

# Effects of Employee Participation on Employee Motivation

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## Abstract

### Objective

This research paper aim to examine the effect of employee participation on employee motivation.

### Methodology

Total 425 employees working in service industry are taken as respondents. Structural Equation Modelling was used to found the effect of employee participation on employee motivation.

### Findings

The main finding of the study that there is positive relationship between employee participation and employee motivation. Better employee participation make employee more motivated to work and they encourage to work more effectively.

### Research limitations and implications

Because primary data from employees in the service sector in Northern India was used, the results can be biased. Another potential problem could be the data's cross-sectional nature, which ignores individual effects. To more precisely ascertain results for diverse situations, the study may be extended to encompass additional developing countries.

### Originality

Researching the relationship between employee motivation and involvement is important when studying a developing country.

### Keywords

Employee participation, employee motivation, job security, positivity, employee growth.

## **Introduction**

### **Employee Participation**

Employee participation is an essential for betterment of the organisation by satisfied employees, increase productivity, committed employees (Liverpool 1990, Amin et al. 2012, Baffour 1999). Employee participation refers to an employee's emotional and mental engagement in the organization's objectives and responsibilities. According to Pahuja (2015), worker and employee participation in an organization fosters a sense of community, contentment, and increased productivity. Employee involvement is sparked by assigning tasks, holding staff meetings with superiors, and organizing groups to solve problems together. Employee participation and organizational commitment are positively correlated; when employees participate in decision-making processes within the organization, they feel more connected to it, which increases their level of commitment (Wainaina et al., 2014). Involving employees in organizational tasks is known as employee participation. The amalgamation of task-related performance aimed at augmenting the sense of involvement in work is typified by employee participation. It raises the degree of dedication among workers (Bhatti & Nawab 2011).

Employee participation is a management tool that emphasizes the human element. It involves providing employees with appropriate opportunities to engage in management processes, which has a positive impact on the organization's overall effectiveness and enhances employees' cognitive abilities. According to Tourani and Rast (2012), employee involvement in organizational processes enhances problem-solving abilities and employee comprehension. The organization promoted employee participation in decision-making, which enhances worker performance and organizational efficiency. When employees participate in decision-making, it fosters a sense of equality in their minds, leading them to believe that they are treated as valuable members of the organization as their more senior employers. Employee participation reduces conflict, improves communication, and helps employers retain talent by treating them fairly and motivating them.

### **Employee Motivation**

Employee motivation is the internal drive and desire to contribute the necessary actions and effort to organizational tasks. The Latin word "movere," which meaning to move, is the source of the word "motivation." Employees are motivated when they are inspired and persuaded to work enthusiastically and willingly in order to achieve their goals and receive rewards. Employee motivation boosts commitment, productivity, and profitability for the company. Employee performance and growth are significantly impacted by motivation; in order to work more productively and successfully, employees must have a reason, whether

it be financial or in the form of rewards and recognition. Every organization was aware of its workforce, and when workers are motivated, they perform well at work (Nizam & Shah). The two primary components that increase employee motivation are empowerment and recognition. When employees receive just compensation for their work, it encourages gratitude and motivates them to work harder for the organization. Employee motivation classified into two parts one is extrinsic motivation and another is intrinsic motivation, both types of motivation have different influence on employee motivation. Extrinsic motivation is influenced by outside variables like pay, recognition, job security, and praise for a job well done, whereas intrinsic motivation is concerned with the elements that drive employees to work in order to meet their own needs. According to Mensah & Tawiah (2016), Chen et al. (2013), and Kantanen (2017), extrinsic motivation is linked to social security and safety needs, whereas intrinsic motivation is related to self-acquisition and esteem needs.

### **Effects of Employee Participation on Employee Motivation**

Employee participation and employee motivation are the most interested and conspicuous area for every organisation. The results of empirical studies examining the connection between employee motivation and participation have been inconsistent. According to Shaed et al. (2015), employees who are involved in decision-making are more motivated and are inspired to perform better. The performance of an organization is positively correlated with employee participation in decision-making processes. Singh (1988) came to the conclusion that employees who participate more fully are more involved in their jobs, which suggests that they feel less alienated from their co-workers. According to this study, employees who are involved in decision-making are more motivated to give their best effort. There is a positive relationship between employee participation and employee motivation. Participation of employees in decision making process makes employees motivated, they feel as part of the organisation which encourage them to work harder and effectively (Bhuiyan 2010, Irawanto 2015 and Zubair et al. 2015)

### **Literature of the Study**

Odero and Makori (2017) set out to look into the connection between workers' performance as part-time lecturers in Kenyan public universities and their level of involvement. This study, which chose 60 part-time instructors from four public universities, is descriptive in nature. The correlation between employee performance and involvement is substantial and positive. Employees that are highly engaged and productive receive all information, which inspires them and gives them growth opportunities. According to this study, universities should create suitable participation programs that allow part-time and other employees to participate in the decision-making process in order to promote employee growth and motivation.

Amin et al. (2012) chose 250 male and female workers from 18 organizations in Bangladesh's banking and telecommunications sectors. This study discovered that when organizations involve their workers in decision-

making, employee commitment levels rise. According to the study's findings, employee participation in decision-making improves performance and satisfaction by facilitating effective supervisor-employee communication. Organizations should shift from a traditional organizational culture to one that values empowered and participatory management. Petkovska et al. (2015) examined how employee engagement affected workers' job satisfaction in Macedonia's automotive industry. The study's findings indicated that job satisfaction and employee participation were positively correlated. According to this study, employees in the automotive industry report higher job satisfaction and more effective communication when they work under participative management. It was suggested that involvement in management should focus on developing a more favourable atmosphere and innovative workforce. Chapagai (2011) study used primary data, with 73% of the 200 employees, ranging in position from assistant to manager, who completed questionnaire samples. The study looked into how important it is for employees to participate in order to improve their job satisfaction. This study found that employees feel more satisfied with their jobs and work when they participate in decision-making. Work satisfaction and employee participation were positively correlated. There are certain limitations to this study, including the use of non-probability techniques and only primary data.

Khatoon (2014) conducted research on employee participation and its impact on worker performance. According to the study's findings, when workers are involved in decision-making, their performance improves and they are motivated to do even better. Employee productivity and job satisfaction rise as well as trust and loyalty to the company are fostered. Nohammer et al. (2010) employed a qualitative approach to solve the problem in this study. This study's primary goal is to identify the factors that influence workers' acceptance of and participation in workplace health promotion in Germany and Austria. According to their research, employees who take part in workplace health promotion programs receive accurate information, which helps them develop their own attitudes and interpersonal skills.

Emmanul and Damachi (2015) conducted research on the connection between Nigerian hotel employees' performance and their involvement in decision-making. The results of the study showed that employee performance and decision-making involvement were positively correlated. The study found that when workers independently participate in decision-making, it should have a positive impact on their performance in Nigerian hotels. Markey et al. (2010) this study was comparison between Denmark and New Zealand participation representatives. Under this study both direct and representative participation examined. This study concluded that successful representative employee participation positively correlated with quality of work environment. Environment of workplace is more important than the national system for find out the impact of better participation structures on Quality of Work Life.

Zhu et al. (2015) investigated the impact of new generation manufacturing industry employees' participation on their degree of job satisfaction in China. The three primary types of participation in management, supervision, and decision-making were the focus of this study. According to this study, employee intention to participate in decision-making and satisfaction is a positive moderating factor between actual participation and satisfaction. Bhuiyan (2010) used closed-ended structured questionnaires to conduct a study in Bangladesh's ready-made market sector. This study's primary goals were to identify the causes of low employee participation and the causal relationships between participation, motivation, and performance. According to this study, employee participation is low at lower levels but high at the top. This study found that giving employees a say in decisions helps to improve their performance and motivate them. The government should implement a number of the policies recommended by this study to decrease low decision-making participation.

Benn (2015) conducted research by interviewing 675 employees of two organizations using 16 semi-structured interviews. The path analysis method was used in this study to analyze the data. Examining the function of human resource management (HRM) techniques in environmental programs was the primary objective of this study. According to the study's findings, employee participation in environmental programs boosts morale and enhances organizational effectiveness.

Muogbo U.S. (2013) aimed to find the effect of employee motivation on organisation performance. This study found that by giving external incentives to the employees it's improve organisational performance. Provide equality in the remuneration packages makes better performance of workers. This study suggested that organisation must be give external incentives for increases their productivity. According to this study employer must be adopt better pay policies and procedures which attract, retain, satisfy and motivate their employees.

Employee motivation is an independent variable, and organizational performance is a dependent variable, according to Nizam & Shah's (2015) research. This study suggests that in order to improve performance, motivated employees must put in constant effort. This study found that by assessing workers' performance at work and encouraging them with appropriate rewards, employees are more satisfied, which boosts productivity. For improving working conditions and inspiring staff members in order to eliminate their discontent, absenteeism, and subpar performance. Jusmin et al. (2016) aimed to find the effect of work motivation, competence, and organizational climate on job satisfaction and lecturer performance. This study found that until there are poor working relationships, higher motivation does not increase employees' satisfaction with their work. Job satisfaction is increased by improved working relationships between motivated employees who work more productively and efficiently. By enhancing the work environment and fixing equipment used by lecturers to carry out their duties, they are able to do so efficiently and with motivation and satisfaction. The aim of Mat et al. (2017) is to identify the motivation and satisfaction-boosting

learning skills needed to complete both simple and complex tasks, both individually and in groups. This study discovered that when performing simple tasks in groups or individually, unskilled workers experience motivation and satisfaction because they are learning new skills. When skilled workers complete difficult tasks alone or in groups and gain new insights into their work, they become more motivated and content. According to this study, newly hired staff members with lower skill sets may be assigned to simpler tasks rather than more difficult ones. Danish and Usman (2010) find that job satisfaction and motivation are impacted by rewards and recognition. According to this study, superiors need to be inspired, valued, and willing to acknowledge their juniors' superior work. Employees who participate in decision-making are more brave and enthusiastic about their jobs when they work for their organization. When an organization offers bonuses, better pay, allowances, and salary increases on a regular basis, it boosts employee morale and motivates them. Managers show their staff members how much they are appreciated by having casual conversations about their personal lives.

Kuranchie-Mensah and Amponsah-Tawiah (2015) sought to determine how employee motivation affected output. Using an exploratory design, this study gathered data from four sizable gold mining companies. The results of this study showed a positive correlation between worker motivation and output. This study indicates that effective performance is a result of happy employees. Given the high prevalence of health problems in the mining industry, offering retirement plans and health insurance helps employees feel more secure about their work. Cafferkey et al. (2017) found that employees have differ pluralist focus about their organisation and society as compare unitarist. According to these study employees more engaged with their personal career as compared to the workgroup of the organisation. Employees mostly concentrate to maximise their own interest as compare to their occupation, organisation and last trade union.

Cadwallader et al. (2010) researched on the motivational level of frontline employees in participating in innovative implementation in service sector. According to the study, employee motivations toward work and technology are significantly influenced by global motivation, which is at the top of the motivation hierarchy, at the contextual level. According to this study, managers should initiate internal promotions and training to help staff members grasp their responsibilities and become more involved with the innovation before it is made available to consumers. Positive attitudes, beliefs, and behaviours regarding the innovation are probably going to increase in response to training and rewards that give staff members the impression that they have a say in how it is implemented. This study concluded that by increasing employee motivation for participating it's improving their participation behaviour which successfully implements on innovation service of customer.

### **Objective of the study**

The aim of the research find the effect of employee participation on employee motivation.

### **Research methodology**

The purpose of this study is to understand employee motivation and employee participation in the service sector in Northern India. A self-standardized questionnaire was given to workers in Northern India's service sector in order to achieve this goal. A review of pertinent literature was also conducted in order to compile the variables for the constructs being studied. Every study needs a sampling design because it forms the foundation for choosing a representative sample from the target population. Various aspects of the sampling strategy used in this study are mentioned below:

For the purpose of gathering data, the personnel in the service sector in Northern India were called. Employees who were over the age of 18 were specifically approached and asked to respond to multiple items regarding employee motivation and employee participation in addition to providing information about their demographics. For this purpose, respondents were provided a methodical questionnaire. Selecting a sample of the population being studied that is truly representative of the entire population is crucial. In light of these differences in demographics, 425 employees in the service sector participated in the survey.

### **Hypothesis**

Hypothesis, ( $H_a$ ), there is a significant impact of employee participation on employee motivation.

Effect of Employee Participation on Employee Motivation

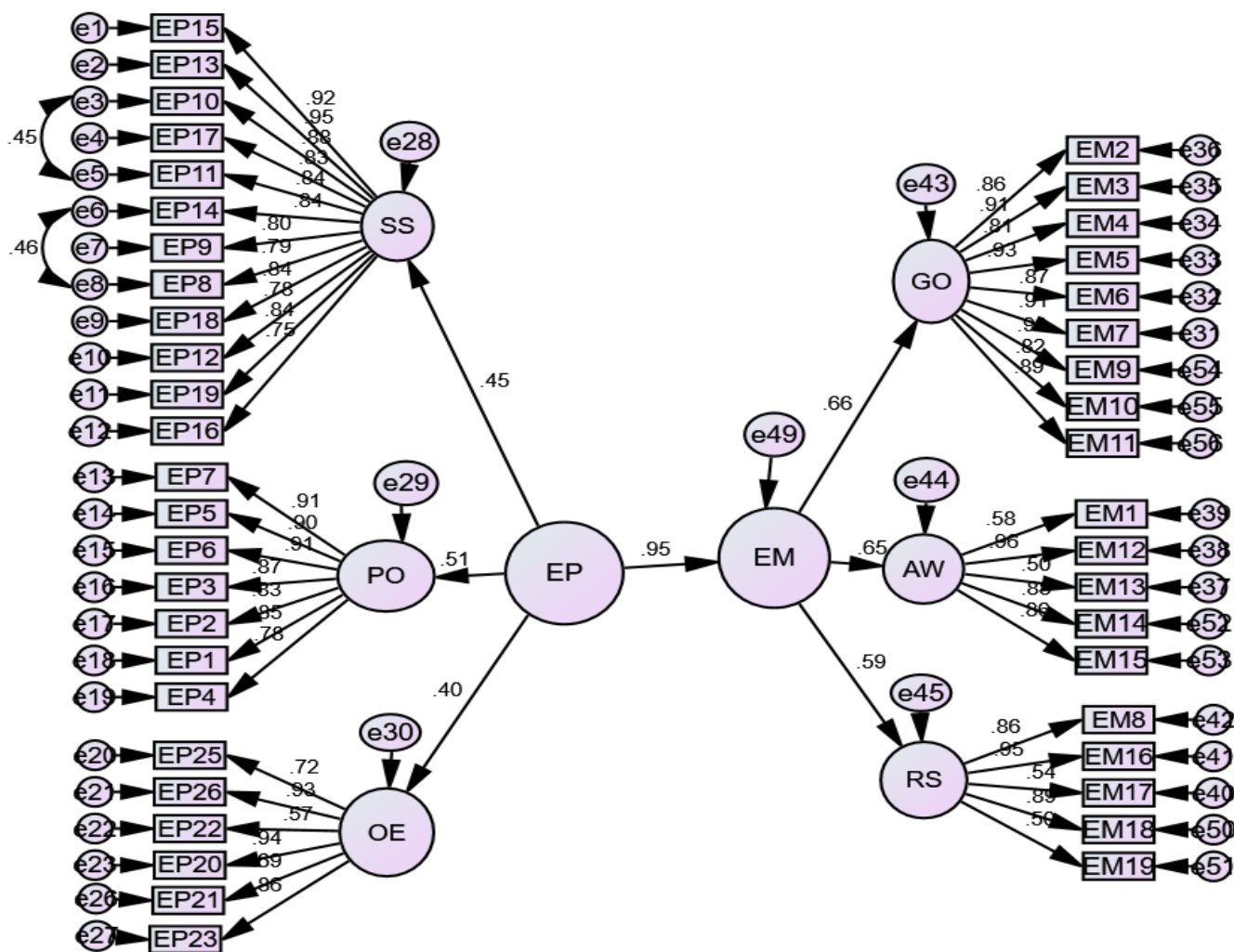


Figure1.1

Source: Amos Output

Table 1.1 Model fit indices

CMIN	DF	P	CMIN/DF	GFI	NFI	IFI	TLI	CFI	RMSEA
2153.535	893	.000	2.412	.807	.889	.932	.928	.932	.058

Source: primary data

Table 1.1 shows the different model fit indices that Amos calculated to assess the fitness of the suggested model, including CMIN/DF, Comparative Fit Index (CFI), Goodness of Fit Index (GFI), Tucker Lewis Index



(TLI), Incremental Fit Index (IFI), and root mean square error of approximation (RMSEA). The structural model has a degree of freedom (DF) of 893 and a Chi-square (CMIN) of 2153.535 at the probability level of .000. It is advised to have a CMIN/DF below 5 for improved model fitness. Byrne (2016) and Ho (2006). With a CMIN/DF value of 2,412, this structural model is exceptionally fit. A lower than 0.10 RMSEA is better for model fitness. (Cudek and Browne, 1993). The structural model's RMSEA is 0.058, which is less than the cutoff point for a suitable fit. The other model fit indices, which include GFI, CFI, IFI, TLI, and NFI, should all be higher than 0.80 in order to indicate a better model fit. (Bisschoff and Moore, 2013). GFI is 0.807, CFI is 0.889, IFI is 0.932, NFI is 0.889, and TLI is 0.928 for this measurement model, which demonstrates the model's outstanding fitness.

**Table 1.2 Regression Weights**

Factors/Variables	Path	Factors	Estimate	P
EM	<---	EP	.946	***
SS	<---	EP	.452	
PO	<---	EP	.514	***
OE	<---	EP	.398	***
GO	<---	EM	.663	
AW	<---	EM	.646	***
RS	<---	EM	.590	***
EP13	<---	SS	.947	***
EP10	<---	SS	.881	***
EP17	<---	SS	.834	***
EP11	<---	SS	.842	***
EP14	<---	SS	.836	***
EP9	<---	SS	.798	***
EP8	<---	SS	.792	***

Factors/Variables	Path	Factors	Estimate	P
EP18	<---	SS	.843	***
EP12	<---	SS	.785	***
EP19	<---	SS	.844	***
EP7	<---	PO	.914	
EP5	<---	PO	.905	***
EP6	<---	PO	.906	***
EP3	<---	PO	.874	***
EP2	<---	PO	.832	***
EP1	<---	PO	.846	***
EP4	<---	PO	.780	***
EP25	<---	OE	.718	
EP26	<---	OE	.930	***
EP22	<---	OE	.570	***
EP20	<---	OE	.937	***
EP21	<---	OE	.690	***
EP23	<---	OE	.864	***
EP16	<---	SS	.748	***
EP15	<---	SS	.923	
EM6	<---	GO	.874	***
EM5	<---	GO	.928	***
EM4	<---	GO	.814	***

Factors/Variables	Path	Factors	Estimate	P
EM3	<---	GO	.912	***
EM2	<---	GO	.857	***
EM13	<---	AW	.504	
EM12	<---	AW	.962	***
EM1	<---	AW	.580	***
EM17	<---	RS	.537	
EM16	<---	RS	.946	***
EM8	<---	RS	.855	***
EM7	<---	GO	.911	
EM18	<---	RS	.891	***
EM19	<---	RS	.503	***
EM14	<---	AW	.883	***
EM15	<---	AW	.860	***
EM9	<---	GO	.904	***
EM10	<---	GO	.818	***
EM11	<---	GO	.890	***

Source: primary data

The structural equation model shows that employee participation has a positive and significant effect on employee motivation. This result validates the proposed connection between the two. The standardized regression estimate of employee involvement is 0.946 at the .001 level of significance, suggesting a statistically significant relationship between the two variables. It is reasonable to conclude that higher employee participation leads to higher employee motivation. As a result, it is agreed upon that employee participation significantly affects employee motivation (H<sub>a</sub>).

Regression weights used by the SEM model are represented in both the table and the figure. Employee participation has a significant and positive impact on employee motivation, according to the model. This result lends credence to the theory that the two are correlated. It was determined that this influence made a significant difference. When the significance threshold is set to 000, it becomes evident that there is a statistically significant relationship between the two variables, as evidenced by the standardized regression estimate of employee participation of 0.946. It is conceivable to conclude that higher employee participation levels contribute to higher employee motivation levels.[Citation needed] [Citation needed] Consequently, there is support for the acceptance of Hypothesis (Ha), which states that employee participation has a significant impact on employee motivation. This is due to the fact that the data supports the existence of this impact.

### Research limitations and implications

It is possible that the study's conclusions are skewed because it relied on the self-reporting of data from employees in the Northern Indian service sector. An additional likely problem is that the data is cross-sectional, meaning it does not account for any individually observed effects. The possibility that some specific individual impacts have gone unnoticed makes this potentially problematic. Expanding the research scope to include more developing nations may yield results that are more representative of a wider range of situations. More precise outcomes could be obtained as a result of this.

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