EMPLOYEE PARTICIPATION IN DECISION-MAKING: A COMPARATIVE STUDY ON PERCEPTION OF EMPLOYEES AND EMPLOYERS IN NEPALESE ENTERPRISES

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ABSTRACT

There is much debate as to whether employees should be participated or not in the decision-making process. This study examined the status of employee participation in decision-making using Government-Owned Enterprises namely Nepal Electricity Authority (NEA), a corporate office located in Kathmandu, and privately run industry, Bira Furniture within Patan Industrial Estate located in Lalitpur, Nepal, as a case study. The study employed qualitative research for empirical investigation. Interviews, Focus Group Discussions (FGD), and observation were used for primary data collection. A purposive sampling method was applied. The study used thematic analysis of data. Lower-level employees have also adequate rights in their workplace decision-making at the head office of NEA. However, high-level decision-making power rest in top-level management. Most of the decisions are made based on rules, by-laws, and procedures. By nature, almost all functions are performed based on teamwork. Even though the employer/manager of the Bira Factory argues that workers have sufficient engagement in the workplace decision-making process, the great majority of workers express a lack of such opportunity in the factory. This finding implies that employees or workers in the public sector are more involved in decision-making than those in the private sector. The researcher suggests that managers should participate with employees in the decision-making process in the present time of industrial democracy.

Keywords: Decision-making, Manager, Perceived Employee Participation, Status, Nepal.

1. INTRODUCTION

Industrial democracy is the main thing in industrial relations and it refers to employee involvement in both its direct and indirect forms. Other financial participation includes the distribution of shares to employees and flexibility of pay (Tazazu, 2014). Employee participation in decision-making is also called labor participation or worker participation or participative management which has to do with shared decision-making in the organization (Alshugayir, 2016). According to Sofijanova & Chatleska (2013), employee participation can be defined as the process of participating and empowering employees on the work to utilize their endeavors towards attaining higher individual and organizational efficiency and productivity. Employee participation improves employee engagement, job satisfaction, efforts of an organization, and a trustworthy manager-employee relationship. Hence, these elements encourage employee performance and productivity which leads to organizational performance and productivity (Appelbaum et al., 2013). In the modern era, participation is a democratic practice too. It can create a “we” feeling among...
employees. It improves loyalty, motivation, morale, and attachment to the organization (Ojokuku & Sajuiyigbe, 2014).

However, there is much debate as to whether employees should be participated or not in the decision-making process. And the big question is whether qualified, company-oriented, and honest employees are available. (Singh, 2019, p. 8). Employee involvement has become a main economic, political, and social problem in a lot of nations. However, there is a lack of sufficient evidence for the reason (Koirala, n. d.). Although research work participation in decision-making has been fairly performed in well-advanced nations and cultures, there is a question of application and generalizability in developing cultures on this concern (Singh, 2009). Keeping these above-mentioned views, the research wishes to assess the extent and status of employee participation in the decision-making in NEA and Bira Furniture in Nepal.

Democratic practices have been increasing in the twenty-first century. Employee participation helps to achieve organizational goals. If management does not involve employees in decision-making, they may create serious problems and challenges and tend to move in negative behaviors like criticisms, absenteeism, hindrances, apathy, turnover, inefficiency, and ineffectiveness. These adverse tendencies resulting from strict management control can affect unhealthy labor relations (Dubey, 2015 & Tazazu, 2014).

Despite its importance, uncooperative managerial practices, absence of willingness of management, the poor role of trade unions and collective bargaining, and unfavorable political conditions are the main reasons for the low level of employee participation in decision-making in developing countries like Nepal (Koirala, 1987). As far as Nepal is concerned, the jute industry in Nepal had a statutory provision in the institutional structure of workers’ participation and participation was only of “information sharing type (Koirala, 1987). Katwal (2011) did not find the same. Participation had already existed informally and indirectly in a few institutions in Nepal. Likewise, Pandey (2017) found that the owner or manager does not seek suggestions and consultation from the worker. On the other hand, Shrestha’s study (1991) in Public Sector Undertaking identified that worker participation in management and the collective bargaining system is relatively better. Hence, it is found that there have been contradictory results between the research studies conducted in different time intervals in Nepal. Therefore, the study aims at analyzing the comparative study of employee participation between the state-owned Nepal Electricity Authority and privately run Bira Furniture. To sum up, the study deals with the following major issue:

“To what extent do employees participate in decisions making both in Nepal Electricity Authority and Bira Furniture?

For the study, the following specific issues are raised to be answered.

1. What is the status of the participation of employees in decision-making at NEA and Birat Furniture?
2. What is the general attitude of employees and employers or management towards the perceived level of participation of employees in decision-making at NEA and Birat Furniture

Limitations of the Study
The limitations of the study are given below:

1) The assessment of this study depends on the qualitative and perceptual data.
2) Only government-run and privately-run organizations namely the head office of Nepal Electricity Authority and Birat Furniture respectively are selected as sample units due to time constraints. Therefore, this study cannot be generalized. The study is based on a comparative analysis of these enterprises.

Review of Literature
Employee participation (EP) is the delegation of authority and responsibility between employee and employer in deciding on the organization either through direct (personal or by the employee) or indirect (through the legislative body or representative of the employees) participation (Westhuizen, 2010, as cited in Chimaobi & Chikamnele, 2020, p. 13).
As far as Nepal is concerned, the Constitution of Nepal, 2072 B.S., the Bonus Act, 2030 B.S., Trade Union Act, 2049 B.S., Privatization Act, 2050 B.S., and the Labour Act, 2074 B.S. have provisioned worker/employee participation. Nepal Electricity Authority which falls under the Utility sector is one of the important Public Enterprises (PEs) of Nepal. The Nepal Electricity Authority Act, 1984 generated NEA in 1985. Its success or failure makes a considerable impact on employment generation, utilization of national resources, and the national economy as well. Bira Furniture is one of the largest factories within Patan Industrial Estate established in 1964. It is a privately owned and managed industry in the estate. It is attempting high-quality furniture as required by customers.

Theoretical Review
This study can be linked to the Vroom-Yetton model of employee participation in decision-making. This model recommends that based on the assessment of various circumstances and environments managers should provide the appropriate level of employee participation (Cristopher, 1999).

Empirical Reviews
A study by Yusuf (2008) revealed there is a low level of participation in making a managerial decision within selected organizations in Lagos. Despite the positive thinking of employees toward participation in management, the current level of workers' involvement they exercise was negative. Tizazu’s (2014) study concluded that the highest decision-making occurred at top-level management and there was only 1.7 percent worker participation at the lower management level at Yaka Sub City Construction & House Development Office, Addis Ababa. So, the present actual level of participation in management decision-making was found to be relatively low. Workers were directly involved only in non-management activities. (pp. 39-40).

Bhutyan’s (2010) study found that decision-making power rest on the rules and regulations of organization in the RMG Sector of Bangladesh. Managerial activities were conducted with direct participation. Participation in turn enhances motivation and performance. A study by Appelbaum et al., (2013) found poor participation in Decision-making hence decreasing commitment and job satisfaction. These encouraged employees towards turnover (p. 225-226).

A study by Dubey (2015) concluded employees do not participate enough in the managerial decision within selected establishments in Uttar Pradesh, India. Even though workers wanted to involve in decision-making, managers regarded the issue as the prerogative of the management. (p. 253-254).

As far as Nepal is concerned there are few empirical studies in this sector. Koirala’s study (1987) inferred that there is a statutory provision in the institutional structure of workers’ participation in the Jute Industry of Nepal. The decision-making power that rested with management...
representatives and the worker's committee was controversial in terms of its functions and scope, information sharing is considered workers’ participation. Pandey’s study (2017) on “Human Resource Management in a Manufacturing Industry of Nepal” found that EP is confined to only consultation. Shrestha’s study (1991) identified that worker participation in management and the collective bargaining system was relatively better at Public Sector Undertaking. Katwal’s (2011) study remarked that informal and indirect participation was already practiced in some institutions in Nepal. But the evidence was not found of direct participation. Despite the strong desire of workers to participate, management did not show interest to involve workers in making the decision. Moreover, management perceives participation as an encroachment over the prerogative rights of management.

Significance of the Study

Objectives of the Study

The general objective of the study is to assess the status of employee participation in the decision-making at the head office of NEA and Bira Furniture located at Patan Industrial Estate. The specific objectives of the study are:

1. To assess the status of employee participation in decision-making at NEA and Birat Furniture.
2. To determine the general attitude of employees and employer or management towards the perceived level of employee participation in decision-making at NEA and Birat Furniture.

There is little research work on EP in Nepal. However, to the best of the knowledge of the researchers there is lacking comparative research between government-owned and managed enterprises and privately run ones on the status and extent of EP using qualitative research design in the Nepalese context. Hence, this study may be the first of its type. Thus, this study fulfills this gap.

Contribution of the Study

The study on employee participation in decision-making: a comparative study on perception of employees and employers in Nepalese enterprises is of great significance in itself. Employee participation in decision-making is regarded as a means for motivating workers that lead to positive thinking towards employees and high employee performance and productivity. The majority of organizations that apply the participative management technique have recorded dramatic breakthroughs in the sense of operating cost, high-profit margin, and, efficiency and effectiveness of employees (Chimaobi & Chikamele, 2020). Moreover, the study will help policymakers of the organizations concerned as it guides them in formulating appropriate policies and strategies and implementing them effectively. The findings of the research enhance the awareness and understanding of employee participation to the management team, employees concerned, and learners too about the current scenario of employee participation in the organizations studied and how it is important to the organizations. This study also helps scholars and academicians to conduct further research on a similar topic and act as a reference for their study.

2. RESEARCH METHODOLOGY

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The study employed qualitative research and a case study method to perform an empirical study of the issue of the participation of employees in decision-making. The study falls under multiple realities. Data were gathered from primary sources of the head office of Nepal Electricity Authority (NEA) and Birat Furniture located at Patan Industrial Estate at Lagankhel, Lalitpur, Nepal. Interviews, Focus Group Discussions (FGD), and observation were used for data collection. A purposive sampling method was applied. Qualitative data analysis is not a step-by-step, linear process (Sekaran & Bougie-19). They stated that the collection and analysis of data took place simultaneously in this approach. The study used thematic analysis of data. Thematic analysis is the process of knowing the main themes, analyzing them, and preparing a final report. The researcher coded, summarized, and presented the data for analysis.

3. RESULTS AND DISCUSSION
This section includes findings through Focus Group Discussion (FGD), interviews, observation, comparison, conclusion, and practical implications.

3.1 RESULTS
Results include findings and meaning of the findings using FGD, interviews, and observation of the sample units i.e., the head office of NEA and Birat Furniture.

Nepal Electricity Authority
When asked about the status and extent to which they are engaged in the decisions making in Focus Group Discussion (FGD) within the head office of Nepal Electricity Authority (NEA), employees including responsible union members as research participants/respondents stated:

“NEA has a board of directors headed by the energy minister, which is the apex body of NEA to make policy and important executive decisions. Concerned law has provisioned the chairman of the authentic trade union as invited to attend the meeting of the board. This provision can meet the informative, associative, and consultative, needs of EP in NEA. It also, to some extent, fulfills the administrative needs of EP. The union has to submit its demand to the board for two years. NEA has also provisioned a management committee headed by one of the deputies’ managing directors of NEA, which consists of directors and union representatives. The committee recommends the board on matters related to salary, wages, social security, and ways of solution to problems created in the organization. Similarly, NEA can form a sub-committee in any particular directorate and department under the leadership of the concerned director to manage and solve problems within a particular area. The financial directorate, for example, may constitute a sub-committee headed by the financial director regarding financial issues and matters. According to union members, lower-level employees have also adequate rights at their workplace. Employees of the 2nd and 3rd levels can perform their tasks of wire and light on their own without the direction of foremen. Lower-level employees are almost free to work on maintenance tasks. The union members collectively replied that NEA is the only enterprise that provides service to its customers at their own homes. NEA cannot serve its customers from the office like internet service. Even though individual consultations do not take place in institutional importance, authority can do so. In a query concerning the attitude of employees and management on EP, they replied that employees want to participate in decision-making, but
management does not like and want to do the same. Management participates in decision-making at compelled and mandatory states. Management tends to make information confidential as soon as possible. Management bodies do not like unity among different trade unions and union leaders. They want and like to split them. Most of the decisions are made based on rules, by-laws, and procedures and through tippani and Aadesh” (Field Note, 2022).

In a face-to-face interview concerning EP, one of the senior officers of the NEA replied: “Legal trade union is the effective and powerful mechanism as a representative of employees to reach their voice up to the board of directors of NEA. Employees perform their tasks as per the division of work. The budget tends to be passed as per the plan of action. If any work is to be done unplanned or unprecedented or unexpected, it is performed based on tippani and Aadesh, this may go up to the Managing Director level. Approval of files is a must on unplanned matters. Almost all functions are performed based on teamwork. There is no interference at the workplace to discharge duties which are as per the action plan. It seems to be no existence of individual or direct participation in management decision-making. Rules concerned also direct to make the decision. The Chairman of NEA’s trade union participates in the meeting of the board of directors. All trade unions near NC, UML, and Maoists reconcile on common and shared issues” (Field Note, 2022).

Results of the in-depth interview performed with some research participants attest to the findings. When asked about the extent to which employees are involved in the making of decisions within the NEA, a director added: “Almost all works in NEA, by its nature, should be performed based on teamwork and team spirit ranging from very lower level to top-level management. The Board of directors is the top-level managerial body of NEA where the chairman of the official trade union participates as a representative/member of all employees of NEA. The final decision in crucial matters is mostly made by the board of directors chaired by the Minister of Energy or State Minister of Energy. The Managing Director of NEA is the member secretary of the board. Meetings are first held at the directors' level concerning plans, programs, and budgets of NEA, and the decisions are forwarded to the board of directors via Deputy Managing Directors to the Managing Director. Directors play an important role even to execute the decision made by the board of directors. Directors can create ideas and agendas for the Authority. So, directors play important roles ranging from formulating plans to executing them. Top-level management seeks suggestions from middle and lower-level management on their respective issues and matters such as human resource management, increment of allowance and facilities for employees, etc. Deputy Managing Directors take suggestions from their concerned directors on matters relating to the directorate concerned. When asked about the workplace decision-making rights of employees the director argues that it depends on their knowledge, skills, and competency to perform the assigned task. Competent employees have mostly independence in their work and vice versa. It, to some extent, relies on the attitude and perception of the immediate supervisor” (Fieldnote, January 3, 2022).

Some of the operating-level employees in the NEA jointly remarked: Employees who perform their duty based on the job description are mostly independent and vice versa. Rules and procedures are the main basis of the decision-making authority of employees in NEA. For instance, in the no-light section, an engineer as an immediate supervisor should direct his/her subordinates to address the complaint registered by customers. Participation in decision-making at the workplace also
depends on job-related skills and the nature of work. Collective bargaining is an effective technique of employee participation. Tippani and order and suggestions from subordinates are adopted as a participative management approach (Fieldnote, January 3, 2022).

Birat Furniture

Asked whether there is workplace workers’ decision-making right or not within Bira Furniture, the largest private factory in Patan Industrial Estate, in an in-depth interview the owner as a research participant in the factory presented:

“Workers in this factory have sufficient engagement in decision-making. Views of them are welcomed. We make a consultation with supervisors on respective matters. Monthly wages are paid generally paid at a stipulated time i.e. within the tenth day of each month, otherwise, they threaten such as strikes and lockdowns to us. They don’t hesitate to create anarchy in this respect. The trade union namely, Akhil Nepal Trade Industrial Worker Association, Unit Committee, also exerts undue influence in favor of workers’ rights and interests. They are unwilling and slow to perform their duty. They normally work 3 to 4 hours a day instead of 8 hours as provisioned by the Labor Act. They perceive their right to take leave without permission from the authority. We paid all of the staff one month’s wage at the time when the factory remained fully closed due to COVID-19. Corona insurance has also been made by the factory paying insurance premium” (Field Note, 2022).

In a face-to-face interview with a supervisor of the same factory in similar question says:

“The owner does not recognize workers’ and employees’ as good views. There is no existence of delegation of authority. He/she does not inform employees about the plans, goals, and financial performance of the factory. The owner does not hold meetings and discussions with them. He/she wants to run the factory just like a sole trading manner. Labor Act has provisioned permanent workers some right of collective bargaining. So, the owner attempts to fire and replace them with temporary workers. Because temporary workers can do nothing against the owner or manager. They can be employed on a daily wage basis and can be fired at any time whenever the owner desires. Almost all units of trade unions in this industrial estate have been dissolved by proprietors, and whatever remains looks ineffective. Factory owner gets irritated with the trade union. The workers feel fearful to complain against their employer. The workers look like mice in front of a cat” (Field Note, 2022).

In an in-depth interview with a research participant/respondent of Bira Furniture, he argued:

“The factory owners perceive themselves as owner and servant to workers. It is the main problem between owners and workers. The owners direct us but do not take our suggestions, views, and opinion. They, to great extent, interfere with workplace decision-making. We have no right to information even on matters related to workers” (Field Note, 2022).

When asked about workplace involvement in decision-making, a group of 16 workers as research participants at their workplace in a Focus Group Discussion put the issue in the following statement:

“The owner does not want to accept our opinion, views, and suggestion. We are deprived of the right to talk, and delegate about our needs and work-related issues. Voice of single or few workers are not heard by the owner, rather he/she threatens to quit our job. He or she wants to suppress even our appropriate demand. Union’s delegation is also ignored. The leadership style is quite autocratic. We are working in a fearful environment for many years. One worker who has been working for 27 years expresses deep sorrow for not recognizing, rather exploiting them, another senior semi-skilled worker who has been working for 34 years in the factory felt frequent threats of her job insecurity and closure of the factory, and disrespect from the factory owner. One worker expressed that the owner had already dismissed us, if there was no existence of the Labor Act and Labor Regulation that, to some extent, has protected our job to date. A
worker said that, as per the Labor Act, any worker working for 240 days continuously should be appointed as a permanent worker, however, the owner was reluctant to execute the legal provision. She was appointed as a permanent worker after 8 years of her work life. A senior worker working for 21 years commented that he was deprived of workplace decision-making power. One worker said that the owner did not provide training or skill development opportunities even for hazardous tasks. There is no employment injury benefit and occupational safety and health scheme. So, there is lacking participation in decision-making” (Field Note, 2022).

Results of in-depth interviews performed with some research participants attest to our findings. It is understood that a number of the research participants demonstrated that they had no interest in participating in the decision-making of their workplaces. As the participant of this category in Bira Furniture commented:

“I am not entered here for decision-making, but for generating money. The factory does not pay for such a business” (Field Note, 2022).

Another sales officer in the same factory on a similar question expressed a similar view,

“The business of workers in the factory is to perform their assigned task, maybe this is why they are not concerned about decision-making” (Field Note, 2022).

In the words of a low-level woman research participant remarked:

“Owner in this industry provides an opportunity to engage some of us in the workplace decision-making whenever it is needed” (Field Note, 2022).

In an interview with one administrative employee/participant suggested:

“All the industries have been running in the government-owned land and must operate as per the laws concerned. So, the workers have the right to participate in the decision-making of the factory. Even though the factory owner or manager tries to exploit us” (Field Note, 2022).

When asked about the extent to which he is engaged in the making of decisions a middle-level employee/participant viewed:

“The owner in this industry does not feel it is his business to involve junior employees or workers on how decisions are made in this factory” (Field Note, 2022).

3.2 DISCUSSION

The study discovers that NEA, State-Owned Enterprise, has provisioned board of directors where the chairman of the official trade union participates as a representative of all employees of NEA. NEA has also provisioned a management committee headed by one of the deputies’ managing directors of NEA, which consists of directors and union representatives. According to union members, lower-level employees have also adequate rights in their workplace decision-making. Lower-level employees are almost free to work on maintenance tasks. Management tends to make information confidential as soon as possible. Management bodies do not like unity among different trade unions and union leaders. They want and like to split them. Most of the decisions are made based on rules, by-laws, and procedures. There is no interference at the workplace to discharge duties which are as per the action plan. Almost all work in NEA, by its nature, should be performed based on teamwork and team spirit ranging from very lower level to top-level management. Participation to some extent depends on employees’ competency and job description. Directors can create ideas and agendas for the apex body. So, directors play important roles ranging from formulating plans to executing them. Top-level management seeks suggestions from middle and lower-level management on their respective issues and matters. Employees who perform their duty based on the job description are mostly independent and vice versa. The higher
level and the great majority of decision-making in NEA occur at top-level management. Even though the owner of the largest privately run factory namely Bira Factory argues that workers have sufficient involvement in the workplace decision-making process and have the opportunity, the great majority of workers remark lack of such opportunity in the factory. The owner does not accept workers’ views. The owner does not inform employees about plans, goals, and the financial performance of the factory. The owner does not hold meetings and discussions with them. He/she wants to run the factory just like a sole trading style. Labor Act has provisioned permanent workers some right of collective bargaining. So, the owner attempts to fire and replace them with temporary workers. Workers are deprived of the right to talk and delegate about their needs and work-related issues. Voice of single or few workers are not heard by the owner, rather he/she threatens to quit our job. He or she wants to suppress even our appropriate demand. Union’s delegation is also ignored. In an FGD, research participants feel quite dissatisfied and the leadership style is quite autocratic. One participant expresses no interest in participating. The study found that employees in a state-owned and managed NEA demonstrated employee participation in decision-making more than in privately owned and managed Bira Furniture established in Patan Industrial Estate. This finding implies that employees or workers in the public sector are more involved in decision-making than those in the private sector. Causes of participation in the private sector are due to adequate statutory requirements, the unwillingness of the owner/employer/manager, and poor trade unions. Workers, however, are willing to participate in their workplace. The finding indicates that a research participant’s job-related skills, knowledge, and education can affect the extent of participation. The finding in the public sector is in line with Yusuf (2008), Tizazu (2014), Dubey (2015), and Shrestha (1991). The finding in the private sector contradicts the study of Shrestha (1991).

4. FINDINGS AND RECOMMENDATIONS
Employees/ workers who belong to the study generally demonstrate a high degree of desire in both sectors to participate in decision-making in their respective workplaces. This finding implies that employees or workers in the public sector are more involved in decision-making than those in the private sector. The researcher recommends that employees should participate in the decision-making process in the modern industrial democratic situation. Employees also make themselves capable of job-related skills, knowledge, and educational qualification which is needed for the involvement. Future research can be conducted using quantitative methods in other sectors such as civil service, education, commercial banks, and health.

5. CONCLUSION
Employee participation is a phenomenon in the workplace of an organization. The main objective of the study is to assess the state of participation of employees in deciding NEA and Bira Furniture in Nepal. This study applied focus group discussion, interviews, and observation to analyze qualitative primary data. The study found that the natures and types of EP in NEA were formal and informal meetings, teamwork, face-to face-communication, labor union, employee representation on board, and collective bargaining. In contrast to it, privately run Bira Furniture belonging to this study almost lacks these rights. Employees/ workers who belong to the study generally demonstrate a high degree of desire in both sectors to participate in decision-making in their respective workplaces. However, employers in the private sector perceived that decision-making was the prerogative of the employer or owner. Management in NEA is more positive and supportive in this respect. Lack of participation in the private sector is due to
adequate statutory requirements, the unwillingness of the owner or manager, and poor trade
unions. Even though the owner of the largest factory namely Bira Factory argues that workers have sufficient
involvement in the workplace decision-making process, however, the great majority of workers remark lack of such
opportunity in the factory. This finding implies that employees or workers in the public sector are
more involved in decision-making than those in the private sector.

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