

## The Relationship between Employee Voice and Organizational Performance at Electricity Company of Ghana

Gabriel Dwomoh

Institute of Entrepreneurship and Enterprise Development, Kumasi Polytechnic, Kumasi Ghana  
Email: gabdwumo@yahoo.com

### Abstract

The old adage two heads are better than one suggests that organizations benefit from enriched decision making through employee participation more than imposing those decisions on the employees. The research examined how employee voice contributes to the performance of companies using Electricity Company of Ghana as a case study. A scatter diagram drawn showed that there is a relationship between employee voice and organizational performance. The use of Pearson correlation to test the strength of the relationship proved that there is a strong relationship between the two set of variables. The analysis showed that employees participation contribute about 95.2% of the total performance of Electricity Company of Ghana whilst 4.98% may be attributed to other factors such as high wages and salaries or customer service. Interviews conducted with the employees (98.5%) also indicated employees' participation play a strong role in motivating employees of the company to work hard to improve the overall performance of the company. It concluded by strongly recommending employees' participation in decision making if organization want to improve upon their performance.

**Keywords:** Employees voice, performance, Electricity Company of Ghana, motivation

### 1. Introduction

Employee voice is an area of significant research interest to academics and an issue of great importance to many Human Resource Practitioners. It is a topic that has brought about a lot of controversies in organizations where their performances are not encouraging. Many researchers believe that one of the main contributing factors leading to low productivity in a number of organizations is where management ignores the voice or suggestions made by employees. In the last quarter century, there has been a dramatic shift in the forms of employee voice used in private or public workplaces worldwide with non-union voice growing at the expense of union voice. This means that even without the government or private employers encouraging employees airing their views, informally, employees through anonymous letters present their views to management. From the words of Boxall and Purcell (2003), employee voice is the term increasingly used to cover a whole variety of processes and structures which enable and sometimes empower employees, directly and indirectly contribute to decision making in the firm. This definition actually supports the views of Millward et al (2000) who sees employee voice as the ability of employees to influence the actions of the employer. Employee participation is crucial in improving organizational performance since many motivational writers see it as a form of intrinsic motivation to enhance employees' performance (Salamon 2000). Employees' voice improves communication and encourages staff retention through fair treatment. Despite the numerous benefits of employee voice and why it should be encouraged, this is not the case in many organizations in the public or private sector. It has been noted that productivity in many organizations has gone down considerably because employees are not allowed to air their views on issues concerning the organization. This has greatly affected the performance and productivity of such organizations. Employees are at risk of losing their jobs when they air their views at the workplace so they will rather be silent to the detriment of their companies. Employees may as a result, withhold information that might be useful to the organization which can lead to dissatisfaction among employees which manifests itself in absenteeism and turnover and perhaps other undesired behaviors. This scenario has led the researcher to consider research questions such as; what is the impact of employee voice on organizational performance?, is management aware of the importance of employee voice; and what are the challenges management face in promoting employees participation in organizations. In attempting to

provide answers to the research questions, the researcher adopted a simple methodology to gather and analyze data and provided conclusion on the relationship between employee voice and organizational performance. In doing this, the researcher selected Electricity Company of Ghana which is one of the companies owned by the government and investors. The choice of the company is based on the fact that since it is a public private partnership, it has the elements of both the public and private sector. Again it is one of the companies in Ghana that has come under serious attack in terms of its quality services despite that it has employees who are unionized coming under the umbrella of the Public Utility Workers Union which is one of the 17 National Unions we have in Ghana. The target population for the study was 15 districts of the company but sample was used to select 10 members from each of the 15 districts that were targeted using convenience sampling. The 2010 annual report of the company was collected and information on the number of employees who attended the company's durbar from 2007 to 2010 together with the performance of the organization in relation to revenue generated was retrieved. The use of Pearson correlation together with co-efficient of determination was what the researcher used to test the strength of relationship between employees voice and performance of companies in Ghana which Electricity Company of Ghana was selected. Interviews were also conducted with the employees and management of the company. In completing, the study looks at literature review to examine some of the current comments about employees' voice and its impact at the work place.

## **2. Literature Review**

The literature review of the paper focuses on forms of employee voice, why would management want to share its decision making power with employees, unionized employee voice, non unionized employee voice and impact of unions on organizational performance. Marchington et al (1958) identified two main forms of employee voice and these according to them are representative participation and upward problem solving. They identified joint consultative committees as the most common form of representative management where management and employees representatives usually but not always meet on a regular basis to discuss issues of mutual concern. The birth of phrase 'joint consultative committee' was questioned in 1960s concerning its sustainability as many researchers predicted that workers would prefer to have issues pursued through strong shop stewards (Clegg 1985). Despite the doubt about its sustainability, joint consultative committees went through resurgence in the 1970s before declining to being present in only 30 per cent of workplaces by the end of 1980s (Millward et al, 2000). This was partially attributed to the fall in the number of larger workplaces, where they were more likely to be found. Armstrong (2007) identified various forms of upward problem solving and these include attitude surveys, suggestions schemes as well as project teams. Though employee voice tend to have its obstacles concerning its tolerance at the workplace but despite this many organizations still welcome it. Robbins (2001) see employee voice as a form of intrinsic motivation that helps employees to put up their best. According to him, participating in decision making and having a say in issues that affect employees help them to put up their best. To Freeman and Medoff (1984), they argued that employee voice plays a vital role in minimizing turnover rate as they provide employees with the voice mechanisms through which they can rectify the work related problems and can negotiate higher compensation packages. Their arguments are supported by Batt et al (2002) who believe that employees in union set ups are expected to have higher compensation than they could earn in similar jobs in non-unionized set up and secondly unions strengthen employees by providing them with a voice in determining policies that reduce pay inequality, grievance and arbitration procedures for appealing managerial decisions. According to Peltinger (1999), the importance of employee voice to organizations lie on the fact, it enhances organization performance leading to increase in productivity. Cascio (1992) adding his views to employees voice commented that organizations may share their decision making power with employees since nobody knows best. The comment by Cascio (1992) emphasized the point that employee contributions are very vital for productivity enhancement in organizations. Employee voice is common in unionized organizations than that of non unionized organizations. In Ghana, there are 17 National Unions that come under the umbrella of the Trade Union Congress. These National Unions ensure that employees are represented fairly in all areas in the

organization. All the Public Utility organizations in Ghana have unions that champion the welfare of employees. If employees are represented and their demands are championed by unions, then as pointed out by Alkapo (1992), it is expected that organizations where these unions are found must be able to perform well. If opposite is the case, then one is tempted to ask a question that should employee voice be encouraged in those organizations where they are found? In Ghana, the scarcity of jobs has given the power to employers not to welcome employee voice in many organizations. This makes employers to make a simple statement, *'listen to what I say or leave my organization'*. Despite this threat given by employers in these organizations, Freeman (2006) comparing the performance of unionized and non unionized organizations concluded that non unionized organizations perform far well as compared to that of unionized.

### 3. Presentation of findings

Findings concentrate on how employees' voice contributes to organizational performance in terms of revenue generated. In doing this, the researcher got his findings from using statistical analysis of Pearson Correlation and Co-efficient of Determination to test the relationship between employee voice and performance of Electricity Company of Ghana in terms of revenue generated. Interviews were also conducted with the employees sampled to solicit their views if their participation in decision making serves as intrinsic motivation to them. Since the main means by which employees in the company channel their grievances and also have a say in decision making is through durbars organized by the company, the researcher collected data on the number of employees who attended the durbar of the organization to air out their views and this was tested against the performance of the company in terms of revenue generated. Table 1 represents the various years and the durbars organized by the organization and the number of employees who attended the durbar together with the performance of the organization in terms of revenue generated.

Figure 1 which is a scatter diagram also shows if there is any relationship between employee voice and performance of the company in terms of revenue generated. The relationship tends to suggest that in times of high employee voice into decision making, organizational performance increases. The diagram then, seems to suggest that there is some degree of correlation between employee inputs and its impact on performance.

It is believed that as more employees contribute to decision making, organizational performance increases. A regression is expected to exist between employee voice and organization performance with respect to the four year period (2007 – 2010). The strength of the relationship could be established using the method of Pearson's correlation coefficient.

### 4. Discussion of findings

The calculated correlation coefficient figure of  $r = 0.9748$  which is presented in table 2 shows a very strong relationship between employee voice and performance of the company in terms of revenue generated.

While the correlation coefficient is used as a measure of the degree or extent of association between two sets of data which is employee voice and performance of Electricity Company of Ghana in terms of revenue generated, probably a more common statistic is the coefficient of determination. This statistic, measured  $r^2$ , gives the proportion of the total variable in the dependent variable (revenue generated), that is explained or accounted for by the variation in the independent variable (employee voice).

Given that  $r = 0.9748$ , then  $r^2$  is 0.9502. This would be interpreted as; 95.02% of the variation in performance of the company is being explained by the association with employee inputs while the remaining 4.98% is explained by other factors. Interviews conducted with the employees about how their

participation in decision making motivates them to work hard gave different answers as 1.5% of the respondents were of the view that employee voice has no bearing with their motivation to work hard as against 98.5% who gave an opposite answer as employee voice contributing tremendously to working hard in the organization. The above analysis (98.5%) confirms that employees are considered as the greatest asset in any organization and the way they are allowed to participate in decisions play important role in determining the overall performance of the organization. As pointed out by Noe et.al (2004), it is not possible for management to know everything or always determine the best way by which work can be done. Employees are those that have contact with customers and always listen to their complains. This means that if there is any party to suggest how performance in organizations can be improved, then employees are in best position to give such suggestions rather than management. To management of the company, the instituting of durbars proves the company willingness and importance they attached to employee participation in decision making. Though its main problem is that it delays decision making since sometimes the two parties (employees and management) may have different opinion towards a particular issue but the inputs of the two parties help the company to take decisions that benefits the company a lot.

## 5. Conclusion

The intangible assets of any organization taking aside its corporate image are the skills, knowledge and abilities posses by the employees. If employees are not allowed to participate in decision making, it becomes very difficult for them to showcase these skills, knowledge and abilities. The study into employees' voice and organizational performance taking Electricity Company of Ghana as the case study suggests that employees' voice has a very strong relationship with the performance of the company. It therefore suggests that organizations need to encourage employees' participation in all aspects of decision making if they expect them to perform at their peak for organizational performance to be improved.

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Table 1: Number of employees who attended durbar and revenue figures from 2007 to 2010.

| <b>Year</b> | <b>No. of employees who attended durbar</b> | <b>Revenue (GHC Million)</b> |
|-------------|---------------------------------------------|------------------------------|
| 2007        | 419                                         | 143.5                        |
| 2008        | 434                                         | 175.7                        |
| 2009        | 449                                         | 231.0                        |
| 2010        | 457                                         | 285.8                        |

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Figure1: Relationship between employee voice and organizational performance in terms of revenue

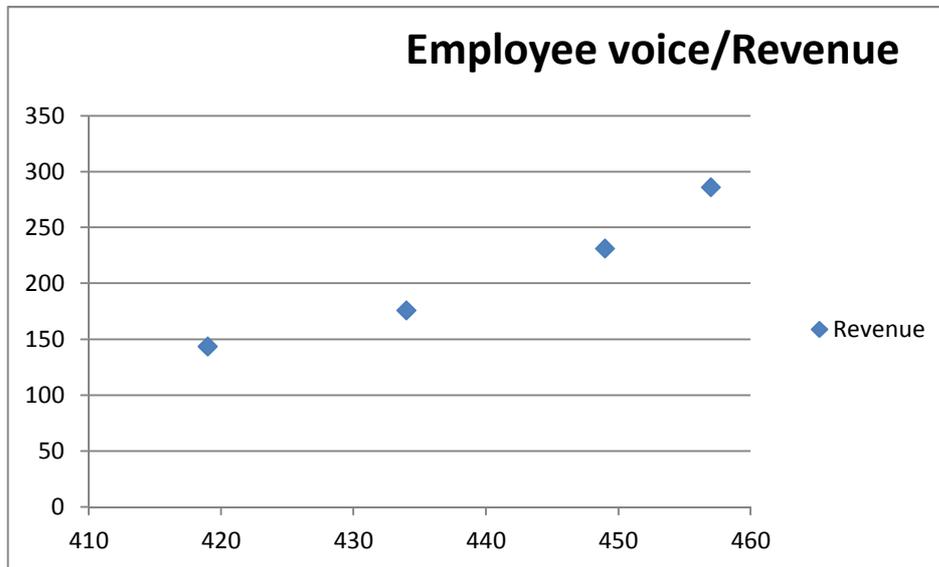


Table 2: Statistical analysis showing the relationship between employee voice and organizational performance from 2007 to 2010

| Year | No. of employees who attended durbar<br>(x) | Revenue (GH¢ Million)<br>(y) | (x <sup>2</sup> )               | (xy)                   | (y <sup>2</sup> )                  |
|------|---------------------------------------------|------------------------------|---------------------------------|------------------------|------------------------------------|
| 2007 | 419                                         | 143.5                        | 175 561                         | 60 126.50              | 20 592.25                          |
| 2008 | 434                                         | 175.7                        | 188 356                         | 76 253.80              | 30 870.49                          |
| 2009 | 449                                         | 231.0                        | 201 601                         | 103 719.00             | 53 361.00                          |
| 2010 | 457                                         | 285.8                        | 208 849                         | 130 610.60             | 81 681.64                          |
|      | <b>Σx = 1759</b>                            | <b>Σy = 836</b>              | <b>Σx<sup>2</sup> = 774 367</b> | <b>Σxy = 370 709.9</b> | <b>Σy<sup>2</sup> = 186 505.38</b> |

$$r = \frac{n\sum xy - \sum x \sum y}{\{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]\}^{1/2}}$$

$$r = \frac{(4 \times 370\,709.9) - (1759 \times 836)}{\{[4 \times 774\,367 - (1759)^2][4 \times 186\,505.38 - (836)^2]\}^{1/2}}$$

**r = 0.9748**

**r<sup>2</sup> = 95.02%**

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