheses tests.

In order to examine the impact of each type of employee participation in decision making on the organizational performance of SCIE, the measurement that is applied here is the Pearson correlation coefficient with its associated sig. values (p-values). The correlation coefficient (r) represents the linear relationship between two variables. Correlation analysis helps to gain insight into the direction and strength of correlation between variables (Almaquist *et al.*, 2016).

**Table 4.12: Pearson Correlation: Relationship between Types of Employee Participation and Organizational Performance**

		F&I P	PDM	RP	OP
Formal and Informal Participation	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	202			
Participative Decision Making	Pearson Correlation	.729**	1		
	Sig. (2-tailed)	.000			
	N	202	202		
Representative Participation	Pearson Correlation	.691**	.693**	1	
	Sig. (2-tailed)	.000	.000		
	N	202	202	202	
Organizational Performance	Pearson Correlation	.690**	.714**	.704**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	202	202	202	202

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: *Own Survey Result (2021), SPSS Output*

According to Table 4.12, the correlation coefficients indicated that the identified three types of employee participation in decision making were positively related to the organizational performance of SCIE. As stated by Almaquist *et al.* (2016), a positive correlation coefficient indicates that as one variable increases in value, so does the other; while a negative value indicates a negative linear relationship between variables and as one variable increases in value, the other variable decreases in value. Hence, this study revealed that there is a positive linear relationship between all types of employee participation (i.e., formal and informal, participative decision making, and representative participation) and organizational performance of SCIE.

Based on this, as indicated in table 4.12, there is statistically significant relationship between the identified types of employee participation in decision making and organizational performance of SCIE. As indicated in the above table, there is statistically significant relationship between formal & informal participation of employees in decision making and organizational performance of SCIE ( $r = 0.690, 0.000; p < 0.01$ ), participative decision making

and organizational performance of SCIE ( $r = 0.714, 0.000; p < 0.01$ ), and representative participation and organizational performance of SCIE ( $r = 0.704, 0.000; p < 0.01$ ).

As per the classification of relationship strength stated by Almaquist *et al.* (2016), there is statistically significant, positive, and very strong relationship between participative decision making and organizational performance and between representative participation and organizational performance. However, the study revealed that there is substantial relationship between formal & informal participation of employees in decision making and organizational performance of SCIE. Among the identified three types of employee participation in decision making, there is relatively strongest relationship between participative decision making and organizational performance followed by representative participation and formal & informal participation of employees in decision making respectively.

## **4.6 Regression Analysis**

The researcher used a multiple linear regression analysis to address the research's third, fourth, and fifth objectives, as well as the results of hypotheses tests. Classical model assumptions were validated before running the regression analysis, and the results are as follows.

### **4.6.1 Diagnostic Test of Assumptions**

To test multiple linear regressions, it is first necessary to test the classical assumption that includes linearity, normality test, autocorrelation test, and multicollinearity test. The results of each assumption are presented as follow.

#### **I. Linearity Test**

Linearity test aims to determine the relationship between independent variables and the dependent variable is linear or not. The linearity test is a requirement in the correlation and linear regression analysis (Almquist *et al.*, 2016). If the value of sig. deviation from linearity in the ANOVA test is greater than 0.05, then the relationship between the independent variables is linearly dependent, and if the value is less than 0.05, then the relationship between independent variables with the dependent is not linear. Table 4.13 presents the result of linearity test.

**Table 4.13: Linearity Test (ANOVA Table)**

			Sum of Squares	Df	Mean Square	F	Sig.
Organizational Performance * Informative Participation Level	Between Groups	(Combined)	197.660	8	24.707	33.293	.000
		Linearity	182.750	1	182.750	246.250	.000
		Deviation from Linearity	14.909	7	2.130	2.870	.070
	Within Groups		143.232	193	.742		
	Total		340.891	201			
Organizational Performance * Consultative Participation Level	Between Groups	(Combined)	116.168	11	10.561	8.929	.000
		Linearity	95.123	1	95.123	80.425	.000
		Deviation from Linearity	21.045	10	2.104	1.779	.067
	Within Groups		224.723	190	1.183		
	Total		340.891	201			
Organizational Performance * Associative Participation Level	Between Groups	(Combined)	154.626	8	19.328	20.027	.000
		Linearity	139.103	1	139.103	144.132	.000
		Deviation from Linearity	15.523	7	2.218	2.298	.092
	Within Groups		186.265	193	.965		
	Total		340.891	201			
Organizational Performance * Administrative Participation Level	Between Groups	(Combined)	137.437	8	17.180	16.297	.000
		Linearity	118.543	1	118.543	112.452	.000
		Deviation from Linearity	18.894	7	2.699	2.561	.051
	Within Groups		203.454	193	1.054		
	Total		340.891	201			
Organizational Performance * Decisive Participation Level	Between Groups	(Combined)	71.534	8	8.942	6.407	.000
		Linearity	66.601	1	66.601	47.721	.000
		Deviation from Linearity	4.933	7	.705	.505	.830
	Within Groups		269.357	193	1.396		
	Total		340.891	201			
Organizational Performance * Formal & Informal Participation	Between Groups	(Combined)	194.315	8	12.145	15.328	.000
		Linearity	162.156	1	162.156	204.664	.000
		Deviation from Linearity	32.159	7	2.144	2.706	.054
	Within Groups		146.576	193	.792		
	Total		340.891	201			
Organizational Performance * Participative Decision Making	Between Groups	(Combined)	208.569	8	13.036	18.225	.000
		Linearity	173.800	1	173.800	242.992	.000
		Deviation from Linearity	34.769	7	2.318	3.241	.214
	Within Groups		132.322	185	.715		
	Total		340.891	201			
Organizational Performance * Representative Participation	Between Groups	(Combined)	185.577	16	11.599	13.815	.000
		Linearity	169.136	1	169.136	201.464	.000
		Deviation from Linearity	16.440	15	1.096	1.305	.202
	Within Groups		155.314	185	.840		
	Total		340.891	201			

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021

Based on the ANOVA Output Table as indicated above, value sig. Deviation from Linearity of all independent variables is found greater than 0.05. Therefore, it can be concluded that there is a linear relationship between each dependent and independent variable.

## II. Autocorrelation Test

For conducting a regression analysis, there must be no autocorrelation. Fortunately, we can identify this issue using the Durbin–Watson test. The **Durbin–Watson** indicates the autocorrelation test result. Thus, as stated by Almquist *et al.* (2016), if Durbin–Watson values lie between 0 and 4, we can say that there is no autocorrelation. As indicated in table 4.15, we can see that the value of Durbin-Watson of a regression model with eight independent variables and 202 observations is 1.753. From this, we can conclude that there is no autocorrelation, and we can proceed with the regression model.

## III. Multicollinearity Test

Different methods are often suggested to detect the existence of multicollinearity problem. Variance inflation factors (VIF) technique and tolerance are mostly used for this test. As stated by Almquist *et al.* (2016), the decision-making criteria is if the VIF value lies between 1 – 10, then there is no multicollinearity and if the VIF value  $< 1$  or  $> 10$ , then there is multicollinearity. If the value of tolerance is less than 0.2 or 0.1 and, simultaneously, the value of VIF 10 and above, then the multicollinearity is problematic. Based on these criteria, the tests were conducted on the independent variables and the result is shown as below.

**Table 4.14: Multicollinearity Test**

Independent Variables	Tolerance	VIF
Informative Participation Level	.220	4.537
Consultative Participation Level	.501	1.994
Associative Participation Level	.302	3.306
Administrative Participation Level	.309	3.237
Decisive Participation Level	.593	1.685
Formal & Informal Participation	.302	3.308
Participative Decision Making	.333	3.003
Representative Participation	.316	3.164

Source: Compiled from Survey Questionnaires using SPSS V 25, 2021

Based on the coefficients output of collinearity statistics, obtained VIF value of all independent variables obtained is between 1 to 10. Besides this, the value of tolerance for all independent variables is above 0.2. Hence, it can be concluded that there are no multicollinearity symptoms. This implies that each independent variable can be used most effectively to predict or understand the dependent variable in a regression model.



#### IV. Normality Test

In order to test the normality, the researcher used a normal probability plot test by using SPSS. As it is indicated in Almquist *et al.* (2016), the decision-making criteria is if the points follow the diagonal line, it can be concluded that the value is normally distributed. Conversely, if the points do not follow the diagonal line, it can be concluded that the residual value is abnormally distributed. The normal probability plot of the SPSS output is presented as below.

Normal P-P Plot of Regression Standardized Residual  
Dependent Variable: OP Impact Mean

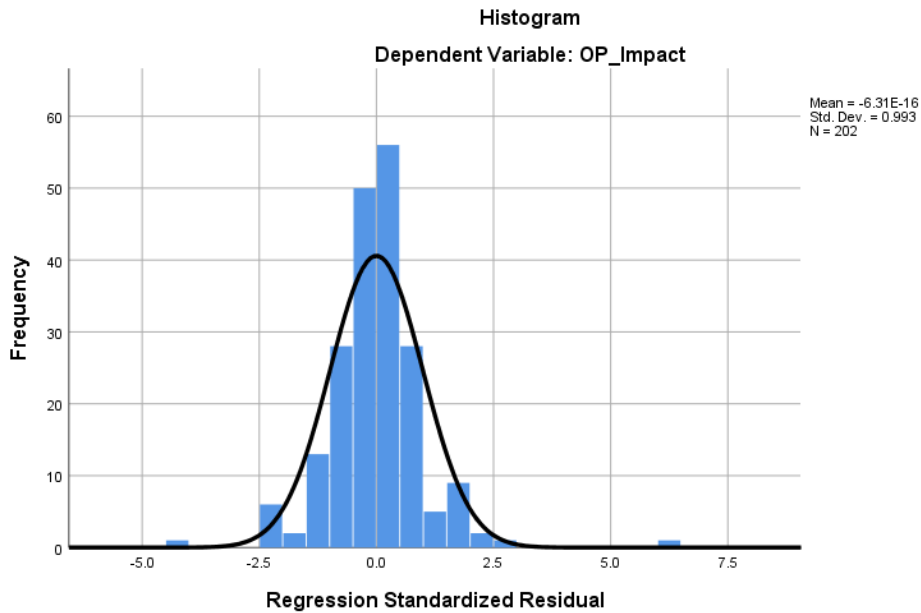


**Figure 4.1: Normal P-P Plot**  
Source: Own Computations, 2021

Based on normal chart probability the above plot, we can see that the existing points always follow and approach the diagonal line. Thus, it can be concluded that the residual value is normally distributed so that the regression analysis procedure has been fulfilled.

#### V. Residual Normality Test

One of the classical linear regression model assumptions is the error term should be normally distributed or expected value of the error term should be normally distributed or expected value of the error terms should be zero ( $E(UT) = 0$ ). The researcher used histogram to identify normal distribution of residuals and the result is presented as follow.



**Figure 4.2: Regression Standardized Residual**

Source: Own Computations, 2021

This indicates that standard residuals are a little bit far away from the curve, many of the residuals are fairly close more to the curve and the histogram is bell shaped. This implies that the majority of scores lie around the center of the distribution (so the largest bars on the histogram are all around the central value). This indicates that the residuals are normally distributed.

## 4.6.2 Regression Results

### 4.6.2.1 Model Summary

The first table of the linear regression model is the Model Summary table. It provides detail about the characteristics of the model. This table provides the R, R<sup>2</sup>, adjusted R<sup>2</sup>, and the standard error of the estimate, which can be used to determine how well a regression model fits the data. In the present case, informative, consultative, associative, administrative, and decisive participation levels; as well as formal and informal participation, participative decision making, and representative participation were the main variables considered. The model summary table looks like below.

**Table 4.15: Model Summary of Multiple Linear Regressions**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.801 <sup>a</sup>	.641	.626	.79623	1.753

a. Predictors: (Constant), Informative Participation Level, Consultative Participation Level, Associative Participation Level, Administrative Participation Level, Decisive Participation Level, Formal and Informal Participation, Participative Decision Making, and Representative Participation

b. Dependent Variable: Organizational Performance (Impact)

Source: Own computations, 2021

As stated by Almaquist *et al.* (2016), R-value represents the Pearson correlation coefficient between the dependent and independent variable and a value greater than 0.4 is taken for further analysis. In this case, as indicated in table 4.15, the value is .801 which is very good as per the classification range of correlation stated by Almaquist *et al.* (2016). This indicates that a very good level of prediction.

R-square is simply the value of R squared (R multiplied by itself) also termed as “the coefficient of determination” shows the total variation for the dependent variable i.e., organizational performance (impact) that could be explained by the independent variables (i.e., the eight predictor variables). A value greater than 0.5 shows that the model is effective enough to determine the relationship. In this case, as indicated in table 4.15, the value of R-square is .641, which is good and implies that the model is effective enough to determine the relationship between dependent variables and the eight predictors. Table 4.15 also shows the result of adjusted R-square. Adjusted R-square shows the generalization of the results i.e., the variation of the sample results from the population in multiple regression. In this case, the value of adjusted R-square is .626. As indicated in Almaquist *et al.* (2016), R square is used for interpretation when the study is worked with samples. Hence, total population is not considered in this study or since the researcher used a sample, we consider the value of R square value (0.641). This indicates that 64.1% of the data fit the regression model. In another word, the value of R square indicates that, the identified independent variables used in this model explain 64.1% of the variation in organizational performance in SCIE.

From the model summary, one can conclude that the explanatory variable, which is the aforementioned eight independent variables jointly, explained 64.1% of organizational performance in SCIE. The remaining 35.9% variation in the organizational performance in SCIE is caused by other factors or variables, which are not included in this study. Therefore, the model summary table is satisfactory to proceed with the next step.

#### 4.6.2.2 ANOVA Table

This is the second table in a regression test in SPSS. It determines whether the model is significant enough to determine the outcome. It looks like table below.

**Table 4.16: ANOVA Result of Multiple Linear Regression Model**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	218.532	8	27.317	43.087	.000 <sup>b</sup>
	Residual	122.359	193	.634		
	Total	340.891	201			
a. Dependent Variable: Organizational Performance (Impact)						
b. Predictors: (Constant), Informative Participation Level, Consultative Participation Level, Associative Participation Level, Administrative Participation Level, Decisive Participation Level, Formal and Informal Participation, Participative Decision Making, and Representative Participation						

Source: Own computations, 2021

Table 4.16 indicates P-value/ Sig value and F-ratio values. The p-value result is crucial to decide the reliability of the regression result. P-value/ Sig value: Generally, 95% confidence interval or 5% level of the significance level is chosen for the study. As indicated in Almaquist *et al.* (2016), if the p-value is less than 0.05, it indicates that the group of independent variables shows a statistically significant relationship with the dependent variable, or that the group of independent variables reliably predicts the dependent variable. If the p-value is greater than 0.05, the opposite will happen. In the above table, P-value/ Sig value is .000. Therefore, the result is significant. F-ratio represents an improvement in the prediction of the variable by fitting the model after considering the inaccuracy present in the model. As stated by Almaquist *et al.* (2016), a value is greater than 1 for F-ratio yield efficient model. In the above table, the value is 43.087, which is good. These results estimate that as the p-value of the ANOVA table is below the tolerable significance level, thus there is a possibility of rejecting the null hypothesis in further analysis.

However, this is an overall significance test assessing whether the group of independent variables when used together reliably predict the dependent variable and does not address the ability of any of the independent variables to predict the dependent variable. The ability of each individual independent variable to predict the dependent variable is addressed in the table 4.17 below, where each of the individual variable are listed.

### 4.6.2.3 Coefficient Table

Below table shows the strength of the relationship i.e., the significance of the variable in the model and magnitude with which it impacts the dependent variable. This analysis helps in performing the hypothesis testing for a study.

**Table 4.17: Multiple Linear Regression-Beta Coefficients of Independent Variables**

Model		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.160	.247		.648	.011	.132	.646
	Informative Participation Level	.311	.074	.294	4.227	.002	.122	.513
	Consultative Participation Level	.004	.002	.003	1.699	.001	.003	.192
	Associative Participation Level	.012	.007	.010	1.714	.005	.011	.169
	Administrative Participation Level	.206	.086	.185	2.386	.018	.036	.377
	Decisive Participation Level	.016	.009	.012	1.778	.011	.013	.170
	Formal & Informal Participation	.260	.083	.197	3.141	.013	.057	.474
	Participative Decision Making	.296	.092	.316	3.212	.000	.213	.586
	Representative Participation	.216	.088	.246	2.453	.002	.123	.514

a. Dependent Variable: Organizational Performance (Impact)

Source: Own Computations, 2021

As indicated in table 4.17, regression intercept (labelled Constant in SPSS) takes the value 0.160 and is the predicted value of organizational performance of SCIE when the predictors take value 0. As stated by Almaquist *et al.*, (2016), unstandardized coefficient represents the amount by which dependent variable changes if we change independent variable by one unit keeping other independent variables constant. As shown in the above table, there is a positive association between all independent variables and organizational performance in SCIE. As a rule of thumb, coefficients having p-values less than alpha (0.05) are statistically significant; and greater than alpha (0.05) are not statistically significant (Almaquist *et al.*, 2016).

As indicated in table 4.17, the regression slope, or unstandardized coefficient, (B in SPSS) takes value 0.311 for informative participation level, 0.004 for consultative participation level, 0.012 for associative participation level, 0.206 for administrative participation level, 0.016 for decisive participation level, 0.260 for formal and informal participation, 0.296 for participative decision making, and 0.216 for representative participation is statistically at the 0.05 level since the p-value is .002, .001, .005, .018, .011, .013, .001, and .002 respectively; which is less than 0.05 level.

A multiple regression was run to predict OP from informative participation level, consultative participation level, associative participation level, administrative participation level, decisive participation level, formal and informal participation, participative decision making, and representative participation. These variables statistically significantly predicted OP,  $F(8, 193) = 43.087, p < .0005, R^2 = .801$ . All eight variables added statistically significantly to the prediction,  $p < .05$ . From this, the study concludes that there is a positive and statistically significant association between all independent variables and dependent variable.

Furthermore, in the above table, the results of association of independent variables with dependent variable is presented as below.

**Informative Participation Level** – the coefficient (parameter estimate) is .311. This indicates that for every unit increase in informative participation level, there is a 0.311 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named informative participation level is statistically significantly different from 0, because the p-value is .002, which is less than .05.

**Consultative Participation Level** – the coefficient (parameter estimate) is .004. This indicates that for every unit increase in consultative participation level, there is a 0.004 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named consultative participation level is statistically significantly different from 0, because the p-value is .001, which is less than .05.

**Associative Participation Level** – the coefficient (parameter estimate) is .012. This indicates that for every unit increase in associative participation level, there is a 0.012 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named associative participation level is statistically significantly different from 0, because the p-value is .005, which is less than .05.

**Administrative Participation Level** – the coefficient (parameter estimate) is .206. This indicates that for every unit increase in administrative participation level, there is a 0.206 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named administrative participation level is statistically significantly different from 0, because the p-value is .018, which is less than .05.

**Decisive Participation Level** – the coefficient (parameter estimate) is .016. This indicates that for every unit increase in decisive participation level, there is a 0.016 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named decisive participation level is statistically significantly different from 0, because the p-value is .011, which is less than .05.

**Formal and Informal Participation** – the coefficient (parameter estimate) is .260. This indicates that for every unit increase in formal and informal participation, there is a 0.260 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named formal and informal participation is statistically significantly different from 0, because the p-value is .013, which is less than .05.

**Participative Decision Making** – the coefficient (parameter estimate) is .296. This indicates that for every unit increase in participative decision making, there is a 0.296 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named participative decision making is statistically significantly different from 0, because the p-value is .001, which is less than .05.

**Representative Participation** – the coefficient (parameter estimate) is .216. This indicates that for every unit increase in representative participative, there is a 0.216 unit increase in the predicted organizational performance in SCIE, holding all other variables constant. The variable named representative participative is statistically significantly different from 0, because the p-value is .002, which is less than .05. From the above analysis, it can be concluded that the estimated regression equation was:

$$OP = 0.16 + 0.311IPL + 0.004CPL + 0.012APL + 0.206ADPL + 0.016DPL + 0.26FIP + 0.296PDM + 0.216RP + \epsilon$$

Where, OP denotes organizational performance (impact), IPL, CPL, APL, ADPL, DPL, FIP, PDM, and RP denotes Informative Participation Level, Consultative Participation Level, Associative Participation Level, Administrative Participation Level, Decisive Participation Level, Formal and Informal Participation, Participative Decision Making, and Representative Participation respectively. The result as indicated in table 4.20 above, among the identified independent variables, informative participation level has the highest B coefficient value followed by participative decision making, formal & informal participation, representative participation, administrative participation, decisive participation level, associative participation level, and consultative participation level respectively.

## 4.7 Results of Hypothesis Tests

To examine the employee participation in decision making in the case of SCIE, the research has formulated eight hypotheses. Based on the multiple linear regression analysis result presented on table 4.17 above, the results of the hypotheses tests presented as follow.

***Hypothesis – 01: Informative Participation Level has no significant impact on the Organizational Performance of SCIE.***

**Ho:** Informative Participation Levels has no significant impact on the Organizational Performance of SCIE.

**H1:** Informative Participation Levels has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of informative participation level is 4.227, which is more than 1.645 while its p-value 0.002, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.122, upper bound = 0.513) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H01) and accept the alternate hypothesis (H1) which said that “Informative Participation Levels has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Informative Participation Level has significant impact on the Organizational Performance of SCIE.

This finding supports the previous studies of Abdulrahman (2016), Kapur (2020), and Bhatti and Qureshi (2007), stating that sharing of information with workers regarding economic position of firms and other related issues will provide an opportunity to get supportive information to the organization and if the management properly utilized the information, it would lead to enhanced organizational performance. These studies revealed that in the informative participation level, employees are informed in terms of the changes that are to take place in the functioning of the organization and hence it would lead to enhanced performance for the organization. Furthermore, in this participation level, workers think that they are primarily involved in the decisions made about their jobs, but also in decisions made about their departments, general policies, future strategies, and even routine operations to maximize the performance of their organizations.



## **Hypothesis Two**

***Hypothesis – 02: Consultative Participation Level has no significant impact on the Organizational Performance of SCIE.***

**Ho:** Consultative Participation Level has no significant impact on the Organizational Performance of SCIE.

**H1:** Consultative Participation Level has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of consultative participation level is 1.699, which is more than 1.645 while its p-value 0.001, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.003, upper bound = 0.192) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H01) and accept the alternate hypothesis (H1) which said that “Consultative Participation Levels has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Consultative Participation Level has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the previous studies of Schuster (2004), Cummings and Malloy (1997), Lee (2002), Thornton (2009), Cotton, *et al.* (2014), and Totorich, *et al.* (2009). Anitha (2014) also found that workers who have greater choice concerning how to do their own work have high job satisfaction and consequently high job performance. According to these studies, in consultative participation level, rewards are tied to suggestions without formal participative plans, and this will motivate the employees for a better performance and hence would have a positive impact on the performance of the organization. However, this finding of the study is against the finding of a study conducted by Mohrman and Novelli (2009) which concludes that consultative participation of employees on decision making has no impact on the performance of organization.

### **Hypothesis Three**

***Hypothesis – 03: Associative Participation Level has no significant impact on the Organizational Performance of SCIE.***

**H<sub>0</sub>:** Associative Participation Level has no significant impact on the Organizational Performance of SCIE.

**H<sub>1</sub>:** Associative Participation Level has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of associative participation level is 1.714, which is more than 1.645 while its p-value 0.005, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.011, upper bound = 0.169) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H<sub>0</sub>) and accept the alternate hypothesis (H<sub>1</sub>) which said that “Associative Participation Levels has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Associative Participation Level has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the previous studies of Cotton, *et al.* (2014) and Kapur (2020). These studies revealed that, in this participation level, since the workers have the right to receive information and discuss important matters of the organization, and since they are not only receive information and discuss the issues, and they would also provide constructive suggestions and hence would have a positive impact on the performance of the organization if the information is accepted by the management. However, Kapur (2020) further stated that there is a possibility that associative participation level has no impact on the performance of the organization. This is when the management feel that the suggestions of the workers is not beneficial to the organization and reject their suggestions.

## **Hypothesis Four**

***Hypothesis – 04: Administrative Participation Level has no significant impact on the Organizational Performance of SCIE.***

**Ho:** Administrative Participation Level has no significant impact on the Organizational Performance of SCIE.

**H1:** Administrative Participation Level has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of administrative participation level is 2.386, which is more than 1.645 while its p-value 0.018, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.036, upper bound = 0.377) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H01) and accept the alternate hypothesis (H1) which said that “Administrative Participation Levels has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Administrative Participation Level has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the previous works of Thornton (2009) and Kapur (2020). Thornton (2009) stated that in this participation level, the decisions are taken jointly by the management and the workers of an organization; and there would be a collaborative implementation of the decisions and hence contribute to the enhancement of the organizational performance. Kapur (2020) also supported this finding and explained that, in the case of administrative participation, management consults committees as to the mode of implementation. Thus, members have a greater role in implementing a decision and thereby enhance the performance of the organization.

## **Hypothesis Five**

***Hypothesis – 05: Decisive Participation Level has no significant impact on the Organizational Performance of SCIE.***

**Ho:** Decisive Participation Level has no significant impact on the Organizational Performance of SCIE.

**H1:** Decisive Participation Level has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of decisive participation level is 1.778, which is more than 1.645 while its p-value 0.011, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.013, upper bound = 0.170) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H0) and accept the alternate hypothesis (H1) which said that “Decisive Participation Levels has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Decisive Participation Level has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the previous studies of Patchen (2001) and Cotton, *et al.* (2014). Patchen (2001) in his study suggests that, along with other consequences, increased participation in institutional decision-making leads to greater job satisfaction and work achievement, as well as greater individual integration into the organization. Cotton, *et al.* (2014) have justified this that in workers’ participation, they put their efforts, invest their labor for the organization, and they are contributing to the outcome, hence they would contribute enhanced performance for the organization.

## **Hypothesis Six**

***Hypothesis – 06: Formal and Informal Participation of Employees in Decision Making has no significant impact on the Organizational Performance of SCIE.***

**Ho:** Formal and Informal Participation of Employees in Decision Making has no significant impact on the Organizational Performance of SCIE.

**H1:** Formal and Informal Participation of Employees in Decision Making has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of formal and informal participation of employees in decision making is 3.141, which is more than 1.645 while its p-value 0.013, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.057, upper bound = 0.474) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H01) and accept the alternate hypothesis (H1) which said that “Formal and Informal Participation of Employees in Decision Making has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Formal and Informal Participation of Employees in Decision Making has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the previous study conducted by Mareign (2018) in the case of three-star hotels in Gondar (Ethiopia). Besides this, the finding of this study supports the previous studies of Fleishman (1965), Neider (1980), and Jenkins & Lawler (1981). Their study revealed that formal participation of employees on decision making has statistically significant and positive impact on work efficiency, productivity, and organizational performance. On the other hand, the finding of this study also supports the previous studies of Abdel-Halim (1983), Ivancevich (1979), and Vroom (1959) which revealed that informal participation of employees in decision making has a positive impact on the productivity/performance of the organization.

However, the finding of this study is against the findings of previous studies of Berkowitz (2003) which revealed that informal participation of employees in decision making has no impact on the productivity/performance of the organization.

## **Hypothesis Seven**

***Hypothesis – 07: Participative Decision Making has no significant impact on the Organizational Performance of SCIE.***

**Ho:** Participative Decision Making has no significant impact on the Organizational Performance of SCIE.

**H1:** Participative Decision Making has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of participative decision making is 3.212, which is more than 1.645 while its p-value 0.001, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.213, upper bound = 0.586) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H01) and accept the alternate hypothesis (H1) which said that “Participative Decision Making has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Participative Decision Making has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the findings of the previous studies of Rhokeyun (2007), Kuye and Sulaimon (2011), Owolabi & Abdul-Hameed (2011), Tchaphet (2013), Ojokuku & Sajuyigbe (2014), Isichei and Ukandi (2015), Irawanto (2015), Abdulrahman (2016), and Dede, (2019). These studies concluded that when employees participate in decision making, implementation becomes easy, and creates a good working environment, increases commitment and satisfaction on decisions taken and increases employee’s moral since they feel recognized and as part of the team in the organization and the direct consequence of all this improved performance. However, some studies have reported different findings. James (2006) surmise that the cost of implementing participatory management systems may far exceed the actual return and therefore employee participation has very little impact on organizational performance. The other study by MSG (2016) indicates that employee participation has negative impact on organizational performance. As the name implies, it represents increased involvement, and i.e., to many people involved in the decision-making process of the firm, and this in turn delay entire decision process because of a lot of disagreement among member bodies involved in the decision-making process (MSG, 2016). More so, it takes time to verify the accuracy of information which may lead to delay in decision making process.

## **Hypothesis Eight**

*Hypothesis – 08: Representative Participation of Employees in Decision Making has no significant impact on the Organizational Performance of SCIE.*

**Ho:** Representative Participation of Employees in Decision Making has no significant impact on the Organizational Performance of SCIE.

**H1:** Representative Participation of Employees in Decision Making has significant impact on the Organizational Performance of SCIE.

**Interpretation:** Drawing inference from our regression result in table 4.17 above, the analysis showed that the t-value of representative participation of employees in decision making is 2.453, which is more than 1.645 while its p-value 0.002, which is less than  $p < 0.05$  level of significance and at the 95% level of confidence intervals: (lower bound = 0.123, upper bound = 0.514) which does not straddle the zero in between with which the researcher worked with. Thus, we reject the null hypothesis (H01) and accept the alternate hypothesis (H1) which said that “Representative Participation of Employees in Decision Making has significant impact on the Organizational Performance of SCIE”. Hence, the study revealed that, Representative Participation of Employees in Decision Making has significant impact on the Organizational Performance of SCIE.

This finding of the study supports the findings of the previous studies of Rosenberg and Rosenstein (2003). These studies revealed that representative participation of employees in decision making has positive impact on productivity/performance. They explained that when organizations involve their employees through the intermediary of employee representative bodies, their emotional affiliation with the organization increases. However, the finding of this study is against the finding of the previous study conducted by Rus (2003). A study conducted by Rus (2003) revealed that representative participation of employees in decision making has negative impact on the productivity/performance of the organization. On the other hand, the previous study of Witte (1980) revealed that representative participation of employees in decision making has no impact on the productivity/performance of the organization. With this, the study rejected all the eight null hypotheses and accept the alternative hypotheses.

## **CHAPTER FIVE: SUMMARY OF MAJOR FINDINGS, CONCLUSION, AND RECOMMENDATION**

This study aimed to examine the employee participation in decision making and its impact on the organizational performance of SCIE. In conducting this study, the required data was obtained through self-administered structured questionnaires. Validity and reliability tests were carried out for the adopted data collecting instruments. This chapter provides the summary of major findings, conclusions, and recommendations from the study. The major findings and conclusions are derived from the data analysis and interpretation, which are presented in chapter four. The recommendations are provided accordingly with the major findings of the study.

### **5.1 Summary of Major Findings**

This study intended to provide answers for the identified research questions. Moreover, the study has designed four specific objectives and eight hypotheses to test and address in the study. The first objective of the study was to analyze the level of employee participation in decision making in SCIE. In examining the levels of employee participation in decision making in SCIE, the study sought to seek response on the perceptions of the staffs across all existing occupational levels found in the organization. From the analysis of Friedman Test and Mean Rank analysis, the study revealed that among the five dimensions of levels of employee participation in decision making, associative participation, informative participation, and administrative participation are the dominant or the highly practiced levels of employee participation in decision making in SCIE. On the other hand, consultative and decisive participation are the least practiced levels of employee participation in decision making in SCIE.

The second objective of the study was to analyze the type of employee participation in decision making in SCIE. In examining the types of employee participation in decision making in SCIE, the study sought to seek response on the perceptions of the staffs across all existing occupational levels found in the organization. From the analysis of Friedman Test and Mean Rank analysis, the study revealed that among the three dimensions of types of employee participation in decision making, representative participation is the dominant or the highly practiced type of employee participation in decision making in SCIE followed by participative decision making. On the other hand, formal and informal are the least practiced



types of employee participation in decision making in SCIE. The study further examined the organizational performance of SCIE as per the perception of its employees and the study revealed that among the four dimensions of measuring the performance of SCIE, the employees of SCIE perceived that SCIE has highly performed if we measure the performance of the organization based on the social impact and value (impact) and resource and stewardship (inputs) respectively. On the other hand, the performance of SCIE is relatively lowest as we measure the performance based on the organizational leadership and integration (outputs) and people (outcomes) respectively.

For addressing the remaining objectives and hypothesizes, the study utilized correlation and multiple regression analysis. The correlation analysis revealed that there is positive and statistically significant relationship between all independent and dependent variables. The result of the hypotheses tests revealed that there is very strong relationship between informative participation level, participative decision making, and representative participation of employees in decision making; and organizational performance of SCIE. While there is a substantial relationship between formal & informal participation, associative participation level, administrative participation level, and consultative participation level; and organizational performance of SCIE. On the other hand, there is moderate relationship between decisive participation and organizational performance of SCIE. From this, the study concludes that there is strongest relationship between informative participation level and organizational performance of SCIE followed by participative decision making and representative participation respectively. In contrary, there is a weakest relationship between decisive participation and organizational performance of SCIE followed by consultative decision making and administrative participation level respectively. The regression analysis revealed that all independent variables have a statistically significant impact on the dependent variables i.e., organizational performance of SCIE.

## 5.2 Conclusions

There are a variety of the levels/degree of employee participation in decision making in an organization. Among a thorough review of literatures, five levels of employee participation in decision makings were identified. Based on the results from data analysis, the study concludes that associative participation, informative participation, and administrative participations are the dominant levels of employee participation. As types of employee participation in decision making were identified as a determinant variable for examining the impact of employee participation in decision making on organizational performance in SCIE, the researcher also identified three dimensions of types of employee participation in decision making. Based on the results from data analysis, the study concludes that representative participation and participative decision makings are the dominant or existing types of employee participation in decision making in SCIE. The study also examined the impact of the identified independent variables on the organizational performance of SCIE. The study concludes that there is positive and statistically significant relationship between all independent and dependent variables. The study concludes that there is strongest relationship between informative participation level and organizational performance of SCIE followed by participative decision making and representative participation respectively. In contrary, there is a weakest relationship between decisive participation and organizational performance of SCIE followed by consultative decision making and administrative participation level respectively.

## 5.3 Recommendations

Based on the conclusions as shown in previous section, the following measures are recommended for SCIE in order to reach the ultimate performance from the implementation of employees' participation in decision making dimensions and to enhance SCIEs' performance.

- As indicated in the study, types of employee participation in decision makings were the most influential dimensions that affect the impact of organizational performance of SCIE. With this the study recommends that: -
  - SCIE should give an opportunity for employees to participate in decision making processes through employees' representatives by electing employee representative and participate them at the top management decision makings.

- SCIE must develop a culture of direct and indirect participation of employees in the case of organizational decision makings. This is through creating different discussion platforms, formal periodic briefings, and informing the managers to give a briefing for their employees when new decisions are made.
- The study revealed that informative and participative decision making have strongest effect on the organizational performance of SCIE. Hence, the organization should give much emphasis on addressing the following issues.
  - Managers in SCIE should provide useful information about the organization to their employees and inform and seek their employees' opinion when decisions related to their career made by the management. This is through disseminating the information to the employees to provide their opinion before making decisions, preparing a suggestions box to collect any opinions of the employees, and motivating the employees to express their thoughts in every aspect.

## **5.4 Limitations and Future Research Direction**

### **5.4.1 Limitation of the Study**

This study has provided deep insight of the impact of employee participation in decision making on the organizational performance in INGOs namely SCIE. It, however, has some limitations. Methodologically, only quantitative data has been used in this study. This has significantly reduced the scope and applicability of the research. Besides this, among the INGOs working in Ethiopia, the study only focused on SCIE and hence the findings and conclusions of the study can't be generalized to INGOs working in Ethiopia. Hence, in order to generalize the findings of this study for INGOs working in Ethiopia, the study should have cover large number of INGOs. If any researcher wishes to replicate this study, they should be firstly aware of these limitations. Despite these limitations, it is believed that this study makes a significant contribution to the existing literature on employee participation in decision making and its impact on organizational performance in general and for INGOs in particular. The analytical results and recommendations in this research are good reference that can be used for other studies related with the study topic in Ethiopia as well as in Africa.

#### **5.4.2 Further Research Direction**

The current study only used a quantitative research approach. Therefore, future studies may consider collecting deeper data from the respondents via qualitative approaches. In addition to that, future studies should have to consider the antecedent variables related to this study. In addition, the findings of this study were geographically limited into the identified INGO named SCIE found in Addis Ababa (head office), Ethiopia. Hence, future studies suggested to conduct the study in wider range of scope by considering large number of INGOs in their respective head office and branch offices working outside Addis Ababa, Ethiopia. Future studies also should integrate more variables besides the identified variables to examine employee participations in decision making and its impact on organizational performance in this study for a better assessment and understanding of the subject matter. Furthermore, the study is concentrated on impacts of employee participation in decision making and its dimensions on organizational performance. Hence, further future research is recommended to examine the effects of employees' participation in decision making and its dimensions on other variables like employees' satisfaction, organizational culture etc. Additionally future research is recommended to find other variables of employees' participation in decision making which affects organizational performance.

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# Appendices

## Appendix A: Questionnaire



St. Mary's University, School of Graduate Studies

**Field of Study: Master of Business Administration**

**Title of the Research: *Employee Participation in Decision Making and its Impact on Organizational Performance: The case of Save The Children International Ethiopia, Addis Ababa, Ethiopia.***

The aim of this study was to examine the impact of employee participation in decision-making on organizational performance at Save the Children International Ethiopia, Head Office, Addis Ababa, Ethiopia. This questionnaire aids in the gathering of data for academic purposes. The report will be useful to the organization, non-governmental organizations, academics, and policymakers. Your involvement in this study is extremely valuable and greatly appreciated to address the study's concerns. All data collected will be kept in strict confidence and will not be used for any other purpose. *Therefore, you all not expected to write your name.*

**Thank You for Your Cooperation**

### Part I – Personal Information

1. Sex

A. Female

B. Male

2. Age

A. Below 20

B. 21 – 30

C. 31 - 40

D. 41- 50

E. >51

3. What is your highest level of Education?

A. High school Graduate

C. Diploma

E. Master's Degree

B. Certification

D. Degree

F. PHD

4. For how many years you worked in this Organization.

A. Less than one year

C. 6-10 years

E. 16-20 years

B. 1 – 5 years

D. 11-15 years

F. Above 20 years

5. What is your occupation while working in SCIE?

A. Assistant

B. Officer

C. Coordinator

D. Manager

E. Head/Director

## Part II – Level of Participation in Decision Making

Statements starting from 6 to 16 represents different questions to measure your degree of involvement in decision making in your organization. Mark "X" to show your agreement/disagreement.

S.No	Determining Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>A</b>	<b>Informative Participation</b>					
6	I receive useful information about my organization					
7	My supervisor informs me when decisions related to my career made by the management.					
<b>B</b>	<b>Consultative Participation</b>					
8	My boss actively seeks input from employees on most decisions					
9	My boss usually asks for my opinions and thoughts in decisions affecting my work					
10	Before taking any acting my boss consults with employees					
<b>C</b>	<b>Associative Participation</b>					
11	In my organization, employee's opinion is respected and considered.					
12	The top management believe that employees have inputs for making any decision related to the organization.					
<b>D</b>	<b>Administrative Participation</b>					
13	In my organization, there is low influence from the managers on how to do my job.					
14	In general, I am empowered to decide on how to do my job.					
<b>E</b>	<b>Decisive Participation</b>					
15	My organization gives me high degree of involvement in organizational decision-making processes.					
16	My superiors are receptive and listen to my ideas and suggestions.					

## Part III – Type of Participation in Decision Making

Statements starting from 17 to 28 represents different questions to measure the types of your participation in decision making in your organization. Mark "X" to show agreement/disagreement.

S.No	Determining Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>A</b>	<b>Formal and Informal Participation</b>					
17	My organization has a culture of allowing employees to participate in formal meetings and motivate them to be a part of the decision-making activities.					
18	My formal and informal participation in decision making in my organization create employees' satisfaction.					
19	Managers always motivated me in formal meetings to participate in decision making activities					
20	Top management of my organization are confident to give a chance for employees to participate in formal meetings and initiate us to be a part of decision-making activities.					
<b>B</b>	<b>Participative Decision Making</b>					
21	I am involved in making decisions that affect my work					
22	My organization values the contribution of its employees					
23	My manager consults me before making decisions that					

S.No	Determining Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	will affect me.					
24	Proposed decisions in my organization are made at the lowest possible level.					
<b>C</b>	<b>Representative Participation</b>					
25	My organization has elected employee representatives at the board					
26	Managements in my organization encourages sharing of information, ideas, and knowledge between managerial and non-managerial employees.					
27	My organization gives an opportunity for employees to participate in decision making processes through employees' representatives					
28	My organization has a culture of direct and indirect participation of employees in the case of organizational decision activities					

#### Part IV – Organizational Performance

The following section is designed to assess the organizational performance of Save The Children International. Please mark "X" to show to what extent you agree with each question.

S.No	Organizational Performance Indicators	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>D</b>	<b>Social Impact and Value (Impact)</b>					
29	My organization has served a desired number of beneficiaries throughout its programs/projects.					
30	My organization has affected large number of beneficiaries and changed their livelihoods.					

**Thank you for your time!**