Employee Involvement and Organizational Effectiveness

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Abstract

The purpose of this paper is to examine the impact of employee empowerment, team orientation and capability development on organizational effectiveness. Respondents were 130, quantitative research was conducted. Correlation, Multicollonearity and Regression were applied to analyze the data. The independent variable, "employee involvement" was measured by empowerment, team orientation, and capacity development. The dependent variable was "organizational effectiveness". Significant and positive relationships were observed in all hypotheses. The progress of employee empowerment, team orientation and capability development would increase the organizational effectiveness.

Keywords- Employees involvement, Organizational effectiveness, Empowerment, Team Orientation, Capability Development, Pakistan, Education sector

Introduction

The concept of employee involvement is becoming important day by day in almost every organization. Employee involvement had become an important factor of organizational effectiveness. Employee involvement is through participation of employees to support an organization to fulfill it aims and missions and also achieve its objectives by providing their efforts in problem solving and decision making (Bullock & Scontrino-Powell, n.d.). When employees have influence on decision making involvement is created. Employee involvement is usually not an objective of any organization however it is a management style or culture of an organization which results in long-term benefits. Cambridge Dictionary online has defined employee involvement as ways staff join in planning, doing decisions, making certain that work performed properly and etc. A sense of responsibility is created in employee involvement. It indicated the level of commitment of employee (Amah & Ahiauzu, 2013). Job satisfaction and intrinsic motivation impacts employee involvement and employee involvement focuses transferring decision making at lowest level of an organization (Lawler, 1994). Organizational performance is positively affected by employee involvement (Vera C, 2001). Many researches have studies employee involvement (Lawler, 1994; Fenton-O'Creevy, 1998; Belanger, 2000; Sun et al., 2000; Wimalasiri &Kouzmin, 2000; Vera C, 2001; Weiss, 2005; Lin, 2006; Sumukadas, 2006).

Organizational effectiveness is described as the performance and efficiency through which a corporation has the capacity to fulfill its goals and objectives; methods for measuring the organizational effectiveness can be profitability, growth rate and satisfaction of customers depending on the sector of firms as describes in Business Dictionary.com. An organization that is producing products or services without waste, or producing high-quality results is an effective organization. When an organization attains the outcomes the organization aims to create, the organization is an effective organization. People frame an independent body for business with some defined purpose is known as organization and receiving anticipated result within defined means of resources can be called as effectiveness (Manzoor, n.d.). Early researchers studied different prospective of organizational effectiveness (Manzoor, n.d.; Elmuti, 1996;

Thibodeaux &Favilla, 1996; Rodsutti&swierczek, 2002; Roy &Dugal, 2005; Erkutlu, 2008).

Involvement has been recognized as a vital measure of business culture that has influenced effectiveness (Amah & Ahiauzu, 2013). Since past period, a lot of research work has done on involvement of employee and there vital character in the success of organization performance (Likert, 1961; Kanugo, 1988; Stewart, 1989; Denison, 1990; Shipper and Manz, 1992; Bowen and Lawler, 1995; McCafferey et al., 1995; Denison and Mishra, 1995; Daft, 1998; McShaneand Von Glinow, 2003).

Regardless of such a huge development in scholarly publications related toorganizational effectiveness and employee involvement, only slight work is done in under-developed and developing countries, specifically Pakistan. To repay this kind of difference in research work, this research investigates the relationship among organizational effectiveness along with employee involvement within the education sector especially higher education. Even there is a little or no work has been done in education sector. On this paper we should analyze the relationship among organizational effectiveness and employee involvement. The emphasis of research work is to clarify in what way an organization can attain effectiveness via its employees and how employee involvement can improve organizational effectiveness. The purpose of the study is to examine the impact of employees' involvement on organizational effectiveness.

Objectives

The study has following objectives:

- ❖ To study the relationship and association between Employee Involvement and Organizational Effectiveness in the Education Sector.
- ❖ To enlighten in what way an Educational Organization through its Employees can achieve Effectiveness.
- ❖ How Employee Involvement can improve Organizational Effectiveness.
- ❖ To find out how Empowerment affect Organizational Effectiveness.

❖ To find out how Team Orientation affect Organizational Effectiveness.

❖ To find out how Capability Development affect Organizational Effectiveness.

Literature Review

Employee involvement

Involvement means that how employees take part in matters of organization. It further describes involvement to be the participation level of participants in decision-making process of an organization (Amah & Ahiauzu, 2013). Involvement can also be defined as member's commitment and responsibility in their work and organization (Denison, 2007). Involvement involves structuring responsibility, ownership and capacity in humans (Amah & Ahiauzu, 2013). Involvement is very important and essential as it can heads to joint values, morals, purpose and vision as well.

Employee involvement is input of individuals to carry the work and to support organization to complete its vision and mission as well as achieving their goals and objectives by doing hard work. Individual put their best in decision doing and difficulty handling when they are involved in the organization. Employee involvement is additionally referred to as participative management and also it recognizes the amount in order to which often workers discuss information, understanding, knowledge, benefits along with strength through the entire organization (Randolph, 2000).

Employee involvement is actually not the actual goal neither the instrument, as utilized in several corporations. Personnel effort is none your purpose or a power tool, as employed in several corporations. Instead, it is just a administration as well as command viewpoint concerning exactly how personnel tend to be almost all allowed to be able to help ongoing development along with full success in their performance (Kok, Lebusa, & Joubert, 2014).

It is further discussed that when employees are made involved in any organization, they are made authorized to some degree of power for making judgments and decisions that have been certainly not in the past of their directions (McShane and Von Glinow, 2003).

Employee involvement is much more than just controlling their own work, it provides the ability in order to impact decisions within the organization (Amah & Ahiauzu, 2013). Higher level of employee involvement means more power in decision making, and to make good decisions they need more and accurate knowledge and information (Amah & Ahiauzu, 2013). Employee involvement has become more essential in business decision making as they know more about work as they are doing it.

Employee Guidance can be a participative procedure which makes use of the whole volume of individuals as well as was created to inspire staff determination for organizational accomplishment (Lawler & Mohrman, 1989). Organizational people are generally loyal to their particular work, along with experience a powerful feeling of possession. Individuals throughout organization think that to some extend they are participation in decisions which will impact their performance and believe their work is actually straight connected to the particular aims with the organization (Denison, Janovics, Young, & Cho, 2006). In an organization, employee involvement means not employees as machines rather it recognizes individuals as human being who helps an organization to achieve its goals (Apostolou, 2000).

Staff and operations notice that every personnel are interested in operating the business enterprise (Apostolou, 2000). The organization who are strongly involved, powerfully inspire worker participation and also produce a sense associated with ownership and also duty (Khattak, Iqbal, & Khattak, 2013). Workers involvement is participative procedure which makes use of the whole capacity of individuals as well as was created to inspire staff determination for organizational achievement.

In organizations there are some forms of employee involvement. Formal participation is when employee is involved through recognized structure. Whereas informal participation arises when unplanned involvement is occurring (Amah & Ahiauzu, 2013). Employee involvement sometimes be voluntary or statutory (Strauss, 1998) and direct or indirect (McShane and Von Glinow, 2003). Employee involvement is characterized in different levels as high, low and moderate. Employee involvement levels are all about the amount of making decisions (Liden and Arad, 1996). Highest level in organization of

involvement arises where employees possess full strength on the decision procedures (McShane and Von Glinow, 2003).

Employee Involvement is really a participating method which utilizes the whole capability of staffs and is made to motivate employee dedication in order to organizational achievement (Lawler & Mohrman, 1989). It is considered that if employees are involved in their organization they would result in organizational effectiveness. Employee involvement can be measured through different variables: Empowerment, Team Orientation, and Capability Development.

Empowerment

Individuals hold the authority, motivation and skills to handle work. This generates the feeling of ownership as well as accountability towards the business (Denison, Janovics, Young, & Cho, 2006). Empowerment is making employee feel that they are responsible and have control over decisions (Apostolou, 2000). Employee empowerment is further described as that the recognition by management of the individual abilities as well as providing them with authority and tools to progress their work (Apostolou, 2000).

After 1980s the organizations specially manufacturing are giving special attention in power delegation (Khattak, Iqbal, & Khattak, 2013). As in manufacturing sector employee know more than management. The idea of empowerment is now more significant in service industry (Hartline & Ferrell, 1999).

Study implies that individuals who identify power intensity of work are much happier, devoted, concerned less absence, and less number of disagreements (Spector, 1986). Further it states that effectiveness and power rise when the boss share the control and power with juniors (Tannenbaum, 1968). Delegation implies that employees consider they have obligation and responsibility as well as power to be able to take part in decision making (Khattak, Iqbal, & Khattak, 2013).

This makes feeling of possession plus responsibility in the direction to the organization (Denison 2000). When the employee is made involved in organization by empowerment, it results in organization effectiveness.

Team orientation

Team orientation is functioning supportively for one common goal which usually all staff members feel mutually dependable. This company relies on group strengths to get function accomplishment (Denison, Janovics, Young, & Cho, 2006). A group of members they work together to accomplish a unified goal. They work for a joint reason, set of objectives and goals and they all are equally responsible (Katzenbach, Jon, Smith, Douglas, 1993).

Team performance is dependent on both individual performance as well as team as a whole. Many organizations are working as team based which is resulting in better performance and consciously enhance effectiveness. Organizations have less direct control over individuals they have more authority (Khattak, Iqbal, & Khattak, 2013). If individuals are properly trained they can form effective teams and result in organizational effectiveness (Khattak, Iqbal, & Khattak, 2013).

Capability development

The organization frequently spends on the improvement of worker's abilities to be competitive and fulfill firm's needs (Denison, Janovics, Young, & Cho, 2006). Capability development is merely not just creating new abilities and skills but in addition developing organization as well as supports individuals in controlling their own degree of performance to attain employee and organizational objectives (Khattak, Iqbal, & Khattak, 2013).

Ability improvement supports organization to take part in market race plus also aids employee to improve skills as well as advance their knowledge (Blackwood, Bryson, Merritt, 2006). Organization needs to perform extra ordinary, as its need skilled employees for which they need to develop capabilities in workforce (Mathiprakasam, 2003). Organization attempt to shape and apply their energy in employee development (Denision, 2000).

Well-developed workforce can aid to pick up the skills, which further allow individuals to do well for the job and which also increase performance of organization as well as effectiveness (Khattak, Iqbal, & Khattak, 2013).
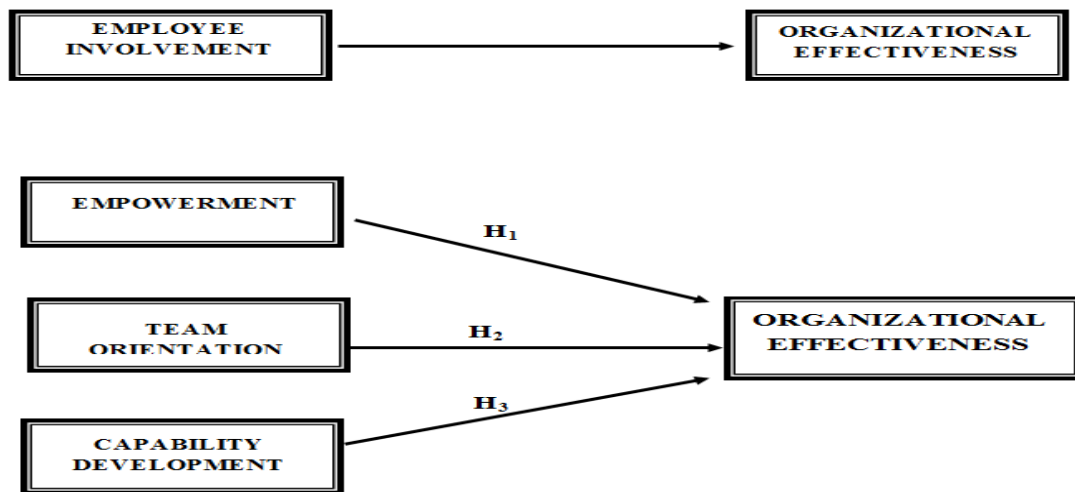
Organizational effectiveness

Organizational effectiveness is described as the efficiency through which organization is capable to completely achieve its objectives. Effectiveness is wide concept also it is hard to quantity in organizations (Daft, 1998). Effectiveness is particular organization's productive fulfillment of reasons via primary strategies (McCann, 2004).

Organizational effectiveness is a firm's long-term capability to attain constantly its ideal and operative goals (Fallon & Brinkerhoff, 1996).

Since 1980's the concept has become important and prominent (Henry, 2011). There is no single model of organizational effectiveness that can easily fit all types of organization, it differ from organization to organization (Ashraf & Kadir, 2012). Theory is linked to matters like the capability of organization in accessing and as a result attaining its aims (Federman, 2006). Effective organization is one which is efficient technically as well as economically in addition capable to adjust in external changes also (Kataria, Garg, & Rastogi, 2013). Organizational effectiveness has to emphasis on organizations plus human resources as well as support individuals to attain skills in addition to self-esteem (Vinitwatanakhun, 1998).

Theoretical framework

Employee involvement was used to evaluate organization effectiveness. Employee involvement was measured through a) Empowerment, b) Team Orientation, c) Capability Development. In this research, emphasis is on how these factors affect organizational effectiveness. Organizational Effectiveness is dependent variable. Employee Involvement is an independent variable, which is measured by Empowerment, Team Orientation, and Capability Development.

Hypotheses

To determine the effect of employee involvement on Organizational Effectiveness, the following hypotheses were derived:

- ❖ H1: There is significant relationship between Empowerment and Organizational Effectiveness.
- ❖ H2: There is significant relationship between Team Orientation and Organizational Effectiveness.
- ❖ H3: There is significant relationship between Capability Development and Organizational Effectiveness.

Methodology

Research Design

A quantitative descriptive research methodology is used in this study to collect the data. Statistical Package for Social Sciences (SPSS) version 16.0 is applied for analysis and evaluation.

Population Sample Size

The study was conducted in education sector. The organization chosen was Islamic University Bahawalpur, Pakistan. The population of the study consists of 650 faculty members (teachers).

A convenient sampling (non-probability sampling method) is use to collect data. The sample size was 242 according to (Krejcie & Morgan, 1970). In 242 questionnaires, 153 were received. After cleaning, 130 questionnaires were used for data analysis.

Instrument

There are varieties of instruments in order to determine the effect of the research on hand. The independent variable, employee involvement has the following dimensions: empowerment, team orientation and capacity development (Denison, 2007). Denison (2000) was used to measure as it includes all the required dimensions. There are fifteen questions used to cover these three measures of involvement. The dependent variable, organizational effectiveness is measured by using Carolina Organizational effectiveness survey. All the items used a five-point Likert scale (ranging from 1: strongly agree to 5: strongly disagree).

VARIABLE	ITEMS	REFERENCE
Employee Involvement • **Empowerment** • **Team Orientation** • **Capability Development**	15 5 5 5	(Denison, 2000)
Organizational Effectiveness	12	(Carolina, n.d.)

Data Analysis Techniques

Data was entered, edited and analyzed with SPSS version 16. Correlation and Regression was used as test to check to amount of relationship between the variables.

Data Analysis

Instrument Reliability

Cronbach's alpha was used to calculate the interval reliability of the instrument. The value of Cronbach's alpha was 0.918. The value is above the standard value proposed by (Nunnally, 1978) of 0.70, presenting that the instrument is reliable and now we can positively apply different statistical tests as well as interpret the outcomes with full confidence.

Correlation

Correlations

		Organizational Effectiveness	Empowerment	Team Orientation	Capability Development
Organizational Effectiveness	Pearson Correlation	1	.661**	.650**	.609**
	Sig. (2-tailed)		.000	.000	.000
	N	130	130	130	130
Empowerment	Pearson Correlation	.661**	1	.689**	.523**
	Sig. (2-tailed)	.000		.000	.000
	N	130	130	130	130
Team Orientation	Pearson Correlation	.650**	.689**	1	.560**
	Sig. (2-tailed)	.000	.000		.000
	N	130	130	130	130
Capability Development	Pearson Correlation	.609**	.523**	.560**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	130	130	130	130

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

In Table No. 1, Pearson correlation was used to analyze the results of employee involvement along with its three elements and their impact on organizational effectiveness.

The table shows that there is strong and positive relationship between Empowerment and Organizational Effectiveness, as $p < 0.05$. We are going to accept H_1. r (130)=.661, $p < .05$. It is statistically significant.

There is strong and positive relationship between Team orientation and Organizational Effectiveness, as $p < 0.05$. We are going to accept H_2. $r(130)=.650$, $p < .05$. It is statistically significant.

There is strong and positive relationship between Capability Development and Organizational Effectiveness, as $p < 0.05$. We are going to accept H_3. $r(130)=.609$, $p < .05$. It is statistically significant.

As a result, we can say that there is strong and positive relationship between Employee Involvement and Organizational Effectiveness.

Hypotheses testing

	Hypothesis	Status
H_1	There is significant relationship between Empowerment and Organizational Effectiveness.	Accept
H_2	There is significant relationship between Team Orientation and Organizational Effectiveness.	Accept
H_3	There is significant relationship between Capability Development and Organizational Effectiveness.	Accept

Multicollonearity

In order to see whether the variables are not very much correlated, we checked the multicollinearity of independent variables.

Multicollinearity of Independent Variables

Collinearity Statistics	Tolerance	VIF
Empowerment	.498	2.009
Team Orientation	.470	2.126

Capability Development	.650	1.537

The results of the multicollinearity can be seen in the table above. Collinearity is assessed by using the tolerance (TOL) and variation-inflation factor (VIF). Collinearity is found if TOL is less than 0.2 and the VIF more than 5, respectively. The results in table show that maximum VIF is 2.009, which is lower than 5, a number that is used as a rule of thumb as an indicator of multicollinearity problems (Belsely, 1991). In addition, minimum TOL is 0.470, which is more than 0.2. Thus, these results support the lack of presence of multicollinearity in the research model. The results of the regression analysis can, therefore, be interpreted with a greater degree of confidence.

REGRESSION:

Regression is used as a statistical test to determine the degree of relationship among the variables involved in this study.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751[a]	.564	.554	.40050

a. Predictors: (Constant), Capability Development, Empowerment, Team Orientation

The value of R-square is .564, which shows that 56.4% of variance in overall evaluation of employee involvement is explained by organizational effectiveness.

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26.191	3	8.730	54.429	.000[a]
	Residual	20.210	126	.160		
	Total	46.401	129			

a. Predictors: (Constant), Capability Development, Empowerment, Team Orientation

b. Dependent Variable: Organizational Effectiveness

The full model is statistically significant (F = 54.429, df = 3, 126, sig = .000). This shows that the model is fit.

Conclusion

The outcomes of this study undoubtedly point out that there exists association among employee involvement and organizational effectiveness. All three components of employee involvement have positive and significant impact on organizational effectiveness. Organizations that transfer authority and power to their employees do well as compared to the one who does not transfer. Organizations that follow team based structure perform well and are effective rather than non-team based structure. Companies which create employee's abilities, skills and know-how carry out very well while comparing with companies that have not been practicing so. Previously studies suggested that in our country Pakistan, Educational organizational should include their staff in making decisions as well as make use of all 3 aspects of employee involvement. Organizations should use team-based structure plus delegate authority as well as develop capabilities in their staff to perform effectively. Because, the progress of employee empowerment, team orientation and capability development would increase the organizational effectiveness

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