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Employees' Involvement in Decision Making and the Performance of Selected Small-Scale Enterprises in Lagos State, Nigeria

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Abstract
The study examined the effect of employees' involvement in decision making on the performance of selected small-scale enterprises in Lagos State, Nigeria. Structured questionnaire was used to collect data from 253 respondents out of 6,746 registered small-scale enterprises through multistage sampling method. Simple regression analysis was used to analyze the data collected in order to examine the effect of independent variable (employees' involvement) on dependent variable, performance (profitability and market share). The result showed that the predictor variable namely employees' involvement has 54.6 percent variance of selected small-scale enterprises' performance. From the findings of the study, it can be concluded that employees' involvement in decision making has significant effect on the performance of selected small-scale enterprises. In line with this, the study, therefore, recommended that small scale business owner/managers should pay particular attention to the need for involving their employees in decision making processes.

Key Words: Decision making, employees' involvement, performance, small scale enterprises

Introduction

Globally, small scale enterprises have been admitted and recognized as the bedrock of socio-economic growth and development. The contributions of small-scale enterprises to the world economies in terms of employment creation, wealth creation and poverty reduction cannot be overemphasized. Small scale enterprises, as noted by Sanusi, Abubakar, Chukwukere and Haruna (2021) serve as a mechanism for industrial growth and a vehicle for technological innovation. In the same direction, Ofoegbu, Akanbi and Joseph (2013) observed that small scale enterprises are problem solvers in relation to accelerating economic growth among less

developed economies. The authors further affirmed that focus on the survival of small-scale enterprises would contribute to job creation, income disparity reduction, production of goods and services in the economy. To achieve the foregoing, employee-employer participation in decision making among small business owners has been identified as a major managerial tool.

The involvement of employees in decision making among small business owners is recognized as a game changer for improving their performance. The current economic uncertainty, turbulent business environment and intense competition among businesses compel small scale enterprises to be more flexible, adaptive and participatory in handling their activities (David, 2005). In this regard, small scale enterprises need to accept the fact that people are the most important assets in the organizations with the major responsibility of combining all other factors of production for ultimate success (Sanusi, *et al.* 2021). The authors also established that sustainable success of small-scale enterprises depends on involving the participation and capability of entire employees to generate new ideas and ways of doing thing to outsmart other competitors. Therefore, small scale business owners need to involve their employees in decision making for them to feel committed and as part of the organization for higher productivity.

Kuye and Sulaimon (2011) opined that non-involvement of employees in decision making process could lead to job dissatisfaction, conflict and confrontation which would negatively affect individual employee's productivity and business performance. If small business owners do not acknowledge employees' endorsements, Dike (2021) revealed that such employees often conclude that the small business owners have no interest in their new innovative ideas. On the other hand, Bennett (2010) described employees' involvement in decision making as an initiative voice of every employee involved and is a key element in the successful implementation of new management strategies for competitive business performance.

Several studies like Sanusi, *et al.* (2021); Dike (2021); Chesoli (2018); Bhuiyan (2010); Kim, McDuffie and Pil (2010) have established that allowing employees to be involved in decision making leads to increment in motivation, higher productivity and business growth. The involvement of employees in decision making is seen to be

critical for the competitive advantage and survival of every small business owner and therefore needs serious attention. This makes them to have a sense of belonging and it is a mental as well as emotional replication that will lead to the achievement of individual and business objectives. Having recognized the effect of employees' participation in decision making on the performance of small-scale enterprises, growing human resource (HR) researches, especially in developed economies pointed to the significant role that HR practice can play in enhancing the growth and survival of small businesses. However, there is need to establish that research on the adoption of HR practice by small scale enterprises in developing economies like Nigeria is still very scanty. It is on the premise that this study attempted to further contribute to knowledge by examining the effect of employees' participation in decision making on the performance of selected small-scale enterprises in Lagos State, Nigeria.

Study Hypothesis

H_{01}: There is no significant effect of the employees' involvement in decision making on the

performance of selected small-scale enterprises in Lagos State, Nigeria.

LITERATURE REVIEW

Employees' Involvement in Decision Making

Employees' involvement in decision making, otherwise known as participative decision making or joint decision making could be described as shared decision making in the work situation (Dike, 2021). It could be the distribution of decision making power between employer and employee either through direct or indirect participation. Locke and Schweiger (2007) further noted employees' involvement in decision making as joint decision making between managers and subordinates. The involvement could be classified, as revealed by Locke and Schweiger (2007) into formal-informal and direct-indirect. The authors went further to explain that formal involvement has a system of rules to be followed while informal involvement is like having conversations with the employer. Direct participation, according to the scholars means immediate personal involvement in decision making while indirect participation means some form of employees' representation in decision making.

Decision Making

Decision making is opined by Vrba and Brevis (2002) as the process of selecting the

best method among competing alternatives to solve a problem. This entails mapping out the likely costs of decisions, identifying the significance of human factors and choosing the best method among the available alternative courses of actions (Florence, 2011). Moorhead and Griffin (2004) further viewed decision making as a means of selecting most suitable course of action among available alternatives. Marchington (1980) cited in Sanusi, *et al*. (2021) asserted that employees no longer accept decisions without being part of the process to enable them influence the final outcome. This implies that employees fully cooperate and participate in the implementation of decisions in which they are involved during their processes. In the same vein, Hirshman (1970) cited in Sanusi, *et al*. (2021) revealed that when a manager does not allow his/her employees play a role in decision making processes, they feel inhibited, sidelined and having the feelings of leaving the organization. The foregoing may be why the present day managers show a greater concern to increase their organizations' success through the use of participative approach.

Small Scale Enterprises

These are businesses that are capable of employing 10 to 49 employees and have an asset of an amount equal to between N5 million and N49.9 million with the exception of land and building (Yahaya, Geidam & Usman, 2016). Furthermore, the National MSMEs Survey (2015) put the number of small enterprises in Nigeria at 68,168. The Survey also reveals that while most of them are sole proprietorships, a significant number are incorporated businesses. According to this Survey, approximately 1.86 million people were employed in this subsector.

Measuring Small Business Performance

Performance has been the most important issue for every business organization, either profit or non-profit oriented (Adubasim, Adelaiye & Admin, 2018). The authors further noted that measuring, conceptualizing or defining performance within the organizational setting remains debatable. Performance is defined by Leans and Euske (2006) as indicators which provide information on the level of achievement of organizational objectives and could be financial and non-financial in nature. The financial performance can be in form of profits, return on assets, return on investment while non-financial performance can be sales and market share among others. For this study, the performance indicators are profitability and market share.

Empirical Reviews

The connection between employees' involvement in decision making and the performance of small-scale enterprises has attracted the attention of the practitioners, scholars and researchers. It is in this spirit that this study reviewed the past research studies regarding the subject matter of the study.

In a study carried out by Sanusi, *et al.* (2021) on the employee participation and organizational productivity of small and medium scale enterprises, the study used a cross sectional design and survey method. The sample size for the study was 183 out of 364 registered SMEs with SMEDAN in Bauchi State, Nigeria. The study employed a purposive sampling technique to choose the sample size and questionnaire to collect data from 169 valid respondents. Descriptive statistics and Spearman's rank correlation were used for data analysis and hypothesis testing. The result confirmed that there is a positive significant relationship between employee participation in decision making and organizational productivity of small and medium scale enterprises.

A study carried out by Dike (2021) on the impact of employees' involvement in decision making on organizational performance in Delta Sea Port, Delta State, Nigeria used a descriptive survey research design. The sample size of 199 respondents was randomly chosen from population of 394 employees of Delta Sea Port in Delta State, Nigeria. Data collected were analyzed using mean score, standard deviation and regression statistics. The findings of the study showed that there was positive and significant impact of employees' involvement in decision making on organizational performance.

In another research conducted by Ekwoaba, Ufodiama and Enyinnaya (2019) on the effect of employee involvement in decision making on organizational performance using TYX Oil Limited, Lagos State as the unit of study. The study used survey research design. The study employed structured questionnaire to collect data from 279 respondents using multi-stage sampling technique. Data collected were analyzed using regression and t-test analyses. The result of the study revealed that employee involvement in decision making positively affects organizational performance. Chesoli (2018) also investigated the effect of employee involvement in decision making on performance of selected SMEs in Kitale of

Kenya. The study adopted a survey research design. Data was sourced from one hundred and twenty-nine (129) employees and twenty seven (27) owner/managers population with the sample size of 139 respondents of the randomly selected SMEs, with the aid of questionnaire. Data collected were statistically analyzed using descriptive and inferential statistical tools. The result of the findings revealed that Kenyan SMEs pay low attention to human resource management practices which, they have hitherto, largely ignored, in the course of running their businesses.

METHODOLOGY

The study used cross-sectional research technique. The study area was Lagos State, Nigeria. The choice of this place was purposive and Nigerian commercial nerve centre. Multistage sampling procedures consisting of stratified, purposive sampling and simple random sampling techniques were used to select a total of two hundred and fifty-eight (258), including 208 employees and 50 owner/managers, out of six thousand, seven hundred and forty-six (6,746) small scale enterprises that were registered with their respective associations in the selected local government areas and are engaged in block making, bakeries, food catering, poultry and furniture making among others. The sample was taken across the nine (9) local government areas comprising three (3) local governments from each of the three (3) senatorial districts in the state. Structured questionnaire was used to collect primary data from the respondents. Two hundred and fifty-eight (258) copies of questionnaire were administered to respondents, out of which two hundred and fifty-three (253) were retrieved, representing 98.1% retrieval rate.

Data collection instrument was measured and the responses were rated on the Likert-scale format with answers ranging from 1-5 (1= strongly disagree to 5= strongly agree) with each variable having 10 questions. The reliability of the instrument was tested by the use of test-retest method which involves administrating the same instrument twice to fifteen (15) employees and five (5) owner/managers from each of the selected local government areas but outside sample area within two weeks interval. Comments obtained from the pilot test-retest were considered accordingly. The study reported Cronbach reliability alpha of employees' involvement (.76) and the mean index of performance (.82) in order to determine their reliability and soundness, therefore meeting acceptance standards for the study. Simple

regression analysis was used to analyze the data collected with the aid of Statistical Package for Social Sciences (SPSS) version 21.

RESULTS AND DISCUSSION

Table 1: Regression analysis of employees' involvement in decision making and the performance of selected small-scale enterprises in Lagos State, Nigeria.

Table 2a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.739[a]	.546	.462	1.481	.536

a. Predictors: (Constant), Employees' Involvement

b. Dependent Variable: Performance

Table 1b: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.059	1	6.059	43.182	.000[b]
	Residual	19.534	251	.293		
	Total	25.593	252			

a. Dependent Variable: Performance

c. Predictors: (Constant), Employees' Involvement

Table1c: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.376	.741		3.472	.000
Employees' Involvement	.864	.513	.723	6.348	.000

a. Dependent Variable: Performance

In order to examine the effect of employees' involvement in decision making on the performance of selected small-scale enterprises in Lagos State, simple regression analysis technique was applied to test the data collected and the result presented on the table 1a, 1b, and 1c shown above. This was in line with the objective of the study and the hypothesis which sought to examine the effect of employees' involvement in decision making on the performance of selected small-

scale enterprises in Lagos State. The result showed that employees' involvement had one effect or the other on the dependent variable, performance (profitability and market share).

Discussion of Results

From tables 1a, 1b and 1c above, it was observed that employees' involvement in decision making as a construct accounted for a total of R^2=0.546 of performance (profitability and market share) (β = .723, t = 6.348, P<.01) among the selected small-scale enterprises within the period of the study. The predictor variable explained 54.6% of the variance in the performance of the selected small-scale enterprises while the remaining 45.4% could be due to the effect of extraneous variables. The model was confirmed with an F value of (1,252) = 43.182 which was significant at 1% level of significance meaning that the model had the ability of capturing the contribution. This implies that employees' involvement in decision making influenced business profitability and market share among the selected small-scale enterprises at 1% level. This result is in line with the findings of studies carried out by Sanusi, *et al.* (2021), Dike (2021), Ekwoaba, Ufodiama and Enyinnaya (2019) who revealed a strong and positive significant relationship between employee participation in decision making and organizational performance.

CONCLUSION

This research work examined the effect of employees' involvement in decision making on the performance of selected small-scale enterprises in Lagos State, Nigeria using simple regression analysis. The result of the study showed that employees' involvement was statistically significant. From the above discussion, it is concluded that employees' involvement in decision making was found to influence the performance of selected small-scale enterprises. Based on the above conclusion, it is therefore recommended that small scale business owner/managers should pay particular attention to the need for involving their employees in decision making processes.

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