

# Employees' Participation in Decision Making and the Hospitality Industry in Nigeria. An Investigative Study of Selected Hotels in the Federal Capital Territory, Abuja, Nigeria

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**Abstract** *The study investigated employee's participation in decision making and the hospitality industry in Nigeria, a study of selected hotels in the federal capital territory in Abuja. To guide the study, research questions and hypotheses were designed. An in-depth review of related literature was carried out. Primary data method was used for the study and the instrument used was a questionnaire survey designed using the Likert scale questionnaire format and administered to sixty respondents. Test of reliability of research instrument showed a result of .874 using Cronbach Alpha. Content method was used for validity of the research instrument. Two Hypotheses was postulated in line with the objectives and research question to test the significance of the research problems. The study used linear correlation and regression for analysis of data obtained from research instrument, which proved the alternate hypothesis significant in the two hypotheses tested. Findings in the study showed that employee's participation in decision making impacts on the performance of hotels in Nigeria. The study concludes there is a positive relationship between extent of employee's participation in decision making and organisational performance. The study recommends among others that participation of employees' should not just be partial but holistic to give them a sense of belonging.*

**Key words** Employee's participation, decision-making process, hospitality industry, empowerment leadership

**JEL Codes:** D81, M51

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## 1. Introduction

The current state of affairs in the country is typically not reflective of what is obtained in other oil rich countries all over the world irrespective of the decline in the price of oil. This is attributable to the diversification of the country's economy away from oil to other areas that can serve as a foreign exchange earner for them. There is a paradigm shift everywhere in the world among oil producing countries from oil as the mainstay of their economy to other sectors of the economy suitably advantageous to their growth and development. A key drive to the growth of modern economy is the hospitality industry as most focus are on using this long existing and

salient industry in making impactful contribution to their gross domestic product. The hospitality industry remains one of the largest, if not the largest industry that cuts across businesses such as hotels, restaurants, event planning and management etc. and anchored on service delivery.

A pointer to achieving the goal of ensuring the hospitality industry contributes favourably to the countries growth and development is that all stakeholders in the industry must exercise a deep sense of commitment to duty in service delivery. All businesses that engage in service delivery irrespective of technological advancement require a level of human contribution to effectively achieve excellent service delivery. This emphasizes the need for a proper management style that incorporates employees in all the business endeavours in the service industry, as employees are the contact point to all customers and their attitude will not only leave a lasting impression but could also be a basis for repeat demand. This fact drives the need for employee's participation in business decision making and their active participation in issues that relates to their welfare. Employee participation is a very broad term with a number of researches from diverse fields of study (Lam *et al.*, 2002). Participation simply gives them the need to share their ideas, fears and express opinions on possible ways that will drive the sector forward.

Employees' participation in management has attracted quite a number of researches in recent times, though its development can be viewed slow but increased employees demand for job satisfaction and the need for recognition of employees relevant in the structure of an organisation, the concept has become a major topic for first line growth. The desire for economic and industrial freedom that is believed to be attained when political democracy is achieved is a prompter to the growth of employee's participation in organisations (Rathnakar, 2012). A number of opinion groups and advocate of industrial democracy were of the view that since the people are free and made to choose the people that forms leadership over them in their county, it is also pertinent that workers of any organisation be given the free hand to take active and strategic role in decision making that affects the existence and growth of the organisation (Lunjew, 1994; Rathnakar, 2012). This believe is borne out of the perception that the organisation is likened to a system or a state, and there is need to bring democracy into the organisation as the world has moved away from the dictatorial or totalitarian style of state control.

There are over 50 hotels, restaurants and relaxation centres in Abuja but none of them are ranked among the top notched world class relaxation centres in the world, with little or nothing that will attract both local and international visitors even with the abundant of natural resources in the country. Therefore, it is on the backdrop that this study seeks to investigate employee's participation in decision making as a panacea to developing and improving their performance to an enviable world class standard. The study is therefore limited to selected hotels in FCT-Abuja, Nigeria.

### 1.1. Statement of problem

The recent drop in oil prices and its antecedent effect on the economy that has impacted greatly on the value of the nation's currency, which is a danger signal for the need for an emergency approach to trigger the hospitality industry in the country to actively contribute to the GDP and enhance foreign exchange earned in the country. Employees are the engine room of the hospitality industry which makes it necessary for them to take part in the decision making process, as they interact most with the customers and know what they want and would prefer. This rest on the belief that employees are the most indispensable resources in the hospitality industry and organizational goals of increased performance and harmonious employees commitment to work is best attained when they are integrated in the decision making process of the organisation.

Currently in the country there is a dire need for great concern as none of the hotels in the country are among the world class renowned hospitality place in the world, as there are many hotels in the country scouting for the same market but with no special interest on focusing on international customers with the immediate means of adding valuably to the growth of the Nigerian economy. It is based on these identified problems that this study is set to proffer a structured and accurate investigation that will set to reveal the impact of employee's participation in decision making on the performance of the Nigeria hospitality industry. To resolve this identified issues the research will ask the following questions as a cursory guide: To what extent are employee's participating in the decision making significant to the performance of Nigeria's hospitality industry? and What impact will employee's participation in decision making have on the performance of the Nigeria's hospitality industry?

### 1.2. Objectives of the study

The following are the specific core of the study that this research is intended to:

1. To investigate the relationship between the extent of employee's participation in decision making and the performance of Nigeria's hospitality industry.
2. To examine the impact of employee's participation in the decision-making process in the organisation on the performance of Nigeria's hospitality industry.

### 1.3. Research hypotheses

H<sub>0</sub>: Employee's participation in decision making does not have any significant relationship with the performance of Nigeria's hospitality industry.

H<sub>0</sub>: Employee's participation does not impact on the performance of Nigeria's hospitality industry.

## 2. Literature review

### 2.1. Conceptual framework

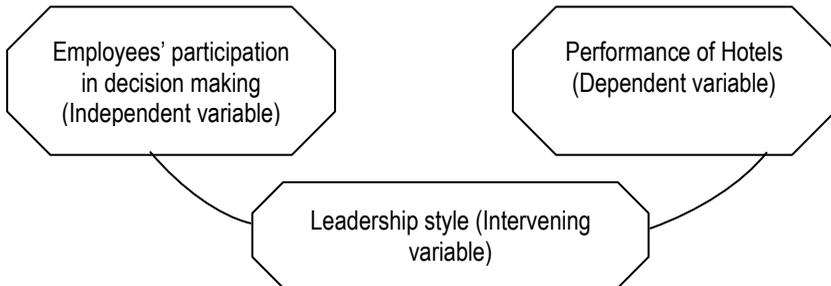


Figure 1. Conceptual framework

The whole essence of the organisation is better revealed in the structure of its strategic plan and the role of employees in designing this plan, which is a key ingredient of decision making. Decision making is the act of selecting or determining on an action to take with respect to other alternatives. According to Florence (2011) “Decision making involves mapping the likely consequences of decisions, working out the importance of individual factors, and choosing the best course of action to take”. Employees' participation in this study is taking active part in the affairs that both affect them and the organisation. Employee's participation in decision making means giving an extent of influence to workers to contribute to organisational decision-making process in the organisation. It refers to the extent of employee's contribution or expression of opinion in the organisations core strategic structure (Owolabi and Abdul-Hamed, 2011).

### 2.2. Basic requirements for employee's participation in decision-making

Certain conditions must be met before participation will exist in their environment. Godfrey and Maree (2000) listed the major prerequisites as follows:

- (1) There must stakeholders support before action is required as appropriate in emergency situations.
- (2) There should be a systemic balance of cultural, ideological and labour relations environment by ensuring there is no conflict of interest whatsoever that has the tendency to create fear and distrust.
- (3). There is need to ensure that employees feel that their job are not at risk when they express their opinions, which should be based on a cordial working relationship with respect to employees right in the organisation.

- (4). A well-structured human resource policies that seeks to recognize performance and encourage improve performance.
- (5). There should strategic organizational measures imbedded in the leadership style that creates team spirit, group cohesiveness and teamwork.
- (6). There should be a manufacturing strategy that is conducive to participation.

### 2.3. Ways of employee's participation in decision-making

There are two notable ways employees can take part in organisational decision making process (Torres, 1991; Gold and Hall, 1990, cited in Knudsen, 1995). These are: (1) Direct participation and (2) Indirect participation.

*Direct participation:* simply involves the individual himself relating to decision that concerns him. (1) Consultative management (2) Group discussion (3) Briefing groups (4) Work committees: (5) Suggestion programmes (6) Middle management committees

*Indirect participation:* The two ways that have been established as the dormant means of participation with the enterprises informally and they are: Collective bargaining and Joint consultation. (a) Collective bargaining (b) Joint consultation

### 2.4. Issues in employee's participation in decision making

There a number of factors that can seem to affect participation of employees in the decision making in the organisation.

(1) *Fear and distrust:* when there is fear and distrust from management that it's carrying along of employees in the decision making of the organisation can be viewed as weakness on its part and may prevent them from taking corrective disciplinary measures when necessary on employees. The lack of trust that employees will want to make decisions that will only favour them and not considering the interest of the organisation which primarily is to make profit can pose a challenge to employee's participation in decision making process of an organisation (Engelen, 2004).

(2) *Structure of the organisation:* size of the working units of the organization including the geographical distribution is another constraint to participation. Some managers have very limited subordinates, which makes participation impracticable. Similarly, the wide geographical dispersion of the organization may make a system of participation in decision making impossible. The structure of the organisation may determine the extent to which the manager can initiate his own idea to accomplishment of task that invariably will be in operating matters only (Mizrahi 2002).

(3) *Employees skill:* a major plausible excuse for excluding employees in the decision making process of an organisation is the lack of administrative and technical skill on the part of the employees that is required for the job. A critical part

of decision making is availability of the requisite knowledge and skill on the subject matter, as a poor skill will only amount in making decisions that are not applicable to the operations of the business. For example, an employee that has not been able to understand the business environment may not be able to take decisions as it affects the expansion of a business (Knudsen, 1995; Levinson, 2001).

(4) *Time*: a critical element in decision making is time, as it goes a long way to determine a good decision from a bad one. Therefore, most organisations will not be patient to create the opportunity for employees to come up with their input as the action may require their immediate action on the subject matter (Lawler's, 1990). These are the many observable constraints that have necessitated research in this field of study with diverse results as benefits and constraints to decision making in organisations.

### **Theoretical review of study**

This study will be using empowerment theory of leadership as a theoretical frame for the study. The theory of leadership is used to better illustrate the variables and give a more compelling view of the variables. The concept of leadership has been widely researched due to its relevance to organizational survival which is why Nirenberg (2001) viewed leadership as a social tool required for the attainment of organizational goals and objectives. This definition emphasized leadership to encompass the actions and attitude of the leader with respect to its subordinates. Leadership is about inspiration that drives positive outcome. The whole essence of leadership can be deduced to consist given others the opportunity to learn and grow and ensuring the right attitude and building commitment to organizational goals and objectives. Leadership should inspire creativity and development of inherent skills, thereby empowering employees towards future leadership positions.

The empowerment theory of leadership simply is focused on a leadership style that inspires employees by empowering them to take decisions and actions that affect the existence of the organisation. The theory suggest that leaders should aside other human relation approach seek to empower employees to take actions that will enhance their growth and that of the organisation. Empowerment theories inspire individuals to reach and acknowledge their potential in life and society.

### **Empirical review of study**

Florence (2011) carried out a study on the relationship between employee's participation in decision making process and job satisfaction among university academic staff. The study discovered that there is a positively strong correlation between employee's participation in decision-making and job satisfaction in relation to general working conditions; pay and promotion potential; use of skills and abilities; job design; and job feedback. The observation of the study agrees further

with Rathnakar (2012), study and similar conclusion that there is significant relationship between participation of employees in decision making and the degree of employee's participation and consultation. In another study by Owolabi and Abdul-Hameed (2011), the survey indicated a statistically significant relationship between employee participation in decision making and performance of firm. The study did a comparison between the performance of firms that involves employees fully or partly and discovered engaging employees fully increases performance. Singh (2009) carried out a study on Malaysian managers in the private sector with the focus to analyze the influence of individual determinants on the participation of employees in decision making. The results revealed that trust is the only individual factor that has an influence on participation in decision making.

In a similar study by Omobude and Igbudu (2012), they investigated the influence of teachers' participation in decision making process and its impact on their job performances. The study discovered that participation in decision making influence performance as teachers who participated in decision making performed better, and the relationship between participation and performance varies on certain demographical factors and availed equal participatory opportunities in decision making.

### **3. Methodology of research**

The study used descriptive cross-sectional research design. The design was chosen considering data and nature of the study. It allows estimates of the proportions of a population and the discovery of associations among different variables is possible, in order to determine whether the identified variables are independent (or unrelated) and if they are not, then to determine the strength or magnitude of the relationship. The population of the study are made of the entire hotels in FCT-Abuja. The choice of FCT, Abuja was informed because it is Nigeria's capital city and has a large number of hotels of various standards. The study adopts a probability sampling technique because it gives the entire population equal selection probability. Sample size for the study is 60 respondents using a simple random sampling, a total of 3 employees from 20 hotels in Abuja. Primary data was used for the study and were obtained through a questionnaire as the research instrument. A questionnaire survey was used to obtain data from the respondents and the target respondents completed the questionnaires by themselves on a drop-and-pick up later basis where the tentative collection date was agreed. This is due to the believe that a questionnaire serve as the foundation for both empirical and behavioural research (Kumar, 1999). The questionnaire survey was designed in a Likert scale format and scored ranging from Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). The test of reliability of research instrument was done using Cronbach's alpha. Validity of the instrument was measured using content method by

testing the questionnaire using data from a pilot study. The purpose of the pilot test was to refine the questionnaire so that respondents would have no problems in answering the questions and there would be no problems in recording the data. Correlation, simple linear regression and t-test analysis was used for both hypotheses respectively using SPSS. Data collected is balanced, objective, unbiased and a true representation of the sample, as constant supervision and monitoring took place during the process of issuing and collecting the questionnaires.

### 3.1. Operation of variables

#### Simple Linear Regression Analysis

Firm Performance = f (Employee's participation in decision making)  $Y = \beta_0 + \beta_1 X_1 + \epsilon$

Y= Performance,  $\beta_0$ = intercept,  $X_1$  Employee's participation in decision making,  $\beta_1$ = coefficient,  $\epsilon$ = Error term

Employee's participation in decision making (Independent variable)

Quality of Decisions (Intervening variable)

Performance of the hospitality industry (Dependent variable)

## 4. Findings, results and discussions

The instrument used for the study was tested for reliability using Cronbach's alpha and discovered the 10 items on the instruments showed an analysis result of .874 (87.4%) which is relatively high and shows a strong reliability of the instrument in carrying out the purpose of the study.

Table 1. Reliability Statistics

Cronbach's Alpha	N of Items
.874	10

### 4.1. Hypothesis testing

The hypothesis stated earlier was repeated and stated in this section in both the null and alternate form. Hypothesis one was tested using simple linear correlation while Hypothesis was tested using regression and t-test analysis.

#### 4.1.1. Hypothesis one

$H_0$ : *Employee's participation in decision making does not have any significant relationship with the performance of Nigeria's hospitality industry.*

*H<sub>1</sub>: Employee's participation in decision making have significant relationship with the performance of Nigeria's hospitality industry.*

The hypothesis was tested using correlations analysis and the table below showed there is a significant relationship between quality of decision and organisational performance of hotels in Nigeria. The table shows a relatively high positive correlation value of .541(\*\*) in percentage as 54.1%. This simply means there is need to attach so much relevance to the quality of decision which explains the extent of participation of employees in the decision making process in the organisation. The quality seeks to show the degree of participation of the employees as a part way variable explaining participation actively. From the result below, it is therefore means quality of decision and organisational performance are significantly and positively correlated at the level of significance of 0.01. Therefore, the null hypothesis (H<sub>0</sub>) is rejected. Thus, it is clear employee's participation in decision making have significant relationship on the performance of Nigeria's hospitality industry.

*Table 2. Correlations of quality of decision and performance*

		Employees participation	Quality of decision	Performance
Employees participation	Pearson Correlation	1	.486(**)	.681(**)
	Sig. (2-tailed)		.000	.000
	N	60	60	60
Quality of decision	Pearson Correlation	.486(**)	1	.541(**)
	Sig. (2-tailed)	.000		.000
	N	60	60	60
Performance	Pearson Correlation	.681(**)	.541(**)	1
	Sig. (2-tailed)	.000	.000	
	N	60	60	60

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

#### 4.1.2. Hypothesis two

*H<sub>0</sub>: Employee's participation does not impact on the performance of Nigeria's hospitality industry.*

*H<sub>1</sub>: Employee's participation impact on the performance of Nigeria's hospitality industry.*

The result below in table 3a is a contribution to knowledge as it attests to the fact that employee's participation is a contributing tool to ensuring organisational improved performance. Employee's participation is significantly positively related to organisational performance from the above table showing a high correlation value (R) which is .728 (72.8%).  $R^2 =$  shows the percentage of total variation of the dependent explained by the independent variables. The result showed that  $R^2 = 0.530$  (53.0%), which implies that the variation in organisational performance are explained by changes in employee's participation in decision making. The remaining 47.0% variation is explained by stochastic error term (e) meaning that 47.0% of changes in (OP) changes are explained by some varying factors not captured in the model. The analysis of variance (ANOVA) in Table 3b shows that the F value of the model (15.476) was significant at the 0.01 levels, showing the regression significant in the study.

Table 3. Regression analysis of employee's participation and organizational performance

Table 3a. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728(a)	.530	.495	.50432

Table 3b. ANOVA(b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.744	4	3.936	15.476	.000(a)
	Residual	13.989	55	.254		
	Total	29.733	59			

Table 3c. Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.355	.349		3.887	.000
	Employees participation	.430	.106	.503	4.076	.000
	Ep4	.022	.101	.028	.214	.832
	Qd2	.118	.069	.183	1.698	.095
	Qd3	.126	.113	.163	1.117	.269

The decision rule for the standard error test goes thus: If standard error (B1) > B1/2, therefore, accept alternative hypothesis and reject the null hypothesis. If standard error (B1) < B1/2, therefore, reject alternative hypothesis and accept the null hypothesis. From the analysis above in table 3c: standard error (B1) = 0.503 > B1/2 = 0.2515. Therefore, the alternative hypothesis is accepted and null hypothesis rejected. This means that employee's participation impacts organizational performance. According to the regression coefficient result in table 3c, (Tc) = 4.076 and the (Tt) is obtained at (2-tailed) 5% level of significance and the degree of freedom as (60-1=59) on the T- table as (Tt) = 2.0010. Therefore, we accept alternate hypothesis given the (Tc)>(Tt) (4.076> 2.0010). The result indicated a higher t-cal value to the t-tab; therefore which demands we accept the alternate hypothesis that states that employee's participation impacts on the performance of hotels.

## **5. Managerial implications. Conclusions and recommendations**

The above findings places so much responsibilities on managers as they must develop strategies to ensure employees take active part in the decision making process of their organisation, as it not only empowers them to work more but could be a motivating factor to improving performance and reduce employees turnover. The quest for seeking out other monetary motivation factor in an environment that is suffering cash crunch should be shoved aside temporarily while engaging real time with employees to get inputs since they interface with the customers frequently and are the image of the organisation in terms of their attitude to work and to service delivery.

The study concludes that the way employees' participation in decision making is entrenched is reflective of the overall efficiency of the organisation. The degree is a major determining factor as carrying them along is not enough but allowing them participates is vital to improving performance and ensuring commitment. Therefore, how employees feel make an impact on their productivity levels. The levels of an employees' commitment have a direct bearing on the sustainability and profitability of any business firm. The study was delimited to 20 organisations in FCT Abuja with a small sample size. It is expected that further studies in this area would compare more than one state in the federation and with larger sample size that will help to expand the scope of our understanding beyond the present state in the quest to enhance efficiency through effective participation of employees' in the decision making processes of an organisation.

The study proffers the following recommendation:

(1) Decision making process should be systematic, strategic and structured for easy implementation.

(2) Employees must be integrated in the organization, their job must provide a sense of excitement, and they must see management as working in their interest so as to propel favourable disposition to work.

(3) In ensuring efficiency is improved the participation of employees' should not just be partial but holistic to give them a sense of belonging.

(4) Finally, management must make it a part of its standard policy to ensure all staff opinions, suggestions, view are subjected to their merit and accepted where applicable.

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