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## Impact of employee involvement on organizational performance – A study of Visakhapatnam Steel Plant

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### ABSTRACT

*The efficiency and effectiveness of processes executed in any organization are dependent on people who execute the same. As per the literature of Managerial Economics, there are Four factors of Production viz., Men, Material, Machinery and Money. The Men play the key character in controlling and regulating the remaining factors of production in an efficient manner if they are inclined to do so. Hence, it is essential to ensure that, people are in possession of a positive attitude towards their organization, co-workers as well as the management. People with a positive attitude feel satisfied with their job and tend to exhibit a commitment to their work and strive for the fulfilment of organizational Goals and Objectives. Winning the attitude of the employees is not an easy task in the current era owing to the modern scenario of growing interests, increasing technology and Inflation, diminishing the value of money and monthly earnings. Hence, the strategic and scientific Management experts rightly concluded that instead of making the people motivated through Extrinsic benefits. It is quite wise to make them self-motivated by offering Intrinsic benefits. These intrinsic benefits include Freedom to work, provision of Challenging work and an environment where the people are involved in making decisions that exert impact on their work, work environment, and working conditions. Hence, in the modern organizational scenario, it is extremely essential that the management should ensure the involvement of its employees, which makes them self-motivated, satisfied and committed to the organization's Objectives.*

**Keywords**— Employee Involvement, Organizational Performance

### 1. INTRODUCTION

For the last Three decades, due to the LPG concept, there has been a trend of “buyers’ market”, throwing a major challenge towards the organizations to struggle for existence. With inflation soaring to the sky, operating costs are rising significantly. Energy to run processes costs more, people who run processes costs more. Organizations realized that they must be capable of participating, competing and winning the competition to exist in market.

Thus, profit making has become a difficult task, as cost of inputs is climbing up and the product costs are drastically fluctuating due to the impact of Liberalization and Globalization. Organizations that prefer to exist in market and have a vision of consistent sustainability and growth shall possess extraordinary measures to ensure effective and efficient processes, creative and competent personnel. The efficiency and effectiveness of processes executed in any organization is dependent on people who executes the same.

Performance of any organization or work unit depends largely upon the people, who are working in it. Given the same inputs, people can perform well, if they work more or work better. Making people to work more (or better), is a task of analysing to know about what motivates them.

The gist of the motivational theories proposed by Mayo, Maslow, Mc Gregor and Herzberg elucidate that employees’ motives are to be addressed to make them exhibit Job satisfaction, Job involvement and Organizational commitment. These factors exert an explicit positive impact on the performance of the employees, in turn on the Performance of the Organizations. However, the abstract of all the theories appears to be stating that, the motives of the employees may be any one or combination of the motives like, Acquisition of knowledge, Career Growth and Self-development, Freedom to work, Challenging work environment, Opportunities for Involvement / Participation, Job satisfaction and Commitment, Self-respect, Dignity and Recognition and Quality of work life.

Hence, the performance of people in any organization is dependent on the extent to which the fulfilment of their above motives is met by the Management. Hence, organizations must strive to win the attitude of their employees’ by providing the facilities to fulfil their employees’ motive and needs.

An individual with positive attitude tends to perform better always and have growth and development, and in turn, exerts a positive influence on the performance of the organizations. He exhibits a sense of belongingness and concern to operational efficiency & cost effectiveness and tend to perform better for the sake of attainment of performance standards of the organization.

According to Namasivayam & Denizci, (2006), work force means soft skills as well as hard skills and work competence. Work force is not only treated as an input in production processes but also as a tool to control and monitor the processes. Menzies, (2003) opined that people exhibit a unique feature of changing themselves and also the other resources. This kind of talent of people can provide competitive advantage to the firms that hire them.

In addition, Berman, (2006) elucidated employees acts as catalyst in ensuring the firm's productive efficiency. He added that the production goals and objectives can be attained or even exceeded if the employees and their supervisors are motivated and work collectively.

Having realized the significance of people and their commitment, the Organizations expedited several initiatives in order to make people self-motivated, satisfied, committed and engaged towards the organization's performance. One of such drive is involving them the making decisions related to their work, working conditions and work environment. This in fact, a management strategy where the organizational processes and activities are improved due to the synergy of innovation accrued and no conflicts or disputes at shop-floor because the decisions are made by employees themselves.

## **2. EMPLOYEE INVOLVEMENT**

Employee involvement is the provision of an organizational climate in which people are allowed to influence the decisions and actions that affect their jobs. Employee involvement is based upon the recognition that the success of any organization is determined to a significant extent by the contribution of its employees. Forms of employee involvement can be classified Direct involvement and Indirect involvement.

Direct Involvement include participation of employees in Team Briefing, Suggestion schemes, Job enrichment, Job design, Quality of work life programs and attitude surveys. Indirect involvement includes participation of employees in Works councils, Quality circles, Board representation, Involvement groups and Task force groups.

However, Cremers, (2011) and Sisson, (2000) clarified that Involvement and participation may be direct or indirect - (i) direct involvement, when it is implemented informally within the work organization (team work, quality circles and so on), providing enhanced autonomy without any mediation of union-like workers' representatives; and (ii) indirect involvement when mediation takes the form of representative bodies (shop stewards, trade union delegates, works councils, board representation), formally acknowledged by the company.

## **3. LITERATURE REVIEW**

According to Rahimi and Karimi, (2011), Productivity is considered the most important goal of any organization as an improvement strategy-based philosophy and since human resource is recognized as the coordinator of other factors as well as the most important lever in increasing the productivity of organizations, it is of a special position, and special attention should be paid to it.

Dinesh K. Srivastava (2005) further added that, in any organization, variables like organizational structure, culture, Technology, competency of employees determine the performance. Performance also depends on many other individual personality variables like intelligence, need for achievement, attitude and aptitude. Need for achievement and focus of control determine the level of effort an individual would make to complete a task. Intelligence contributes to each and every professional activity.

Diefendorff et al., (2002) observed that the employees who were highly involved in job assignments were more efficient as compared to those who did not indulge themselves in the tasks assigned to them. Job involvement thus, has an effect on performance. Kim (2002) opined that, in order to improve job satisfaction amongst employees, firms should allow them to participate in decision making.

According to Saha & Kumar, (2015), participation in decision-making processes gives employees a sense of belongingness toward the organization by considering their opinion in important matters. To reciprocate such privileged actions, employees would exhibit identification and loyalty with their organization. Research suggests that employee participation across organizations is increasing.

Chen, (2007); Back et al., (2011) observed that Satisfaction at work is a strong determinant of organizational identification and commitment. Judge et, al (2017) said that when employee is satisfied to their job than it creates charming pressure within organization, motivate employee to job well and organization can get excellent achievement from them.

There is significant empirical evidence that job satisfaction constitutes a strong predictor of individual performance Chen & Silverthorne, (2008). Satisfied employees feel stronger commitment to their organization, are highly motivated to work harder and finally, tend to achieve superior individual performance (Lee et al, 2010; Rigopoulou et al, 2011).

## **4. NEED FOR THE STUDY**

People play a dominant role in Organizations. They play the key role in controlling and regulating all resources. There may be a number of departments in an organization, divided according to the process requirement or for administrative convenience. The performance of every department will have a considerable impact on the overall objective of the organization. It means that the

processes that are carried out in each department will have a direct bearing on magnitude and direction of the organization's journey toward the attainment of objectives. The performance of these processes is largely dependent on the people who perform them. Thus, peoples' performance is organizations performance. It is essential to make the people involved in all organizational decision-making so that they feel themselves important, gets self-motivated, satisfied, committed and put their best efforts for the attainment of organizational objectives. With this need, the present study is aimed at examining the impact of Employee involvement on the Organizational performance.

## **5. OBJECTIVES OF THE STUDY**

The present study aims at examining the existence and impact of employee involvement on the performance of Visakhapatnam steel plant. To be specific, the following are the objectives of the present study.

- To study and examine whether Employee Involvement can be promoted, ensured and sustained in an impressive, informative and inspiring environment.
- To study whether 'Employee Involvement' is responsible for Improvement in Productivity and Production.
- To study and analyze whether Employee Involvement exert influence on overall organizational performance.

## **6. HYPOTHESIS FOR THE STUDY**

Null Hypothesis H<sub>0</sub>- There is no significant impact of Employee Involvement on Organizational performance.

Alternate Hypothesis H<sub>1</sub>- There is significant impact of Employee Involvement on Organizational performance.

## **7. SAMPLING**

The universe for the present study is a large public sector undertaking located in Visakhapatnam namely Visakhapatnam steel plant. Since the undertaking chosen as the universe is an engineering industry, it is largely labour-oriented and contains about 17,850 employees. There are different cadres in the organization. These different cadres are broadly classified into three categories namely, Executives, and Non-executives for purpose of this study. In view of the variation in the total strength of the employees of the both categories, 2 percent of the numerical strength of each category is felt to be representative. Finally, the size of the sample has worked out to be 357.

## **8. DATA COLLECTION**

Firstly, official records relating to the practices, schemes, forums, facilities and environment existing to promote employee involvement are verified and studied as one of the sources of data. After the collection of the preliminary data and review of literature, the researcher has designed a questionnaire for purpose of the study. The questionnaire contains items on the status of employee involvement at VSP and performance of VSP as perceived by the respondents. The researcher has administered the questionnaire to the respondents on the prior appointments fixed for the purpose. Thus, it has been ensured that, leisure time is allocated for answering and respondents give appropriate opinion for each and every statement of the questionnaire. Every item is provided with five alternative responses on the pattern of the likert's five-point scale.

## **9. LIMITATIONS OF THE STUDY**

The study is only limited to Visakhapatnam Steel Plant, Visakhapatnam. Since the important method used in the enquiry is the case study, it has all the limitations associated with the method. The generalizations of the study can not be expected to have universal application. Even when we try to apply to the organization of similar nature, these must be applied with caution. The problem of not getting a perfect mix of respondents and also the probability of obtaining vague responses may also be there. However, the above-mentioned limitations do not detract from the quality output of the present study.

## **10. RESULTS**

The data collected have been classified, tabulated and analysed according to the objectives of the study. For the analysis of data, simple statistical tools have been used. As the opinion of the respondents for the items in the questionnaire were obtained through 5-point Likert Scale, those opinions under each variable was combined and obtained average score for each variable. To find the average score, initially weights were assigned as 2 for strongly agree, 1 for agree, 0 for can't say / no idea, -1 for disagree and -2 for Strongly disagree. Using this average score for each item an attempt was made to test the equivalence of Employee involvement and Organizational performance and then, the impact of the former on the later. Analysis of Variance (ANOVA) technique was applied to the average scores as obtained above from where, it could be analysed that the null hypothesis is rejected.

## **11. DISCUSSION OF FINDINGS**

Having perused the results of analysis obtained from data, the researcher considers that in Visakhapatnam Steel Plant, the employees are being treated as assets and Management is making reasonable investments on their development, well-being and also ensuring that the workforce enjoy quality of work-life. This strategic approach of Management is rendering the employees exhibit Job satisfaction and Organizational commitment thereby making them positively engaged to strive for fulfillment of Organizational Goals and Objectives.

In response to the questions posed under the parameter of Employee involvement, more than 90% of them have either Strongly agreed or agreed that their controlling officer seeks their ideas and suggestions from time to time and values the same and also stated that their Front-line managers are very thorough w.r.t the knowledge of Employee involvement forums and fundamentals of Team working. More than 90% of them also confirmed that they are involved in making decisions that affect their work and work environment, to suggest improvements and elucidated that Good contributions are appreciated and put up for the recognition by the Top Management. This resembles that work in VSP is carried out with a team spirit, where every group member's opinions are valued and given due importance thereby resulting a win-win situation. Such an environment reflects a positive work culture

amongst the group and make each group member intrinsically benefited and self-motivated. This situation will obviously drive the employees to strive for the achievement of targeted performance.

In response to the questions posed under the parameter of Organizational Performance, more than 90% of the employees figured in the sample either Strongly agreed or Agreed that VSP is capable of achieving targeted production and productivity standards and more than 85% of them confirmed that Production and Productivity are always in increasing trend in VSP. From this, it is appropriate to state that VSP is effective in Production front.

In addition, more than 90% of the employees figured in the sample either Strongly agreed or Agreed that VSP is successful in examining and analysing the Markets, Competitors and Business opportunities and also having enough ability to change with present scenario and upgrading the Technology to compete with the Market. From this, it can be considered that VSP is capable of sustaining in the present era of Global competition and can ensure growth rate. Thus, it can be construed that VSP is effective in Marketing front. The same percentage of respondents have also agreed that VSP has effectively synchronized the peoples' needs and organizational needs and People are regularly acknowledged and recognized for their valued contributions and hence exhibit high motivation standards. They also opined that collective execution and Team execution are encouraged in VSP and this is resulting in building co-operation and collaboration between different role players and Organization keeps its all channels open for communication where the flow of information from Employee to Management (and vice-versa) is effortless.

## **12. CONCLUSION**

Involving employees in organizational decision-making and making them to participate in various Committees, Forums and Groups meant for decision-making is not only aimed at utilizing their creativity and Innovation, but also to give them an opportunity to present the voice of employee fraternity with regard to their needs and protests.

Employee Involvement creates a sense of belonging of workers to their organizations, improves their Job satisfaction, creates a sense of commitment to organizational objectives, plans and activities among employees, fulfil their psychological needs, respects the human dignity and make them positively engaged on the attainment of organizational performance.

To conclude, it is apposite to state that the Employee Involvement is having a positive, significant impact on Organizational performance of Visakhapatnam Steel Plant.

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