Effect of Direct Participation on Perceived Organizational Performance: A Case Study of Banking Sector of Pakistan

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ABSTRACT

Purpose: The purpose of this study was to find out the association between the HR practices and perceptions of firm performance and to know, understand and investigate the scope of relationship among different types of employee participation (Delegative & Consultative) and organizational performance in banking sector of Pakistan.

Methodology: To investigate the relationship that exists between employee participation and firms, performance cross sectional survey design was used for collecting data based on subjective measures. Data was analyzed through MS Excel 2007 & SPSS (17.0), then descriptive, correlations and regression analysis was applied to find out the result for describing empirical and statistical relationship between dependent and independent variables.

Findings: Correlation results shows that the direct participation (Delegative & Consultative) have weak, positive and significant impact on organizational performance. Whereas, regression model results also depicts that employee participation has significant impact on organizational performance. The variation in organizational performance is explained about 23% by the independent variables e.g; delegative & consultative participation which is very minor so, we can conclude that contribution of other HRM variables towards organizational performance is comparatively high. These results are consistent with (Singh, 2004) for the same variable.

Research Limitations: The study was limited to only banking sector of Pakistan. This was based on perceived measures that the organizational performance and the forms of direct participation. So the data collected was based on perceptual and subjective measures, generally objective measures are more reliable and consistent to the outcome and results.

Practical Implications: Results revealed that direct participation has minor contribution towards organizational performance in Pakistani settings but one could not achieve the desired results by ignoring this key variable. So it is advisable that direct participation must be used in combination of with other HRM variables to boost the performance.

Originality/Value: This paper furthers our understanding of the role that employee participation attributes organizational performance.

Key Words: Banking Sector, Direct Participation: Delegative & Consultative, HRM Practices, Perceived Organizational Performance, Pakistan

1. Introduction

Banking is one of the utmost multifaceted businesses around the globe. Banks demonstrate very vital role in the economy of a country and Pakistan is particularly. Banks are curator to the resources of the general commonalities. The banking sector exhibits a substantial role in a modern world of money and economy. It stimuli and enables a lot of different but incorporated economic accomplishments like resource mobilization poverty eradication, production and dissemination of civic finance.

Pakistan contains a well established banking system which consists of an extensive variety of institutions ranging from a central bank to commercial banks and to specialized agencies to fulfill the special requirements of specific sectors. The country started without any worthwhile banking network in 1947 but witnessed phenomenal growth in the first two decades. By 1970, it had acquired a flourishing banking sector.

The utmost goal of any management is to achieve the economic success by implementing the effective developmental strategies, resulting in better firm’s performance. As a result of the emphasis on firm’s performance, researchers in human resource management are annoying to find effective human resource
strategies such as employee involvement, employee empowerment, employee participation and strategic planning.

Participatory management practices are addressed as effective and suitable measures to enhance the firm’s competitiveness (Goddard and Delaney, 2000; Ichniowski et. al., 1997). The main objective behind employee participation was to put lower level employees involved in the decision and work process to grant them greater control and autonomy over methods and works and job task (Capelli and Rogovsky, 1994).

This study determined the impact of employee participation on organizational performance. Since unsatisfactory work has discovered numerous researches on this topic but when we talk about, Pakistan due to non or limited availability of data. One could discover numerous researches on this topic but when we talk about Pakistani organization, we hardly find so many research resources. The fact that employees of organizations are becoming crucial to strategic decision making looks rationally indubitable even in Pakistan cultures.

Keeping in view the Pakistani culture, Human Resource department is still confronting a challenge to ascertain its added value to the firm’s performance. Dyer and Reeves (1995) have found a positive relationship between the HR practices and firms performance. Ulrich (1997) studied the phenomena that the firms which implement and use HR practices affectively result in increased business performance. The appearance of traditional Human Resources services in developing organization throughout Pakistan is presently experiencing a dramatic change. The focus has stimulated from managing established traditional HR functions to providing guidance to applying business strategy.

As a result, professional in Human Resources are increasingly confronted to take a major strategic viewpoint concerning their role in the organization. As Human Resources professionals retort to this challenge, assessing human Resources performance and its impact to the firm’s performance steadily arises as a significant subject. At the same time more and more executives or top level managers are spotting that HR or the people side of the business is acute to the long term endurance of the business.

In the last few decades government of Pakistan is struggling to make corporate viable for investment and for inclusive improvement of economy because organizations’ from different industries are frolicking a substantial role in the economic development of Pakistan e.g. banking secretor.

Participatory management is requisite to bring in the organization where everybody gets equivalent right to take part along divvying up power and get across word around work and multidisciplinary workgroups are employed to enforce operations. To have the best of them, corporal refinements require commuting by espousing the fresh precepts and distinction values.

2. Problem Statement
This study was taken on to investigate and evaluate impact of direct participation (delegative/consultative) on organizational performance of banking sector of Pakistan.

3. Objectives
More explicitly the objectives of the study were:
1. To know and observe the form of employee participation and organizational performance in banking sector of Pakistan.
2. To investigate the scope of relationship among different types of employee participation and organizational performance in banking sector of Pakistan.

4. Significance of Study
This study is an attempt to explore the impact of employee participation on firm’s performance. However, it is a new matter of research in Pakistan. Keeping in view, the research studies completed in Pakistan, it is indicated that there is minor research work conducted in Pakistan and it has created a widespread gap, which needs to be filled up by the existing and the upcoming future human resource management research scholars. Today’s knowledge economy demands investments in human capital of the organization and to create a work environment where employees can excel at their jobs but it is sturdily observed that practices like employee participation (delegative/consultative) are intentionally or unintentionally passed over in Pakistan so exploration is the only mode to find out the reality, causes and solutions.

Literature Review
Participatory management practices are addressed as effective and suitable measures to enhance the firm’s competitiveness (Ichniowski et. al., 1997; Godard and Delaney, 2000) Lateef and Hammed (2011) have studied
the relation between the employee empowerment and firm’s performance in the manufacturing sector. They found a statistically significance relation between the employee involvement and firm performance; also exposed the significance relationship between the employee involvement and firms whose decision making are deep and the firms whose decision making are shallow. They concluded that firms can use high level commitment of employee involvement to enhance form performance.

The main objective behind employee participation was to put lower level employees involved in the decision and work process to grant them greater control and autonomy over methods, works and job tasks (Capelli and Rogovsky, 1994). Employee involvement is very important for organization development process as it increase the productivity of the firms which ultimately leads towards enhancing the organization performance (Imran and Aslam, 2010). Ekmekci (2010) studies show that there is relationship between job involvement and organization commitment which have impacted on organization outcomes and performance. Jones and Kato (2005) observed a reliable evidence employee involvement through the participatory arrangements.

According to literature reviewed by the Bhatti and Qureshi (2007) that the organizations have culture of higher performing and valuable hearten employee involvement which resulted in that employees are more willing to keep involved in the decision making, problem solving goal setting activities. Afterward employees end up in high performance. (Hellriegel, Slocum & Woodman, 1998)

The past studies showed that employee involvement entails the employee perception of his importance or identity with his own organization ( Bandura, 1982, 1986; Stryker, 1986). It is the combination of several initiatives and is considered in analysis of precursor to empowerment (Lawler, 1986; Kanter, 1989; Lashley, 1999) Researches showed that the non managerial staff has knowledge about their work process and combines specific skills and expertise like a group workers. (LevineandTyson, 1990; Cooke, 1994; Hu Blerand Jirjahn, 2002).

According to Corrigan, (1998); Kanugo, (1992); Spritzer, (1995) have identified as the employee empowerment a sense of intrinsic motivation and beyond merely self efficacy. Thomas and Welthous, (1990) have described empowered employees as self motivated and committed individuals who feel responsible to perform at high level.

Mcnabb and Whitifild (1998) have studied the impact of various forms of financial participation and employee involvement on financial performance of firms. They founded that financial participation schemes are need to be introduced in conjunction with employee involvement schemes and have observed their combined effect is very different form of individual contribution. They further explored financial participation has important effect with a particular type of involvement schemes. They have argued that some employee involvement schemes are found to have a lower or even negative relationship with financial performance when introduce in isolation.

Addison and Belifield (1998) have reiterated Mcnabb and Wtfields studies and founded that there is no significance relation between downward communication, employee share ownership and profit related, pay on organization performance.

Kato and Morishima (2002) reported that the results generated from Japanese firms on the effects of participatory employment practices. Employee involvement and financials participation from top to grass root level by estimating production function using the new panel data. They have founded that participatory employment complementary practices will lead to a significant 8% to 9% increase in productivity. They have further observed that full productivity function can be felt only after a long organization developmental period.

Bea and Lawler (2000) studied the firms with high score on veiling the HRM practices have a competitive advantage which leads towards positive effect on firm performance. The phenomena of profit sharing plans and productivity claimed that profit sharing can be used to increase employee work effort and decrease labor, management tension, thereby permitting the better company performance.

Bhargava (1994) has highlighted the dimensional relationship between profit sharing and profitability in UK based firms and observed positive short run effect of the introduction of profit sharing schemes on the financial performance of the company. Robinson and Wilson (2006) have observed the effects of financial participation by creating a link between the use and operation of financial performance and its impact on productivity of firms. According to Blinder (1990) that profit sharing programs are more effective when combined with employee participation in management.

5. Research Questions

Within the framework of research conducted in the literature review, several issues are grounded in theoretical and practical analyses. Certain relationships have been identified in earlier research in service industries and
small manufacturing environments; however, few studies have examined the employee interactions in large service setting (banking sector) and across various organization. For this reason, specific research questions stand out and are illustrated as:

1. What is the relationship between direct participation (Delegative) and organizational performance in banking sector of Pakistan?

2. What is the relationship between direct participation (Consultative) and organizational performance in banking sector of Pakistan?

6. Research Methodology

To investigate the relationship that exist between employee participation and firms, performance of banking sector in Pakistan, a cross sectional survey design was used for collecting data from a defined population of five cities Taxila, Wah Cantt, Hassan Abdal, Rahim Yar Khan and Bahawalpur.

6.1 Questionnaire Development

The survey tool was developed using a mixture of available scales: direct participation (Lammers, Meurs, Mijs, 1987; Bhatti et. al. 2011) and perceived organizational performance (Singh, 2004). The questionnaires consisted on relationship among employee participation and organizational performance. Questionnaire was developed depending upon the extensive literature review (Bhatti et. al. 2011: Singh, K 2004), in the cited investigation studies five point likert scale questionnaire was used, in this research study we used the same approach to develop questions for measuring each of the employee participation and organizational performance. Each scale was a 5-point scale with 1= strongly disagree to 5 strongly agree.

6.2 Reliability

At preliminary phase coefficient alpha (Cronbach, 1951) was used. Data was scrutinized to determine consistency and reliability. The study figured out separate and combined reliability estimates, which are alike to the usually applied coefficient alpha statistics. Inter item consistency reliability or Cronbach’s alpha reliability coefficients of 6 items of dependent variable (OP), and two independent variables(DP&CP) 6 and 4 items respectively were acquired, they all were found above (α = 0.80). While developing the survey tool it was considered that English language was appropriate and easily understandable for the respondents.

Table 1. Reliability Results

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
</tr>
<tr>
<td>No of Items</td>
</tr>
<tr>
<td>0.731</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

The reliability statistics clearly shows that the one dependent and two independent variables, organizational performance and direct participation (Delegative and Consultative) are consistent and reliable. As the cronbach’s alpha is nearer to 1 which demonstrates that measuring instrument used for the study is true, consistent and reliable.

6.3 Sample Size

The population of this study was consisting of all individuals working in banking firms in five cities of Pakistan. Since the five cities Taxila, Wah Cantt, Hassan Abdal, Rahim Yar Khan and Bahawalpur are selected for data collection through convenient sampling technique as it was easiest to approach for the purpose of collecting data, Hence the population sample was taken from these cities.

The questionnaire was developed and filled in by the individuals from banking firms in stated five cities was constituting the sample frame which would be representative subset of the population from which the sample was drawn. A branch or operation manager of every selected branch was approached and convinced to fill the questionnaire from assistant manager level to branch manager Level. The total expected population of study is 766 employees from five cities of Pakistan. Sample that has been chosen from the population is 370 employees from five cities. Sample size of the study was 48%. So we can estimate that sample size is representative.

6.4 Respondents

Assistant Manager to Branch Manager Level employees of commercial banks operating in five cities of Pakistan was selected for the study. Questionnaires were filled through convenient sampling. Questionnaires were
distributed and collected by hand and through personal acquaintances from different bank branches in selected five cities. These modes were employed in order that response rate could be maximized. Total 370 questionnaires were distributed and that collected back were 267, individual response rate from five cities were Rawalpindi 53%, Wah Cantt. 69%, Taxilla 83%, Bahawalpur 77% and Rahim Yar Khan 67%. Out of 267 questionnaires 9 were unfilled and remaining were incomplete as they were not followed the instructions so they were disposed of and total of useable questionnaires became 250 and the usable response rate become 67.5%.

Table 2: Sample and response rate of 5 cities

<table>
<thead>
<tr>
<th>Sr.#</th>
<th>Cities</th>
<th>Sample &amp; Questionnaire Distributed</th>
<th>Questionnaire Collected</th>
<th>% of Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rawalpindi</td>
<td>125</td>
<td>67</td>
<td>53.60</td>
</tr>
<tr>
<td>2</td>
<td>Wah Cantt</td>
<td>65</td>
<td>45</td>
<td>69.23</td>
</tr>
<tr>
<td>3</td>
<td>Taxilla</td>
<td>30</td>
<td>25</td>
<td>83.33</td>
</tr>
<tr>
<td>4</td>
<td>Bahawalpur</td>
<td>75</td>
<td>58</td>
<td>77.33</td>
</tr>
<tr>
<td>5</td>
<td>Rahim Yar Khan</td>
<td>75</td>
<td>55</td>
<td>73.33</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>370</td>
<td>250</td>
<td>67.57</td>
</tr>
</tbody>
</table>

7. Hypotheses

Keeping in view theories and facts that are given in the literature review, it is evident that direct participation has some positive impact on the employee’s organizational performance.

**H1: Delegative Participation has direct positive effect on Organizational Performance.**

**H2: Consultative Participation has direct positive effect on Organizational performance.**

Our hypothesis will facilitate us to discover the relationship of direct participation with organizational performance. As an outcome of this hypothesis this study has exposed that does direct participation (delegative or consultative) has an empirically and statistically significant or insignificant and positive or negative relationship with organizational performance. If this dissimilarity exists than which type of direct participation delegative or consultative is more influenced by organizational performance and up till what degree and level.

![Research Model](image1)

**Figure #. 1: Research Model**

The Variables that explain direct participation include delegative and consultative participation. The independent variable direct participation studied with the reference of delegative and consultative participation. On the bases of hypothesis hypothetical research model is developed depicting positive relationship of organizational performance with forms of direct participation (delegative and consultative).

![Hypothetical Research Model](image2)

**Figure #. 2: Hypothetical Research Model**
8. Explanation Of Variables

Literature showed that employee participation in decision making is positively correlated to employee performance, satisfaction, production system and performance (Pfeffer 1994; Wagner 1994; and Verma 1995).

Participation can be explained either to be direct or indirect. Direct Participation directly related to the employee in the decision making process whereas indirect participation involved intermediation of staff representative towards like work councils or the unions (EPOC, 1997)

8.1 Organizational Performance

According to Singh (2004), the perceived organizational performance measures include the following variables such as quality of products or services, abilities of the firm to attract the employees, ability to retain employees, development of new products or services, satisfaction of customer clients and relations between the management and employees.

8.2 Direct Participation

Direct participation comprises two kinds consultative and delegative participation. (Geary and Sisson, 1994; Bhatti et al, 2011).

8.2.1 Consultative Participation

Studies revealed that 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. Consultative participation comprises the following examples attitude survey, employs suggestion plans and regular meetings with the supervisors.

8.2.2 Delegative Participation

Delegate participation comprise responsibility and autonomy to employees so that they perform their jobs as they deemed fit. Employees participate directly in work decisions (Cotton, Vollrath, Froggatt, Lengnick-Hall and Jennings, 1988, Bhatti et. al, 2011). Delegative participation comprises the following examples scheduling of work, improving work processes, and absence control.

9. Results and Discussions

This part of the study expresses information drawn from the data collected through primary and secondary sources. It comprises the results and findings in respect of direct participation and organizational performance.

For the analysis purposes, first the data collected through questionnaire was coded into numerical form to make it actionable and practicable. Microsoft Excel 2007 and Statistical Package for Social Sciences (SPSS 17.0) were used to compute descriptive statistics, correlation and multiple regression model for exploring the level of association between the organizational performance and direct participation in banking sector of Pakistan. The foremost and prime objective of the study was to respond to the research questions.

9.1 Research Question

What is the relationship between employee’s direct participation and organizational performance in banking sector of Pakistan? To answer this research question three forms of statistical analysis were utilized which as follows:

a. Descriptive Analysis
b. Pearson Correlation Analysis
c. Multiple Regression Analysis

9.2 Descriptive Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational</td>
<td>250</td>
<td>2.33</td>
<td>4.67</td>
<td>3.5920</td>
<td>.67706</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delegative</td>
<td>250</td>
<td>1.00</td>
<td>4.50</td>
<td>2.9146</td>
<td>.80361</td>
</tr>
<tr>
<td>Participation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultative</td>
<td>250</td>
<td>1.00</td>
<td>4.80</td>
<td>2.8344</td>
<td>.78803</td>
</tr>
</tbody>
</table>

Table 3 Descriptive Statistics
Table # 3 depicts the descriptive statistics results of the underlying study. The Mean of dependent variable organizational performance is (3.6) with minimum of (2.33) and maximum (4.67) which demonstrates that respondent were answered to agree on likert scale on organizational performance and standard deviation is also low which described that the respondent are not deviating from the mean and consistent.

Results in above table also described that delegative and consultative participation means are similar to each other above (2.83) and there maximum also above (4.50). This showed that respondent are of the opinion on delegative and consultative participation, somewhat agree on the likert scale of five that these variable can play vital role in betterment of organizational performance.

Table 4. Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Organizational Performance</th>
<th>Delegative Participation</th>
<th>Consultative Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.487**</td>
<td>.536**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td></td>
<td>.003</td>
<td>-.029**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Table #4 Showed that delegative participation has weak, positive and significant correlation (.487) with the organizational performance whereas consultative participation observed the same relation and results with the organizational performance, significant correlation (.536).

9.2 Multiple Regression Analysis

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \mu \]

Organizational Performance = Intercept + Coefficient (Delegative Participation) + Coefficient (Consultative Participation) + Error.

Table. 5: Model summary regression analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.302</td>
<td>0.091</td>
<td>0.084</td>
<td>0.648</td>
<td>12.361</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Consultative Participation, Delegative Participation
Table 6: Coefficients (\(\beta\)) Of Variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Std. Error</th>
<th>Standardized Coefficients</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.9173</td>
<td>0.182</td>
<td>15.99</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Delegative Participation</td>
<td>0.0802</td>
<td>0.051</td>
<td>0.0952</td>
<td>1.569</td>
<td>0.107</td>
</tr>
<tr>
<td>Consultative Participation</td>
<td>0.1555</td>
<td>0.032</td>
<td>0.2889</td>
<td>4.761</td>
<td>0.000</td>
</tr>
</tbody>
</table>

\[ Y (\text{OP}) = 2.91 + 0.08(\text{DP}) + 0.15(\text{CP}) + \mu \]

Results of table # 5 and 6 depict that in Pakistani banking sector the delegative and consultative participation explain confidence of 8.4% variation in organizational performance. Regression model is also significant as the F-value validates it. Keeping in view the regression equation that delegative participation explained 8% variation in the dependent variable organizational performance with unitary change in delegative participation. So, direct (delegative) participation has a weak, direct, positive and insignificant impact on organizational performance.

Whereas, above equation also validates that consultative participation explained 15% variation in the dependent variable organizational performance with 1% improvement in consultative participation. So consultative participation has a weak, positive and significant impact on organizational performance. This also authenticates our hypothesis for organizational performance. Results exposed that relationship of consultative participation and organizational performance is much stronger than with delegative participation and with organizational performance. The probable grounds for this result could be that the employee’s suggestions are taken into account in the decisions and the number of meetings with the supervisor that creates sense of praising, recognition and encouragement in employees that would lead the organization towards higher performance.

The equation results validates that the delegative and consultative participation can explain in total 23% variation in organizational performance. The results of R square and adjusted R square depicts that model is best fitted between the stated variables.

10. Discussion Of Findings

The research question is about the relationship between organizational performance and forms of direct employee participation which shows a positive, weak and significant relationship with each other. As Pakistani corporate culture does not yet to be developed at desired level because the HRM practices have not been implemented in letter and spirit.

The purpose of this study was to find out the association between the HR practices and perceptions of firm performance in banking sector of Pakistani perspective, adding to earlier work done in the field. Another output of this study is that the organizational performance is not much dependent upon delegative and consultative participation in banking sector of Pakistan as it has observed empirically weak, positive and significant association. So, organizational performance in banking sector of Pakistan is due to other HRM variables like compensation, selection, job definition, performance appraisal, training and career planning.

Nowadays it has become a broadly accepted assertion that ‘human resources’ is the supreme organizational resource and the key to achieve outstanding firm performance (Pfeffer 1994). However, the result of the present study is consistent with the study of perceived organizational performance for the same variable contribution is about 9% variation explained. (Singh. K, 2004).

The regression model results of best fitted (R and Adjusted R Square) support the hypothesis that the direct participation (delegative/consultative) can influence the organizational performance about 23% in banking sector of Pakistan. This contribution towards the performance of an organization is not much meaningful and significant. But keeping in view, the Pakistani framework as it is a developing culture to adopt the HRM practices in the best interest of society, employees and organizations particularly.
10.1 Contribution of the Current Study

This study has range of sole and unique characteristics. Following are the few contributions of this present study:

This study is an effort of researchers to contribute in existing body of knowledge to understand the relationship among direct participation and organizational performance on the basis of perceived performance variables with in commercial banking sector of Pakistan.

The study has opened up new directions in the management research by giving boost to the discussion that how direct participation is significant and key to organizational performance. The result of correlation and regression showing that direct participation has statistically significant impact on organizational performance.

Results revealed that direct participation has minor contribution towards organizational performance in Pakistani settings but one could not achieve the desired results by ignoring this key variable. So it is advisable that direct participation must be used in combination of with other HRM variables to boost the performance.

10.2 Implications for Management

The paper contributes towards human resource management cultural issues like employee perception and participation. Empirical study and evidence generated appears to support the view that HR practices like direct participation can influence and contribute to the organizational performance. Due to global competition, organizations and businesses are interested in their critical issue of growth. This prime objective can only be achieved through highly committed work force by involving them in decision making process. All those organizations, which are using HRM practices effectively has expanded their scale of higher returns. Results revealed that direct participation has minor contribution towards organizational performance in Pakistani settings but one could not achieve the desired results by ignoring this key variable. So it is advisable that direct participation must be used in combination of with other HRM variables to boost the performance.

10.3 Limitations of the Study

1. This study was only limited to the banking sector of Pakistan.
2. As the sample was drawn from the five cities, this sample size is not satisfactory enough to represent the factual image of the organizations measuring the relationship among employee participation and organizational performance functioning in Pakistani framework.
3. This study was based on perceived measures that the organizational performance and the forms of direct participation. So the data collected was based on perceptual measures, generally objective measures are more reliable and consistent to the outcome and results but by observing the means for research we have not left with another option to use it. (Harel and Tzafrir 1999).
4. We can use other methods like group discussions/discussion forum etc. for this study but we have applied commonly used questionnaire method in order to collect data for this research study.

11. Directions for Future Research

1. Our research is demonstrating that direct participation could influence organizational performance; it still does not make clear the means through which this study is achieved. Future research directions could include:
2. Different forms of direct employee participation and their impact on different employee outcomes and organizational performance.
3. The scope of study can be widen and broaden up by conducting research using objective measures instead of subject with different HR practices.
4. To improve peripheral soundness, future research efforts should be made with a more representative sample from more organizations in combination of with other HRM variables.
5. Finally, some HR practices may be suitable under certain circumstances and less appropriate under others. Future research can undertake this issue in detail also.

References


