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THE IMPACT OF EMPLOYEE'S PARTICIPATION
IN THE DECISION MAKING

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Abstract

Decision making is one fundamental part of management and managers make decisions that affect the operations, quality and success of their organization. Decision making process consists of eight steps namely: problem identification, identifying decision making criteria's, allocating weight to criteria, developing alternatives, analyzing alternatives, selecting an alternative, implementing the alternative and finally evaluating decision effectiveness. Decision making is an essence activity of manager. Despite that fact most the time managers make most of the decision, it is also important to participate employees in decision because it affects their performances which in turn reflect the effectiveness of an organization. So employee's participation in decision making is an important ingredient to strengthen an organization and create sense of ownership/empowerment among serving an organization. Furthermore, it reduces unnecessary burden on managers.

Key word: Decision making, employee participation



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II

Chapter one

1. Introduction

Decision making is considered to be a fundamental aspect of management and a key management role. Managers make a very important decision daily that affect the operations, quality and success of their organization. Managers at all level and in all areas of organization make decisions. (Stephen P.Robbins et al, 2012).

There are several steps to go through in order to arrive in decision. Decision making process consists of eight steps namely: identifying a problem, identifying decision criteria, allocating weight to criteria, developing alternatives, analyzing alternatives, selecting an alternative, implementing the alternative and finally evaluating decision effectiveness. (ibid)

Selecting options from a range of actions is at the heart of decision making (Ian Pownall, 2012) Decision making is a key and a very important activity of manager, because it is not a separate role that managers take on it can actually be seen as integrated and essential to all their roles and the activity involved with them. (Stephen P.Robbins et al, 2012)

The rapid pace at which the world is changing has forced managers in all companies to speed up their decision making, otherwise, they get left behind by agile competitors who respond faster to changing customer needs and want (Jennifer M. George et al, 2012)

Employee participation refers to giving employees and their representative opportunities to collaborate in matters that pertain to the management of the organization especially where employees are directly concerned. (Emmanuel Tamen et al, 2014).

According to (*Harold Koontz et al, 1994*) “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals”. As we understand from this in order to get things done we have to participate employees in decision making. Peter Drucker (2007) support this with the concept of MBO (Management By Objective), in the decision making process and responsibility throughout the organization, people are motivated to solve the problems they are faced with in an intelligent manner and they are given the information they need so that they can be flexible in the changing circumstances.

A study by Dodi W. Irawanto (2015) stated that an organization needs to increase employee’s awareness in participation programs, especially in the decision making to increase work motivation.

Making decision is an important part of an organization activity and decision making is inevitable. Good decision helps individuals, groups and organizations achieve their goals and perform well. Bad decision hinders goal attainment and lower performance.

So, it is possible to say that Participation of employees in the decision making process plays a very important or a vital role in many organizations. If employee participates in decision within the organization, they feel a sense of belongingness and they contribute a lot for the success of the organization.

What is the impact of employee's participation in the decision making? This paper is intent to examine these questions.

Chapter two

2. Literature review

2.1 Some basic definition

Managers at all levels and in all areas of organization make decision. Managers decision making plays a vital role for any organization, because on a decision made depends the operations, profitability and existence of a company. Decision making is choosing among alternative. (Stephen P.Robbins et al, 2012)

Decision making can be defined as the process by which members of an organization choose a specific course of action to respond to the opportunities and problems that confront them. (Jennifer M. George et al, 2012)

Decision making is one of the most important functions of the managerial jobs thus, the primary duty of manager is decision making. (Mahmood Nooraie, 2012)

2.2 Types of decisions

Organization decisions can have different characteristics, which shape how they can be understand and resolved by managers. (Ian Pownall, 2012)

Structured Decision- are decisions where the goal is clear. The problem is familiar, and information about the problem is easily defined and complete.

Unstructured Decision, which are problems that are new or unusual and for which information is ambiguous or incomplete. Programmed Decision a repetitive decision that can be handled by a routine approach. (Stephen P.Robbins et al, 2012)

According to Ian Pownall (2012) programmed decision are types of structured decision which follow clear, delineated steps and procedures. They can be repetitive and routine. Non programmed Decision are types of unstructured problems, which are problems that are new or unusual and for which information is ambiguous or incomplete. (Stephen P.Robbins et al, 2012)

Decision making can also be classified into three categories based on the level at which they occur. Strategic decisions set the course of organization. Tactical decisions are decisions about how things will get done. Finally, operational decisions are decisions that employees make each day to run the organization.

2.3 Decision making style

The term decision style is the way a person uses information to formulate a decision (Rowe and Mason, 1987). Decision style is still a cognitive process which includes one's personality in relation to one's needs, values, and self-concept (ibid) Recent research done with four distinct group of people says that the way a person approaches decision making is likely affected by his or thinking style. Linear thinking style a person preference for using external data and facts and processing this information through rational, logical thinking to guide decisions and actions. Nonlinear thinking style a person preference or using internal source of information and process this information with internal insight, feelings and hunches to guide decisions and actions.

2.4 Employee participation in decision making

According to (Bhatti & Nawab 2011) cited by (Dr. Anthony Waititu et al 2014) Employee Participation is generally defined as a process in which influence is shared among individuals who are otherwise hierarchically unequal. Employee participation represents the combination of task-related practices, which aim to maximize employees' sense of involvement in their work, and human resource management practices that aim to maximize employees' commitment to the wider organization.

The solid foundation of any successful company is its people. Employees represent a source of knowledge and ideas, but oftentimes that resource remains untapped. Involving employees in the decision-making process not only empowers them to contribute to the success of an organization, but also saves the company time and money, in increased productivity and reduced outsourcing. (Casey Anderson 2001)

What the literature makes clear is that employee participation in the decision making process is an important method to increase productivity. Employees to participate in the decision making can produce a flood of innovative ideas. The first rule of innovation these days is that most powerful ideas often come from employees. If organization want successfully compete in a dynamic global economy, employees have to able to make decision and implement change quickly. There are several advantage that come from employee participation in the decision making process. These include the availability and diversity of employee because employees

come from different background they have their own skill, knowledge and experience this enable a company greater ability to correct errors and to be productive than ever.

Employee participation in decision making has a positive correlation with motivation and performance (Md. Anowar Hosssain Bhuiyan 2015) Research conducted by Abdulai IA et al... (2014) shows that when employees are made to participate in decision making, it makes them feel more responsible for their actions and see themselves as stake holder of their firms or organization.

2.5 The importance of employee participation in the decision making process

Many organizations are trying to put into practice participative decision making now a day. Here is some benefit of participation of employees in the decision making.

1. Employee participation has been found to have favorable effects on employee attitude, commitment & productivity even also on the efficiency of the managers. Thus participative management should be seen as inevitable tool in an organization. (Ezennaya Njideka Prisca 2011)
2. When employees participate in the decision making process the employees demonstrate positive attitude towards involvement in decision making. (Yusuf Noah 2008)
3. Participation of employees in the decision making increase employees creativity. (Ali Zubair et al 2015)
4. If employees are allowed to actively participate in decision making it could and would reduce turnover, absenteeism and increase productivity. Not only does participative decision making provide the previous points, but it also allows management to have a better understanding of the mindset of the staff and put better policies in place that would address the concerns of the staff. (Michael A. D. Horsford 2013)

In General, employee participation in the decision making process means that there is a strong feeling of association with in the organization and the employee now assume a sense of responsibility. Now a days using employees in the decision making process is important because it helps employees to share their knowledge, skill and experience and this create a strong sprit of team work among employees. As the saying goes two heads are better than one.

2.6 Employee empowerment

Employee empowerment gives employees more authority to make decision. (Stephen P.Robbins et al, 2012) One reason more companies are empowering employees is the need for quick decision by those people who are most knowledgeable about the issues often those at lower organizational levels. If organization wants to be successfully competing in a dynamic global

economy, employees have to be able to make decision and implement changes quickly. (ibid)

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Effective employee participation can take a variety of forms & an appreciation of their difference is useful in helping organization to implement policies that suited to their particular circumstances. (Patrick Brlone et al, 2012)

Employee empowerment is term that is used to express the ways in which non managerial staff members can make decision without consulting their bosses or managers. (Ramesh et al 2014)

Employee empowerment has been defined in many ways but generally means the process of allowing employees to have input and control over their work and the ability to openly share suggestions & ideas about their work & the organization as a whole. (ibid)

As a result of this management practice quality of work increases, employee's satisfaction increases, employee productivity rises, & organization costs decrease. All of these benefits enable an organization to achieve a competitive advantage. (ibid)

2.7 Case study: Participative Decision making process at Toyota

Company background

Toyota is one of the largest automobile manufacturing company, based on Japan. The Japanese automobile manufacturer is the fifth largest company in the world by revenue as of April, 2017 as well as the world's biggest automotive manufacturer. Toyota has Locations worldwide. It's make vehicles under the own brand name and the brand including Toyota brand, Lexus, Hino, Ranz, and Daihatsu. Toyota vehicles are popular for their longtivity, reliability, quality and value. Toyota today manufactures a diverse line up of vehicles all over the globe. Source (Automotive news)

Participative Decision making process at Toyota

When we see the principle of Toyota from the past to present practice Toyota believes that problem solving bring us to better idea. As an innovative leader, Toyota is well known for its management philosophy.

one of the important factor that should be consider for the success of Toyota is high participation of employees in the decision making process and we can consider this as the most important moment of Toyota. Toyota encourages its employee's to become innovative & managers of their own work & involves them in their jobs. Let assume that Toyota face a problem on how to meet customer demand? Toyota has learned from experience that employee participation plays a vital role so Toyota participate employees to make answer for this question? If employee participate in the decision making process, they take responsibility for their own work.

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In this case different employees suggest their own idea

1. We have to meet our customer demand by introducing new vehicles.
2. By reducing the amount of time required to develop vehicle's.
3. By timely introduction of new vehicle models
4. By building a long term relationship with customer.
5. By building a quality vehicle.

By doing so Toyota company can gather information from employee's better cars can be produced by only through efforts made by employees in the front line. Toyota company should develop its good practice to participate employees in the decision making process. Toyota knows that if they don't act innovative and empower their employees as well as customers to buy and sell their vehicles than they will not be able to keep up with the competitors. Toyota company engage employees on deep and employees love Toyota unconditionally.

Chapter three

3. Conclusion

Based on my literature review it is possible to say that if employees participate in the decision making process, they become more serious to their jobs, loyal to the organization, a solution to managers to increase worker's satisfaction, and finally employee participation will make companies more productive and competitive by making employees committed to the organization.

In current dynamic business environment organization are required to develop techniques which are more flexible and competitive due to the competitive pressures and rapid changing environment in market conditions. In addition to these employees are the most important assets of an organization without employees it is difficult for the organization to survive and organization future is also depending on more participation of employees in generating new ideas. Succeeding in today's competitive market place requires organization be employee centered. Having this in mind it is possible to conclude that employee participation in decision making process has a positive impact for the employees as well as for the organization.

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