# EMPLOYEE INVOLVEMENT CLIMATE AS PREDICTOR OF WORK RELATED ATTITUDES: A STUDY IN INDIA

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## ABSTRACT

*This research paper examines employee involvement climate as a construct and its impact on job satisfaction, organisational commitment and turnover in Indian organisation. The framework of this study has been provided by the earlier work on employee involvement by Lawler and others (Lawler, 1996; Lawler et al., 1995) and further examined by Riordan et al., 2005). With a total sample of more than 100 junior and middle level executives, the findings of this study show a strong relationship between employee involvement climate variables and job satisfaction, affective commitment and turnover. Performance based review was found to be the predictor of job satisfaction while information sharing and training had significant impact on affective commitment. The findings of this study allows the researchers and practitioners to understand the important role of the constituent variables, dynamics of how involvement climate affects work related attitude and the importance of creating enabling work environment.*

**Keywords:** *Employee Involvement Climate; Job Satisfaction; Organizational Commitment; Turnover Intention; Participative Decision Making; Information Sharing.*

## INTRODUCTION

Organisations have always long for committed employees who need little or no supervision to carry out their jobs efficiently. Organizational cultures that are "highly involved" tend to encourage employee participation and create a sense of ownership and responsibility. Consequently, out of this sense of ownership grows a greater commitment to the organization and an increased capacity for autonomy.

Involvement entails building human capacity, ownership and responsibility. It is very necessary as it leads to united vision, values and purpose. Based on the foregoing, employee involvement means employee participation in decision making and implementation in the organizations. It is measured by how well employees have sense of ownership and responsibility towards the organization. It reflects on the level of employee commitment.

The problem of modern organizations stem from the way their employees are managed (Luthans, 1985). Managers tend to focus more on the technical, to the neglect of the conceptual and human dimensions, of management for several reasons.

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Involvement has been identified as an important dimension of corporate culture that influences its effectiveness (Denison, 1990). Over the past decade, a great deal has been written about employee involvement and the important role it plays in successful performance of organizations (Likert, 1961; Denison, 1990; Shipper and Manz, 1992; Bowen and Lawler, 1995; McCafferey *et al.,* 1995). Of particular importance in the Indian context is the factors that contributes to building the climate of employee involvement which encourages an employee to take ownership and remain involved with the work. The growth of employee involvement climate as a construct is relatively new. Particularly, there is little empirical evidence that exist in India to show how employee involvement climate influences the organisation. To bridge this gap in literature, this study examines the relationship between employee involvement climate and work related attitude among Indian employees.

## EMPLOYEE INVOLVEMENT

Involvement refers to the level of participation by members in an organization's decision-making process resulting in enhanced commitment level and sense of responsibility. Involvement entails building human capacity, ownership and responsibility as it leads to united vision, values and purpose. Employee involvement is also called participative management and it refers to the degree to which employees share information, knowledge, rewards and power throughout the organization (Randolph, 2000; Vroom and Jago, 1988). With Involvement, McShane and Von Glinow (2003) says, employees perceive a certain level of authority in making decisions that were not previously within their mandate. They stated that employee involvement extends beyond controlling resources for one's own job; it includes the power to influence decisions in the work unit and organization.

The higher the level of involvement, the more power people tend to have over the decision, process and outcomes. Along with sharing power, employee involvement requires sharing information and knowledge, because employees require more knowledge to make a meaningful contribution to the decision process (McShane and Von Glinow, 2003). Employee participation has become an important part of corporate decision making because it is an integral component of knowledge management (McShane and Von Glinow, 2003). This implies that corporate leaders are realizing that employee knowledge is a critical resource for competitive advantage and as such, they are encouraging employees to share this knowledge.

Different forms of employee involvement exist in organizations. Formal participation occurs in organizations that have established structures and formal expectations that support this form of participation. Informal participation occurs where casual or undocumented activities take place at management discretion. Employee involvement can also be voluntary or statutory. It is voluntary when employees participate without any force or law. It is statutory when government legislate its activities (e.g. codetermination which varies from country to country) (Strauss, 1998).

Employee participation can also be direct or indirect. Direct participation occurs when employees personally influence the decision process. Representative participation occurs when employees are represented by peers (e.g. work council in the European codetermination system) (McShane and Von Glinow, 2003).

Different levels of employee involvement exist. Levels of employee involvement reflect both the degree of power over the decision and the number of decision steps over which

employees can apply that power (Liden and Arad, 1996; Ford and Fottler, 1995; Coye and Belohlav, 1995; Vroom and Jago, 1988). The lowest level of involvement is selective consultation, in which employees are individually asked for specific information or opinions about one or two aspects of the decision. They do not necessarily recommend solutions and might not even know details of the problem for which the information will be used (McShane and Von Glinow, 2003).

A moderate level of employee involvement entails when employees are more fully consulted either individually or in-group. They are told about the problem and offer their diagnosis and recommendations, but the final decision is still beyond their control. Employees reduce cost through recommendations to senior executives (Rossler and Koelling, 1993; Gowen, 1990; Lesieur, 1958). The highest level of involvement occurs when employees have complete power over the decision process. They discover and define problems, identify solutions, choose best option and monitor the result of their decision (McShane and Von Glinow, 2003).

Organizational cultures that are characterized as "highly involved" rely on informal, voluntary and implied control systems, rather than formal, explicit, bureaucratic control systems. Denison (2007) identified three indices of the involvement trait as empowerment, team orientation and capacity development. From the foregoing, the working definition of employee involvement in this paper is the extent of employee participation in decision making and implementation in the banks studied. It refers to the employees' level of sense of ownership and responsibility to the banks they work in. It includes the level of empowerment, team orientation and capacity building found in the banks studied.

## EMPLOYEE INVOLVEMENT

A participative work climate is created by the attitudes and behaviors of managers, who can choose how to manage their employees—for example, through the way they run meetings or involve employees in decision making (Tesluck et al., 1999; Wanous et al., 2000). Miller & Monge (1986) research suggests that employee perceptions of a participative climate are effective predictors of job satisfaction and performance. Managers may choose the type of participative climate they establish: an information-sharing climate or a decision-making climate. An information-sharing climate refers "to practices where management encourages employees to share their opinions regarding work-related concerns yet retains the right to make all final decisions" (Cabrera, Ortega, & Cabrera, 2003). A decision-making climate "gives employees increased responsibility and autonomy to organize and perform their jobs as they see fit" (Cabrera et al., 2003).

In this study we chose the framework proposed by Lawler and his colleagues who define a climate of involvement in terms of employee perceptions of four attributes (Lawler, 1996; Lawler et al., 1995). These authors propose that EI can be characterized by a work environment where all employees recognize that (a) they have the power to make decisions (participative decision making); (b) information is shared throughout the organization (information sharing); (c) they are provided with the necessary training to do the work (training); and (d) they will be rewarded for using their participation in decision making, information sharing, and training to positively influence organizational outcomes (performance-based rewards) (Dachler & Wilpert, 1978; Galbraith, 1973; Guzzo, Jette, & Katzell, 1985; Harrison, 1985; Ledford & Lawler, 1994; Randolph, 1995; Sashkin, 1984).

Fig 1: Relationship between employee involvement climate constituent and work related outcomes
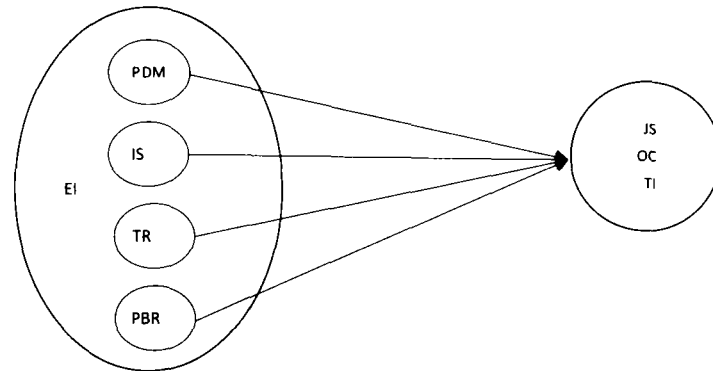


## Participative Decision Making

Participative decision making is the perception among employees that they have control over or say in decisions that affect their work. Much research has traditionally examined EI by narrowly operationalizing it only as participative decision making. However, earlier research considering both the practice and perceptions of participative decision making have concluded that, when examined in isolation, participative decision making does not strongly affect the performance or morale of individuals. While such findings suggest that participation by itself does not lead to desired outcomes, several studies indicate that participation may have a stronger effect when it coexists with organizational attributes that support it (Dachler & Wilpert, 1978; Guzzo et al., 1985). This leads to our first hypothesis of our study;

*H1: Perception of participative decision making leads to increased job satisfaction, organizational commitment and turnover intention.*

## Information Sharing

Information sharing exists when employees perceive that information about the organization, its goals, and its plans are shared with them. Open communication is considered necessary for employees to receive the information needed to participate and make quality decisions (Argyris, 1964; Hackman & Oldham, 1980; Harrison, 1985; Likert, 1961; McGregor, 1960; Pasmore & Fagan, 1992; Randolph, 1995). Randolph (1995) says, "without information, people cannot act responsibly; informed they are almost compelled to act with responsibility". Individuals who do not perceive that they have the necessary information to make decisions will also find such tasks frustrating and demotivating (Hackman & Oldham, 1980; Pasmore & Fagan, 1992). Thus we can posit our next hypothesis as;

*H2: Information sharing increases employees' job satisfaction, organizational commitment and turnover intention.*

## Training

Training enables employees to develop the knowledge required for effective performance (Cohen, Ledford, & Spreitzer, 1996; Lawler, 1992). Training also is integrally linked to participation and information in that employees need to perceive that they have opportunities to

develop the skills that accompany increased information processing and effective decision making (Randolph, 1995). Training provides employees with a basis for selecting a particular course of action and for understanding why that course of action is more desirable than others (Galbraith, 1973; James, James, & Ashe, 1990; Katz & Kahn, 1966). It is expected that adequate and consistent training will lead to desirable work related attitude. The third hypothesis is

*H3: Training leads to employees' job satisfaction, organizational commitment and turnover intention.*

## Performance Based rewards

Finally, employees in an employee involvement climate perceive that incentives link their behaviors to outcomes within the organization. Performance-based rewards influence the strength of attitudes and the frequency of employee behaviors (Porter, Lawler, & Hackman, 1975). When employees recognize that their behaviors determine their rewards, they will be more likely to alter their behaviors to be consistent with organizational goals (Wright & McMahan, 1992). Thus, employees should believe that the reward system fits with key organizational factors, such as goals and objectives, organizational structure, and the design of the work (Lawler, 1992). Making the performance-reward link obvious within a climate of EI ensures that organizations are reinforcing performance standards associated with increased use of information and knowledge and with effective decision making.

*H4: Performance-based rewards contributes to employees' job satisfaction, organizational commitment and turnover intention.*

## METHOD

### Sample and Procedure

In this study respondents were drawn from private and public sector companies. With the help of institutionally available resources, we prepared a list of organisations based out of National Capital Region (NCR). Nearly 25 organizations agreed to participate in this survey. After getting the formal approval, data for the study was collected by means of self-administered questionnaires delivered in person to all the respondents. In all nearly 125 employees participated in the study and after careful examination of these responses 110 were found suitable for analysis.

### Demographic profile of the respondent:

The mean age of the sample was 28 years. The sample represented a wide age group with minimum 21 and maximum 45. 62% of the respondents were below 30 years of age. There was higher participation from male respondents who constituted 86%. While all the respondents were at least graduate; 14% of them had 3 years of college degree, 45% had 4 to 5 years of college graduate degree and 41 % had post graduate degrees. Participants had been in their current job for an average of three and half years, and in their organization for an average of three years.

### Measures

Multiple-item scales from different sources in the extant literature were used to operationalize the study construct. A pilot study was conducted using a sample of 20 respondents to check whether respondents understood the questions without any difficulty. They recommended unchanged questionnaire.

## Employee Involvement Climate

Perceived Participative Decision Making, Information Sharing, Training, and Performance-Based Rewards: For measuring employee involvement climate, the scale developed by Riordan et al., (2005) was used for this study. In the backdrop of earlier research (e.g., Cohen et al., 1996; Vandenberg, Richardson, & Eastman, 1999), Riordan et al., (2005) used 20 items to operationalize the four perceived EI attributes (participative decision making: four items; information sharing: four items; training: four items; performance-based rewards: six items). The items were rated on 7 point scale with the range of 7 for strongly agree and 1 for strongly disagree. Cronbach's alpha for participative decision making, information sharing, training and performance based rewards were 0.83, 0.88, 0.83 and .82 respectively.

## Work related Outcomes

*Job Satisfaction* was measured by a three item scale measuring satisfaction of the employee with his\her line of work from Neteyemer et al. (1997). For *affective commitment* we used the six item scale by Meyer & Allen (1991). *Turnover Intention* was measured by a three item scale indicating the propensity of the employee to quit his\her job by Colarelli (1984). Job satisfaction and affective commitment were measured on a seven point scale ranging from (1) "strongly disagree" to (7) "strongly agree". Turnover intention was measured on a five point scale ranging from (1) "strongly disagree" to (5) "strongly agree". Cronbach's alpha for job satisfaction, affective commitment and turnover intention were 0.86, 0.79 and 0.76 respectively.

**Control variables:** Demographic variables like age, sex and education level were controlled in this study.

## RESULTS AND ANALYSIS

The analysis on the data is given below.

***Table1: Means, Standard Deviations, Coefficient Alphas, and Interrelations between Variables in the Present Study***

| | Mean | SD | 1 | 2 | 3 | 4 | 6 | 6 | 7 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Correlations | | | | |
| 1. PDM | 4.76 | 1.12 | | | | | | | |
| 2. IS | 4.39 | .90 | .544** | | | | | | |
| 3. PBR | 4.30 | 1.19 | .602** | .578** | | | | | |
| 4. TR | 4.16 | 1.13 | .251** | .162 | .246** | | | | |
| 5. JS | 4.08 | 1.26 | .354** | .358** | .375** | .024 | | | |
| 6. OC | 4.30 | 1.02 | .202* | .336** | .320** | .335** | .300** | | |
| 7. T | 3.90 | 1.15 | .039 | .152 | .065 | -.115 | -.022 | .081 | |

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*Sharing, PBR= Performance Based Rewards, TR= Training, JS= Job Satisfaction, OC= Organizational Commitment, TI= Turnover Intention)*

## Correlations

As shown in the table, most of the constituents of employee involvement climate

significantly correlate with the outcome variables. None of them however, significantly correlated with turnover intention. Training, among all the predictor variables, did not correlate with job satisfaction.

### Employee Involvement Climate constituent as predictor of work related attitude

*Table 2: EIC variables as predictor of work related attitude*

| | Dependent Variable | | |
|---|---|---|---|
| | Job Satisfaction | Organizational Commitment | Turnover Intention |
| **Independent Variable** | β | β | β |
| 1. PDM | .14 | .08 | -.08 |
| 2. IS | .13 | .18* | -.00 |
| 3. PBR | .30*** | .12 | -.02 |
| 4. TR | .14 | .23** | -.26** |
| Equation F | 17.71*** | 4.91** | 7.8** |
| R² (Adjusted R²) | .09(.08) | .09 (.08) | .07(.06) |

*$p < 05$, **$p < 01$, ***$p < 001$

In order to test the hypotheses, regression analysis was carried out where all the work related attitudes were regressed the attributes of employee involvement climate. It can be seen through table 2 that among all the attributes only performance based reward was found have significant impact on the job satisfaction. Participation in decision making was not found to be significantly impacting any of the outcome variables. This could be partly attributed to the socio-cultural milieu of the organisation and partly to the authoritative leadership style in Indian organisations. India, largely, being high power distance society it is not very usual for employee to participate in the decision making process and are quite comfortable in implementing the decision rather than participating in it. The authoritative managerial style does not encourage, and practices participatory decision making process resulting in employee not perceiving it to be significant enough to affect work related attitude. Information sharing was perceived to be important to affect organizational commitment of the employees (â=.18, p<.05). However, it did not impact other work related attitudes. Performance based review among all the variables significantly impacted job satisfaction (â=.30, p<.001). It can be observed that satisfaction was the most important attribute in raising the satisfaction level of employees. Training was the only variable that could significantly impact turnover intention (â= - .26, p<.01) among employees. It can be inferred from the result that employee value growth and developmental opportunities and the same can be used by practitioners to arrest attrition. Besides, training was also found to have significant impact on organizational commitment (â=.23, p<.01). The analysis does not support hypothesis 1 while partial affirmation was found for hypotheses: 2, 3 and 4.

## CONCLUSION, LIMITATION AND AREAS OF FUTURE RESEARCH

This study reinforces the idea of creating an involved climate for superior performance in the organisation. The study shows how different organizational attributes causes favourable

work related attitude. Except for participation in decision making other attributes significantly impacted one or the other work related attitude. Opportunities of for growth and learning is highly valued by Indian employees and can be used as a deterrent against attrition. Performance based rewards and open communication will lead to organizational commitment.

In a way results of this study would be limited. The use of cross-sectional and self-report data makes it prone to single source bias thus limiting the conclusions that can be drawn about causality. Another limitation of the study refers to the data collection process which has been convenience based rather than a random sampling method. As a result, some caution is required in generalizing the results to the larger population.

More studies across sectors will being greater clarity about how the EI attributes can impact work related outcomes. Other research areas could be explored by including more outcome variables. It will interest some researcher to do sectoral analysis of employee involvement climate and its associated consequences.

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