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Journal of World Business 38 (2003) 43–54



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An exploration of the factors that influence employee participation in Europe

Elizabeth F. Cabrera^{a,*}, Jaime Ortega^{a,1}, Ángel Cabrera^{b,2}

^a*Departamento de Economía de la Empresa, Universidad Carlos III de Madrid, c/Madrid 126, 28903 Getafe (Madrid), Spain*

^b*Instituto de Empresa, María de Molina 12, 28006 Madrid, Spain*

Received 1 May 2002; accepted 9 September 2002

Abstract

The goal of this study was to identify the determinants of direct employee participation in organizations across Europe. Some factors were predicted to be related to levels of participation in general, namely, competition, sector, the pursuit of a differentiation strategy based on either quality or service, and indirect participation. Two additional factors were expected to be differentially related to two forms of direct participation: consultation and delegation. These factors were organizational size and the pursuit of a cost leadership business strategy. The hypothesized relationships were contrasted using data from the EPOC survey, a representative survey of over 5,700 organizations located in 10 European Union countries. The results supported 11 of the 14 predicted relationships.

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Keywords: Employee participation; Employee involvement; Delegation; Consultation

1. Introduction

A currently popular approach to Human Resource Management involves the use of “high performance work systems” (Huselid, 1995; Jackson & Schuler, 1995; Pfeffer, 1994). Studies have shown a positive relationship between these systems and a variety of indicators of firm performance. One of the HR practices that is often included in the description of high performance work systems is that of employee invol-

vement or participation. There is a growing consensus among HR researchers and professionals that participative management can enhance employee motivation, commitment, productivity and job satisfaction (Cotton, 1993). While there is a great deal written about the potentially positive effects of employee involvement, there is less known about the factors that determine the amount and/or type of participation that organizations adopt.

In this paper, we propose a number of hypotheses regarding the determinants of level of employee involvement across organizations. The factors expected to affect general levels of participation include competition, sector, the pursuit of a differentiation strategy based on either quality or service, and indirect participation. We further hypothesize that two factors influence the differential adoption of consultative

* Corresponding author. Tel: +34-91-624-9709; Fax: +34-91-624-9607.

E-mail addresses: beth@emp.uc3m.es (E.F. Cabrera), jortega@emp.uc3m.es (J. Ortega), angel.cabrera@ie.edu (Á. Cabrera).

¹ Tel: +34-91-624-9612; Fax: +34-91-624-9607.

² Tel: +34-91-568-9600; Fax: +34-91-745-2147.

vs. delegative participation. Specifically, organizational size and the pursuit of a cost leadership business strategy are expected to be differentially related to the two forms of direct participation.

Most of the hypotheses are based on the theoretical arguments proposed by two different models of participation: affective and cognitive models. The hypotheses are contrasted using data collected from 10 European countries in a very comprehensive survey called “Employee Direct Participation in Organisational Change” (EPOC, 1997). Conclusions are drawn regarding the factors found to affect level and type of direct employee participation and the direction of these influences.

2. Employee participation

The importance of employee participation as a business strategy was first stressed in the late 1920s and early 1930s. The Hawthorne studies (Mayo, 1933) gave rise to an increasing interest in the human determinants of productivity. The “human relations” approach to management emphasized the importance of communication between employees and their superiors. The lack of strong empirical support for these theories, however, turned initial enthusiasm into mild skepticism (Anthony, Perrewe, & Kacmar, 1993). More recently management practice has kindled a renewed interest in this issue. This is due to growing evidence that employee participation increases effort, which subsequently improves efficiency and productivity, it reduces the cost of monitoring employees and it leads to increased commitment (Doucouliagos, 1995).

Employee participation can take the form of a variety of management practices such as, for example, participative management, employee involvement programs, empowerment or workplace democracy. Each of these practices attempts in some way to involve employees in the sharing of information and/or making of decisions. Participation may be direct or indirect. Direct participation involves the employees themselves, whereas indirect participation takes place through an intermediary of employee representative bodies, such as works councils or trade unions (EPOC, 1997).

Two main forms of direct participation include consultative participation and delegative participation

(Geary & Sisson, 1994). Consultative participation refers to practices where management encourages employees to share their opinions regarding work-related concerns, yet retains the right to make all final decisions. Examples of consultative participation include regular meetings with supervisors, attitude surveys and employee suggestion plans. Delegative participation, on the other hand, gives employees increased responsibility and autonomy to organize and perform their jobs as they see fit. Participation in the scheduling of work, improving work processes and attendance and absence control are examples of delegative participation where employees participate directly in work decisions (Cotton, Vollrath, Froggatt, Lengnick-Hall, & Jennings, 1988).

Two theoretical models address the potential advantages of direct employee participation. According to cognitive models of participative effects (Anthony, 1978; Frost, Wakely, & Ruh, 1974; Miller & Monge, 1986), employee involvement increases the flow of information in organizations. Often employees performing seemingly unimportant tasks have access to valuable information. Higher-level managers are more likely to gain access to this information through participative management practices. Therefore, practices that encourage employees to more freely share information lead to higher levels of performance (Lawler, Mohrman, & Ledford, 1995).

Affective models of participative effects (Blake & Mouton, 1964; Likert, 1967) originated with the aforementioned ‘human relations’ school of management. They propose that employee involvement fulfils higher-order needs which leads to greater satisfaction. Higher levels of satisfaction in turn strengthen motivation, which has a positive effect on productivity (Miller & Monge, 1986). Thus, cognitive models propose that employee participation affects productivity directly by increasing the flow of information in organizations, while affective models propose that employee participation has a direct effect on employee satisfaction, which may in turn increase productivity.

3. Determinants of employee participation

There has been a considerable amount of research regarding employee participation. Most of the studies have focused on the outcomes of participative man-

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