



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF BUSINESS LEADERSHIP
GRADUATE PROGRAM UNIT**

**THE EFFECT OF EMPLOYEE PARTICIPATION IN DECISION MAKING ON
ORGANIZATIONAL PERFORMANCE: IN THE CASE OF “COOPERATIVE
BANK OF OROMIA S.C”**

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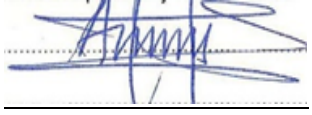
**THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ADDIS
ABABA UNIVERSITY, SCHOOL OF COMMERCE FOR THE PARTIAL
FULFILLMENT FOR THE DEGREE OF MASTER OF ARTS IN BUSINESS
LEADERSHIP**

ADVISOR: FESSEHA AFEWERK(A/PROFESSOR)

**JULY, 2023
ADDIS ABABA, ETHIOPIA**

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
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Statement of Certification

This is to certify that Robera Wakgari Negasa's research conducted on the topic entitled "The Effect of Employee Participation in Decision Making on Organizational Performance" ("In the Case of Cooperative Bank of Oromia") is his original work and is adequate for submission for the award of a Master's Degree in Business Leadership.

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June, 2023

Statement of Declaration

I, Robera Wakgari Negasa, hereby declare that the thesis entitled "The Effect of Employee Participation in Decision Making on Organizational Performance" submitted to Addis Ababa University, School of Commerce, in partial fulfillment of the requirements for a Master of Arts in Business Leadership is my own work effort and that all pertinent sources of materials used for the study have been duly acknowledged. I confirm that this study has not been submitted for any degree to Addis Ababa University or any other university.

Name: Robera Wakgari Negasa

Signature: _____

Date: _____

Acknowledgment

First of all, I would like to thank my almighty God for giving me strength and courage from the inception to the completion of my education. I would like to extend my appreciation to my advisor, Fesseha Afework (A/Professor), for his unreserved guidance and support in completing my study. I have great respect for the employees of the Cooperative Bank of Oromia for their willingness to share necessary information and their timely response to my request. I also thank my friends for providing me constructive feedback and my family members for their unprecedented support in every aspect of my life.

Abstract

Employees are the key assets of the company and have an effect on the organization's performance. The primary goal of the study was to examine the effect of employee participation in decision-making on organizational performance at the Cooperative Bank of Oromia. Five participation levels, which include informative, consultative, administrative, associative, and decisive participation levels, were considered independent variables. A descriptive and explanatory research design and quantitative research approach were used, taking into consideration the objectives of the research. On the other hand, the researcher used stratified with combination of purposive sampling method to gather data from the Cooperative Bank of Oromia's professional employees working at Head Quarter. A structured questionnaire based on prior research was used as a data collection instrument and distributed to 141 respondents. From the total samples, 115 questions were returned, with a response rate of 82.5%. A statistical data analysis tool, SPSS Version 20, was utilized for data analysis. Descriptive statistics were used to arrange, summarize, and present the study's data. Additionally, inferential statistical tools such as correlation and regression analysis were used to examine the relationship between dependent and independent variables. From the five hypotheses, informative and associative participations were accepted, while consultative, administrative, and decisive participations were not strong predictors of organizational performance. Informative and consultative participation were the highly practiced levels of employee participation in decision making in the cooperative Bank of Oromia. Recommendations were forwarded based on the research findings of Informative and associative participations are positive and significant effect on organizational performance, informative participation and consultative participation highly practiced levels of employee participation in decision making.

Finally, the areas for future research to focus on other forms of employee participation like participation through ownership, participation through representatives (workers Union) and participation through job enrichment or their mixed approach and etc were identified and recommendations were forwarded based on the above main research findings.

Keywords: *Informative Participation, Consultative Participation, Administrative Participation, Associative Participation, Decisive Participation, Decision Making, Organizational Performance, Balanced Scorecard (BSC).*

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Acronyms

EPDM-Employee Participation in Decision Making

BSC-Balances Score Card

PDM-Participatory Decision making

SPSS -Statistical Package for the Social Sciences

VIF-Variance inflation factors

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Employee participation in decision-making is now considered a managerial technique for improving organizational performance by pursuing mutually beneficial objectives for both employees and employers. This is made possible by letting employees participate in the formulation and implementation of the company's strategies and actively engage in day-to-day decision-making. Employees are crucial assets of an organization and have a significant role in the bank's performance if allowed to contribute their ideas to decision-making. Whether it is referred to as "people," "labor," or "human capital", the resource that is found within employees and how they are organized is increasingly seen as crucial to strategic success and competitive advantage (Boudreau and Ramstad, 2007).

According to Nwoko, V. O., & Emerole, G. A. (2017), employee participation is the sharing of authority in decision-making between management and employees, either through direct or indirect involvement. Taking part in decision-making is a mental and emotional reflection that will result in the accomplishment of personal and organizational goals, particularly if encouraged by the culture of the business (Ardichvili, Page et al., 2003).

In order for employees to understand the need for creativity and commit to changing their work behaviors in new and improved ways, they must be involved in decision-making (Singh, 2009). Participation of employees in decision-making ensures a sense of belongingness among staff members and creates a pleasant workplace where management and staff are prepared to contribute to good relations (Noah, 2008). Many scholars and managers argue that if employees are well informed about issues affecting them and have the opportunity to make decisions related to their work; it will benefit the whole organization and individuals. In Ethiopia, the banking industry is among the service sectors that are growing rapidly, and the performance of the company is dependent on employee participation, commitment, and how they are motivated to contribute their part in decision-making.

Empirical evidence indicates that employee participation in decision-making has an effect on organizational performance. According to a study done by Kuye and Sulaimon (2011),

businesses that encourage employee participation in decision-making perform better than their rivals. The effect of employee participation in decision-making in other organizations is researched, while this effect on the bank's performance in the Ethiopian context is understudied. Therefore, the researcher intends to study the effect of employee participation in decision-making on organizational performance in the case of the Cooperative Bank of Oromia S.C.

1.2. Background of the Company

The Cooperative Bank of Oromia was licensed in October 2004 and actually started banking business in March 2005. The bank was established in response to the demand for financial services among rural residents, particularly farmers. The concept of establishing a financial institution with a focus on giving financial aid to low-income communities came from Haile Gebre Lube, who is recognized as the founding father of Ethiopia's cooperative societies. The bank has a diversified ownership structure and a large base of owners. Members of it are both cooperatives and non-cooperatives. Primary cooperatives, cooperative unions, and cooperative federations are examples of cooperative members, whereas organizations, associations, and individuals are examples of non-cooperative members. More than 67% of the bank's paid-up capital is owned by cooperatives. The bank has the mission: "We root our foundation in communities to provide banking solutions that create a greater customer experience with a focus on cooperatives and agro-based businesses, using modern technology and human resource management to maximize value to stakeholders. With core values of integrity, customer satisfaction, learning organization, teamwork, cost consciousness, and concern for community

As per the bank's annual report for the year 2021/22, the bank has a total asset of 114.26 billion, 6,547 employees, 96.77 billion birr in deposits, 11.31 billion in total capital, 593 branches, and 2,843 billion birr in profit before tax. In terms of organizational structure, the company is led by a board of directors composed of 11 members. It has 13 executive management members, out of which 12 are vice presidents and one is president. The bank has 42 department directors.

1.3. Statement of the Problem

Employee participation is the process of employees being actively involved in the decision-making of an organization or business. Employees are one of the core competencies of any organization and contribute greatly to the organization's performance.

Every employee wants to be recognized and know that they are valued when engaged in decision-making. Companies need to focus on their human resources as a core competency to increase their business performance. The active participation of employees in planning and decision-making, mission and vision creation has a significant effect on the company's performance. The lack of participation by employees in the decision-making process could lead to job dissatisfaction and conflict, which have a negative impact on performance and ultimately the gross domestic product of the entire nation (Kuye & Sulaimon 2011). Dissatisfaction is also attributed to the lack of employee input in decision-making, which results in workers being uninspired to carry out management decisions. Research conducted in Indonesia has revealed that many businesses do not place a high premium on securing and utilizing each employee's commitment as part of a plan to improve their efficiency and, consequently, their competitiveness (Yuliani, Prihanto et al., 2003).

Owolabi and Abdul-Hameed (2011) investigated the relationship between firms' success in Nigeria's manufacturing sector and employee participation in decision-making. The study's findings suggest that there is a statistically significant link between organizations' performance and employee participation in decision-making.

Different researchers used various types and levels of indicators of employee participation in decision-making, and what organizational performance was measured was also not similar from one researcher to another. On the question of whether greater employee participation has a direct effect on organizational success, numerous studies have produced different results. Management must ensure participation since it is not only ethically required but also effective (Sashkin, 1976). According to Locke and Schweiger (2001), worker participation is essentially a managerial tactic that can be employed successfully in specific circumstances. Many employees participation in decision-making slows decision-making due to the many inputs and feedback offered, and it becomes difficult to choose the best alternative among many suggestions (MSG, 2016).

According to Wimalasiri and Kouzmin (2000), the absence of lower-level management's participation in decision-making indicates that important employee input is disregarded. According to Oyebamiji (2018), the impact of the course of action on organization productivity in Ladoke Akintola University of Technology Teaching Hospital is that the rate of workers involvement in the decision-making process of the university is very low due to the unwillingness of the management to share decision-making with the employees. As per the study, the main obstacle to employee decision-making is management's opposition to change. Managers develop an organizational culture that reflects their personal management ideas and practices and supports their control and strategy. Employees quickly come to the conclusion that management is uninterested in their ideas if management does not acknowledge their opinion.

In order for organizations to make sound decisions, employees affected by the decision must have a say or participate in the decision-making process. Different employees have different knowledge and skills and can bring innovative solutions to the bank if they contribute their ideas to decision-making. A tool for significant organizational change is participatory decision-making, which offers employees the chance to make significant changes to their work.

On the other hand, the effect of employee participation in decision-making on organizational performance is not well studied in the banking sector in Ethiopia. Most studies conducted are outside the banking sector and some of them also focused on employee performance. Research done by Asmamaw Alemayehu in 2019 on the title Employee Participation in Organizational Decision Making Process and Its Effect on their Performance was conducted on Ethiopian Construction Corporation. Research study conducted by Embet Mekonnen in 2021 focused on employee participation in decision making on organizational performance of Save the Children-Ethiopia and Michael Getiye's research conducted in 2022 has also focused on employee participation on organizational performance in Ethiopian Airlines.

On the other hand, the researchers did not measure organizational performance in terms of BSC, which has become a common tool among various organizations, especially banks. On the other hand, the level of employee participation, whether it affects banking performance or not, should be researched.

The rationale of this study is that banks are the main gear of economic development in the country and operate in a dynamic environment that requires flexible and proactive decisions. Employee inputs into decision-making have an effect on organizational performance, and the study focused on the effect of employee participation in decision-making on organizational performance at the Cooperative Bank of Oromia.

1.4. The Research Questions

The researcher examines how employee participation in decision-making has an effect on organizational performance.

The study tries to answer the following sub-research questions:

1. To what extent do employees at the Cooperative Bank of Oromia participate in Informative, Consultative, Associative, Administrative and Decisive participation levels?
2. To what extent does informed participation affect organizational performance in the Cooperative Bank of Oromia?
3. To what extent does consultative participation affect organizational performance in the Cooperative Bank of Oromia?
4. To what extent does associative participation affect organizational performance in the Cooperative Bank of Oromia?
5. To what extent does administrative participation affect organizational performance in the Cooperative Bank of Oromia?
6. To what extent does decisive participation affect organizational performance in the Cooperative Bank of Oromia?

1.5. The Research Objectives

The research comprised two basic objectives: general objectives and specific objectives.

1.5.1. General Objective

The general objective of the research was to examine how employee participation in decision-making has an effect on organizational performance at the Cooperative Bank of Oromia.

1.5.2. Specific Objectives

1. To assess the Informative, Consultative, Associative, Administrative and Decisive participation levels of employee participation in decision-making at the Cooperative Bank of Oromia,
2. To examine the effect of informed participation level in decision-making on organizational performance in the Cooperative Bank of Oromia,
3. To examine the effect of consultative participation level in decision-making on organizational performance in the Cooperative Bank of Oromia,
4. To examine the effect of associative participation level in decision-making on organizational performance in the Cooperative Bank of Oromia,
5. To examine the effect of administrative participation level in decision-making on organizational performance in the Cooperative Bank of Oromia,
6. To examine the effect of the level of decisive participation in decision-making on organizational performance in the Cooperative Bank of Oromia.

1.6. Research Hypothesis

The following hypotheses were formulated and tested to answer the research questions mentioned above:

H1: Informative participation level has a positive and significant effect on the organizational performance of the Cooperative Bank of Oromia;

H2: Consultative participation level has a positive and significant effect on the organizational performance of the Cooperative Bank of Oromia;

H3: Associative participation level has a positive and significant effect on the organizational performance of the Cooperative Bank of Oromia;

H4: Administrative participation level has a positive and significant effect on the organizational performance of the Cooperative Bank of Oromia;

H5: Decisive participation level has a significant positive effect on the organizational performance of the Cooperative Bank of Oromia.

1.7.The Significance of the Study

The findings of the study have both practical and theoretical advantages. It might have practical significance for the banking sector, which needs to improve employee involvement and enhance organizational performance. It is also useful for reference and for academicians, stakeholders, and researchers who might take the initiative to review or study how employee participation in organizational decisions affects organizational performance. Finally, the findings of the study might be expected to stimulate research interests among academics, students, or other interested groups to further investigate missing or under-researched areas of the topic.

1.8.Delimitation/Scope of the Study

The study was conceptually, geographically, and methodologically constrained.

The researcher might evaluate the performance of the bank from the perspective of efficiency and effectiveness using indicators like profitability, innovation, market share, etc. The study was focused only on the head office employees of the cooperative bank of Oromia S.C.

By taking into consideration the research objectives and questions, only quantitative research approaches were used. The study tried to employ both descriptive and explanatory research designs. In this study, the stratified and purposive sampling techniques were used in combination and a self-administrated questionnaire was employed as a research instrument

1.9.Limitations of the Study

The study's first drawback was its inability to generalize its findings to other organizations and industries because it was done within the framework of the bank. The study's additional shortcomings were the low amount of available empirical data. The refusal of some respondents to complete the questionnaire and supply the researcher with pertinent data was another constraint of this study.

1.10. Definition of Terms

1.10.1. Conceptual Definition

❖ Employee Participation:

Employee participation is a strategy that involves empowering workers at work so they may put their effort into improving both their own and the organization's performance, as per Sofijanova

and Chatleska (2013). As per the study, employee participation is the practice of including employees in decision-making rather than just having them follow orders.

❖ **Decision Making:**

Koontz and Welhrich (2010) assert that the core of planning is decision-making. They argued that a plan cannot be said to exist until a commitment of money, direction, or reputation has been made. Decision-making is the process of identifying and choosing a course of action to solve a specific problem.

❖ **Organization** is a social unit of individuals that is structured and managed to fulfill a need or achieve a common objective. All organizations have a management structure that establishes the connections between the various activities and the members, divides and assigns roles, responsibilities, and authority to carry out various tasks, and assigns roles, obligations, and authority. As open systems, organizations both influence and are influenced by their surroundings.

❖ **Performance** is determined by how well it was completed in comparison to predetermined benchmarks for accuracy, completeness, cost, and speed.

❖ **Organizational Performance:**

Organizational performance is a combination of an organization's efficiency and effectiveness, as per Gunasekaran et al. (1994). The study indicated that there is high evidence that worker participation in decision-making is crucial to organizational performance.

❖ **Balanced Score Card-** As per Bochenek M. (2019), the balanced scorecard, also known as a strategic scorecard, is a system that is becoming more and more popular since it enables the transformation of key strategic objectives into specific operational activities. The primary goal of BSC is to coordinate and connect the financial performance of the business with future development and market accomplishments.

1.10.2. Operational Definition

❖ **Employee Participation** refers to employees taking part in business activities. Encouraging employees to actively participate in a company's planning and decision-making processes may increase employee happiness, well-being, productivity, and efficiency. Employees who are involved in decision-making feel happy, healthy, valued, and have open communication and genuine relationships in the workplace. They are likely to be productive in their work and contribute their part to organizational performance.

❖ **Organizational Performance** Organizational performance is measured using the Kaplan and Norton Balanced Score Cards (BSC) framework. BSC allows companies to track their performance in service and quality in addition to their financial data. The business process perspective, financial perspective, learning and growth perspective, and customer perspective are areas measured in BSC. The framework enables measurement of both the financial and non-financial aspects of the organization.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1.Introduction

This chapter tries to deeply examine different aspects of employee participation and decision-making from past studies. It reviews the theoretical, empirical, and conceptual literature that focuses on the research objectives.

2.2.Theoretical Review

2.2.1. Definition of Employee Participation in Decision Making

Employee participation is described as direct employee involvement or engagement to assist an organization in fulfilling its mission and achieving its goals by contributing their own ideas, skills, and efforts to problem-solving and decision-making.

Employee participation describes the initiatives and measures taken to motivate employees to collaborate on a project in order to achieve a common goal. Participation in decision-making is growing in popularity and is a component of employee empowerment. It is when the group as a whole makes decisions, rather than the management ordering everything and the staff obediently carrying them out.

Participation is a sort of employee empowerment where employees can feel like they're contributing to the company's direction and develop a sense of ownership and belonging to the firm or project they're working on. Participation, also known as co-determination, is often collaborative activity and involvement, including group initiatives, when numerous employees work together on an endeavor with a common purpose.

According to Sofijanova and Chatleska (2013), Employee participation or involvement is the process of empowering people on the job and involving them in decision-making in order to use their feedback to improve both individual and organizational performance.

Employee participation is a unique form of delegation. It is when a subordinate gains more autonomy and freedom of choice with regard to closing the communication gap between management and employees (Noah, 2008). Beardwell and Claydon (2007) stated that an employee Participation is the distribution of decision-making authority between an employer and

employee, either directly or indirectly. Employee participation can encourage better communication at all levels, leading to better decision-making. EPDM may also lead to better labor-management relations, stronger employee attachment to organizations, better quality decisions, and improved productivity, as per the study of (Elele & Fields, 2010).

Management study guide participation and performance indicated that performance of an organization revolves on three points. Removing conditions of powerlessness which indicated that participation should result in either job enrichment or job enlargement. Job enlargement means expanding the job responsibilities - adding task elements horizontally. Job enrichment on the other hand means that the job becomes more rewarding - monetarily and otherwise. Enhance job related self-efficacy, Perception of empowerment- training induces behavioral changes and there is a need for reinforcing the new behaviors. Each employee also requires support from those above him and people working his supervision. As per The Management study guide, Organizations and Technology are so complicated these days that there are specialized workers required for each job. Workers cannot extend beyond a certain limit in participation.

Making decisions involves choosing the best course of action from a range of options to accomplish a certain goal. It is a crucial duty for management because it has a significant effect on how well an organization performs. According to Eromafuru (2016), decision-making is the process of identifying issues and selecting a plan of action from alternative choices. All facets of the management process depend on effective decision-making. Employee participation can be viewed as the exchange of knowledge, wisdom, and experience among team members within an organization. Allowing staff members to directly influence decisions makes sense in management in particular.

2.2.2. Benefits of Employee Participation in Decision Making

Effective decision-making and execution generate excellent performance in the organization. The employees' talents, expertise, and competencies constitute an organization's intangible assets, aside from its corporate image. Employees find it very challenging to demonstrate these skills, knowledge, and talents if they are not allowed to participate in decision-making. To promote workforce effectiveness and the high productivity needed to meet business objectives, top management or front-line managers should support employee participation in decision-making within the organization.

The encouragement of employees to participate in business operations and decision-making can be a useful technique for enhancing employee happiness and retention and building a successful, efficient firm. The following are some advantages of participation programs and initiatives:

- Employee participation increases the job satisfaction and morale of the employees, which in turn enhances their productive efficiency. It increases their commitment to their organization.
- It provides the employees with the opportunity to share and use their ideas and information in business decision-making. It helps in cost reduction by minimizing supervision and control over employee increases and improving the business performance of the organization.

Making decisions as close as feasible to the point of delivery makes it possible and successful to implement those decisions (Muindi, F, 2011).

As per the study by Chekole (2021), employee participation has been found to have positive effects on employee attitude, commitment, and productivity, as well as on the effectiveness of management. As the study indicated, participatory management should be regarded as a necessary tool in any business. Employees show a favorable attitude toward being involved in decision-making when they take part in the process. Employee creativity rises when they are involved in decision-making. Employee participation in decision-making has the potential to lower turnover, boost productivity, and decrease absenteeism. Participatory decision-making not only gives the above-stated benefits, but it also enables management to better understand employee perspectives and adopt better procedures that would fulfill employees' needs.

2.2.3. Levels of Employee Participation

Kapur (2020) and Matheswaran V.P., and Aishwarya,P . (2018) have identified five levels of employee participation:

➤ Informative Participation

Informative participation is the dissemination of information to employees on the financial standing of the company, the state of the market, the production and selling schedule, working procedures, the balance sheet, plant expansions, etc. According to this statement, employees

have no right to question the information that management has provided. According to Matheswaran V.P., and Aishwarya,P . (2018), employees are informed about changes that will be made to the way the business operates at this level of participation.

➤ **Consultative Participation:**

There is a greater degree of worker viewpoint sharing and a chance for them to voice their opinions on a range of problems relating to work, the workplace, working conditions, the state of the market, the financial situation, etc. The joint council of management and employees in this situation just serves as an advisory body. The recommendations may or may not be accepted by management. According to Kapur (2020), consultative involvement entails a greater degree of worker viewpoint sharing and gives them the opportunity to voice their opinions on a range of problems relating to their jobs, workplaces, working conditions, market standing, financial situation, etc. Consultative involvement is slightly superior to informed participation. Before making any decisions, management consults the committee members. It is when there is a higher level of information sharing. But the management may or may not accept the opinion of the participant.

➤ **Associative Participation**

Members have the right to receive information, discuss, and offer suggestions on the general and economic conditions of the organization and matters affecting the organization's position or the profit and loss account of the organization. The workers have the right to receive information and discuss significant issues, such as changes in production methods, expansion of business, and closure. According to Uma (2015), the management is under a moral obligation to accept and implement the unanimous decisions of the council.

➤ **Administrative Participation:**

Workers enjoy a little more autonomy in the exercise of administrative and supervisory powers in matters affecting workers, such as being a part of the administration, and they have a greater share in participation and responsibility for the discharge of management functions.

➤ **Decisive Participation**

This is the highest form of participation, where all matters, such as economic, financial, and administrative, are brought under the scrutiny of the councils and the decisions are taken jointly. According to Uma (2015), workers have the option to take part in the decision-making process at

the highest level of involvement. All decisions are made collectively, whether they are related to the workplace or personal interests. Thus, it results in unity and complete involvement.

The level of decision-making involvement is where employees are expected to contribute (Kapur, 2020)

1.4.1. Organizational Performance

The actual output or results that an organization produces when compared to its expected outputs make up organizational performance.

According to Stewart (2000), performance can be separated into financial and non-financial aspects. Financial activity is referred to as financial performance. Financial performance also refers to the extent to which financial goals are being met or have been attained. It is employed to assess the overall financial health of a company over a specific time frame. Organizational performance is the difference between an organization's actual output and its expected outputs, aims, and objectives, as stated by Richard et al. (2009). It includes three particular aspects of company outcomes: Financial performance, product market performance, and shareholder returns are three distinct categories of company outcomes that make up organizational performance. The idea of organizational performance is linked to a company's tenacity and success. The balance scorecard system, tracks and measures performance across several dimensions like financial performance, has been used by many businesses in recent years to manage organizational performance (shareholder return, customer service, social responsibility, corporate citizenship, etc.). The computation of the organization's performance is crucial in both manufacturing and service businesses (Chukwuemeka and Okechukwu S, 2020). To evaluate the effectiveness of an organization, Kaplan & Norton advocated the use of a balance score card. The BSC measures the performance of company management and is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization. A balanced scorecard is one of the most important measurement techniques because of its ability to incorporate both financial and non-financial variables in measuring organizational performance. The balance sheet is crucial to both performance management and strategic planning. In the top ten management tools used by various firms to assess performance management globally, the balance score card is frequently employed. As per the study of

Chukwuemeka and Okechukwu S. (2020), organizational performance is affiliated with the endurance and success of an organization, and many organizations have attempted to manage organizational performance using the balance score card methodology, where performance is tracked and measured in multiple dimensions such as financial performance (shareholder return, customer service, social responsibility, corporate citizenship, etc.).

Benefits of Balanced Score Card

- The data is tracked and recorded using BSC.
- Measuring financial and non-financial inputs and outputs is useful.
- When it comes to measuring performance, BSC excels.
- It facilitates improved strategic planning.
- It offers a strong structure for creating communication strategies.
- Businesses can better align their organizational structure with the help of a balanced scorecard.
- It also aids in identifying various issues or weaknesses where modifications are needed for better outcomes.

Balanced Score Card Components

❖ Financial Perspective

As stated by Malgawi, D., and Dahiru (2014), there are three aspects of financial themes: revenue, cost, and asset utilization. The balanced scorecard's financial perspectives assist in understanding the margin of profit and loss, costs like fixed, variable, and additional expenses, and investment decisions of the company.

❖ Customer Perspective

In this framework, the company's capacity to offer high-quality products and services, the efficiency with which they are delivered, and the general level of client happiness are measured. For a business to succeed in the long run, customer pleasure must come first. If customers are not satisfied, they will eventually find alternative competitors who can meet their needs. Therefore, despite the fact that the financial picture may appear favorable now, poor performance from this perspective is a warning sign of future downfall.

The core objectives of this perspective are to increase market share, customer retention, customer acquisition, and customer satisfaction.

❖ **Internal Business Process**

The perspective on internal processes provides information on the effectiveness of internal practices within the organization. It provides the organization with the means by which performance expectations may be accomplished. Innovation is one of the key components of the internal business process. The outcomes of internal company procedures that result in financial success and happy consumers are the main focus of this viewpoint.

❖ **Learning and Growth**

This viewpoint examines how a company employee learns and develops during his or her career to raise the productivity of the company. Increasing employees' capabilities and motivation, empowerment, and alignment are the enabling factors for this perspective.

1.4.2. Theoretical Foundation

The foundation of theories X and Y is attributed to social psychologist Douglas McGregor. According to theory X, employee authority is reduced, employees receive instructions from management, and they have little influence over how things are done on a daily basis at work. Employees usually make the majority of decisions at work in organizations based on theory Y, removing the need for the boss to make every decision. A democratic process works better for experts who are knowledgeable in their fields. People are self-motivated and love the challenge of work, according to theory Y. With this presumption, managers foster a closer working relationship with their staff members and inspire them by giving them the freedom to act independently, take on responsibility, and make decisions. Managers that adhere to theory Y have a positive view of their workforce and employ a decentralized, participative management style. As a result, managers and the people in their teams are encouraged to work together more frequently and with more trust.

As per Northouse P.G. (2004), employee participation in decision-making (EPDM) is grounded in the "theory Y" perspective of management. Accordingly, he stated that workers are intrinsically motivated to do a good job at their jobs and will become more attached to and devoted to a workplace if their superiors appreciate their input when making choices that have an impact on the nature of work. As per the study, higher levels of organizational commitment,

fewer staff turnover, and higher employee productivity have all been proven to be positively correlated with EPDM. Additionally, as per Elele and Fields (2010), EPDM may result in higher productivity, a stronger employee connection to businesses, improved decision-making quality, and improved labor-management relations. A decision will be made with greater knowledge after consulting with the workforce. Employees who participate in decision-making are then better prepared to carry those decisions out.

Theory Y is used in this study because it suggests that managers should foster a work environment where employees have the opportunity to exercise initiative and self-direction to better contribute to organizational performance.

2.3. Empirical Review

The conceptual framework offers an examination of a design that symbolizes a methodical approach to learning about and ascertaining the links between variables at the most fundamental levels. Several researchers have investigated the relationship between employee participation and organizational performance. As per a study by Nwoko & Emerole (2017), every person is treated as a distinct human individual, not merely a cog in a machine, and every employee is involved in assisting the organization in achieving its goals when they participate in decision-making.

Including people in decision-making is the best thing ever for reaching organizational performance or goals. Employee involvement leads to efficiency and effectiveness, which cause high productivity in an organization (Somech, 2002). However, some researchers believe that doing so poses a risk to the business.

Workers who are actively involved in their work will work hard to attain the organization's goals and are less likely to leave their jobs. The effect of employee participation on the success of Nigerian architecture firms is examined by Oluwatoyo, Opoko, and Ezma (2017). The outcomes of the study show that the beneficial effects of employee decision-making on business performance vary depending on the type of choice. Owolabi and Abdul-Hameed (2011) investigated the relationship between employee involvement in decision-making and firms' performance in Nigeria's manufacturing sector by allowing employees to act on their own initiative, assigning them responsibilities, and granting them decision-making authority. The study's findings showed a significant difference between the performance of firms with deep

employee participation in decision-making and those with shallow employee participation in decision-making, as well as a statistically significant relationship between employee participation in decision-making and firm performance. The study's recommendations included the necessity for manufacturing companies to exhibit a strong level of commitment to employee participation in decision-making for performance improvement. Nwoko and Emerole (2017) investigated the effect of staff involvement in decision-making on organizational performance, using Umudike from the National Root Crops Research Institutes as a case study. The findings indicated a correlation between employees' participation in decision-making and their dedication to their jobs at the institution. As per the study made by Oyebamiji (2018), the effect of employee participation on organization productivity in Ladoke Akintola University of Technology Teaching Hospital shows that the rate of workers involvement in the decision-making process of the university is very low due to the unwillingness of the management to share decision-making with the employees. Studies made by Mekonnen, E. (2021) indicated that the five levels of employee participation in decision-making—informative, consultative, associative, administrative, and decisive—have positive and significant effect on organizational performance.

Dondona (2016) indicated that involved or participating employees are committed to their employer, satisfied with their work, and willing to give extra effort to achieve the organization's goals.

2.4. Conceptual Framework

This paradigm demonstrates the link between independent and dependent variables. Employee participation in decision-making acts as the independent variable and is measured through the levels of participation stated. The dependent variable (organizational performance) was measured using BSC perspectives like financial, customer, internal business process, and learning and growth. Employee participation is the practice of allowing employees to take part in managerial decision-making and improvement initiatives according to their organizational levels. There is just one thing that truly sets one firm apart from another at the end of the day: its employees. Employee participation concerns various work design techniques and specific activities. Participation implies practices that increase the scope for employees' share of influence in the decision-making process with the assumption of responsibility.

According to M.H. Uma (2015), the involvement of employees in decision-making is seen as a strategy for motivating workers, which in turn promotes a positive work environment and high performance.

Employee participation can have a wide range of advantages if it is implemented well, and successful employee participation programs must become part of the culture of the company.

The researcher adopted BSC perspectives like financial, customer, internal business process, and learning and growth as measuring indicators for Organizational performance.

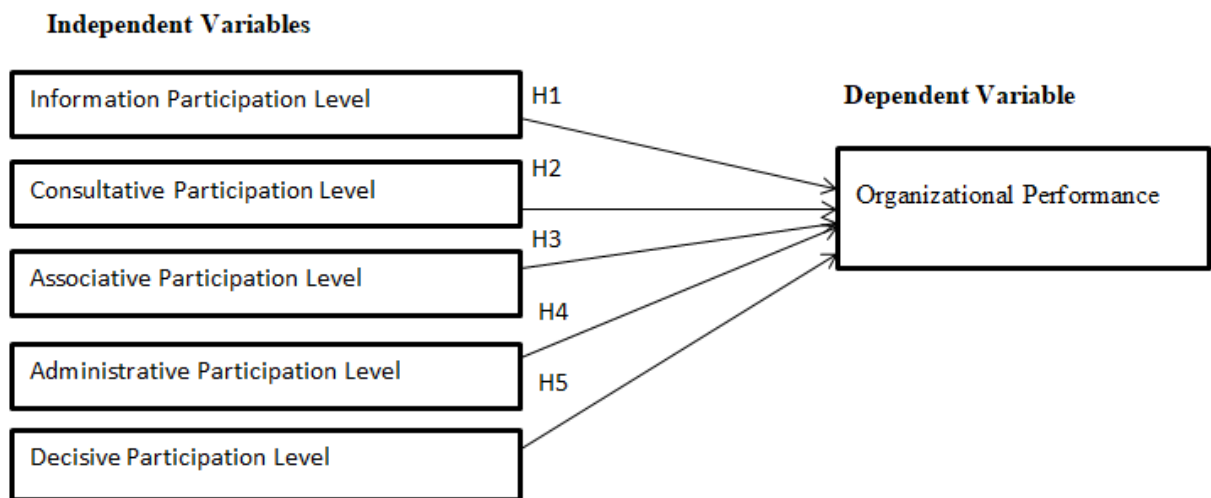


Figure 1 : Conceptual Framework

Source: Adopted from Matheswaran V.P., and Aishwarya,P . (2018).

2.5.Hypothesis Development

Employee participation is based on the notion that a company's success is greatly influenced by the contributions of its employees. Therefore, the goal of employee participation initiatives is to encourage employees to contribute their ideas to business decision-making. As stated by Noah (2008), all employees are involved to a significant degree in the planning process, whereas a low level of involvement indicates selectivity.

Kapur (2020) indicated that there are five levels of employee participation in decision-making. The following section presents the hypotheses for each participation level.

A. Informative Participation Level

According to Nwoko V. and Emerole G. (2017), timely access to relevant information allows employees to be effective and efficient self-managers, as they would have to depend less on management to perform their duties. The performance of the organization is positively and significantly affected by the level of informational involvement (Alsughayir's 2016). According to the study, employees should be given information about the financial standing of companies and other relevant topics in order to support the organization. If management uses this information effectively, it will improve organizational performance.

According to Kapur (2020), there is a favorable correlation between the level of information participation and organizational effectiveness. He elaborated that a high level of informative participation ensures that workers are in a position to impart and receive information. Additionally, at this level of involvement, staff members are informed of upcoming changes to the organization's operations, which will improve the organization's performance. According to Beynon-Davies and Wang (2019), information sharing necessarily improves organizational performance. As per Musheke & Phiri (2021), well-informed and well-communicated staff better contribute to the improvement of their workplace and organization. To reach the desired productivity level, managers should check that employees understand instructions, give them enough training, encourage cooperation at work, and develop a good communication plan for timely information delivery on changes affecting the workplace.

Therefore, based on this evidence, the following hypothesis was developed:

H1: Informative participation level has a positive and significant effect on organizational performance.

B. Consultative Participation

According to a study by Schuster (2004) on large manufacturing facilities, the level of consultative participation has a statistically significant and advantageous effect on the improvement of organizational performance and productivity. Employees contribute information or recommendations in consultative forms, while management maintains decision-making authority.

Cotton et al. (2014) further emphasized the beneficial and statistically significant effects that consultative involvement has on organizational size and performance. As per Akuoko et al. (2012), management and employees make up an organization's human resources. Employee participation is increased when management gives workers a voice in decisions that affect both the organization and themselves. Under the suggestion program, employees have the opportunity to tell management how they perceive the organization's functions.

As indicated in the study of Chukwuemeka and Okechukwu.S. (2020), monthly or quarterly meetings and consultations with subordinates on important matters would boost employee morale and increase self-motivation since they would feel appreciated and recognized in the organization. According to the study, employee participation and commitment have a highly beneficial effect on the productivity of the firm.

Therefore, based on this evidence, the following hypothesis was developed:

H2: Consultative participation level has a positive and significant effect on organizational performance.

C. Associative Participation Level

Associative participation level workers are consulted on issues pertaining to employee welfare, such as work, safety, health, and training, according to Kapur (2020). Managers must provide significant employee participation in organizational decision-making in order to inspire and increase employee commitment and create a high-performance workplace system. Kuye and Suleiman's (2011) indicated that employee participation in decision-making implies that supervisors in the workplace share power with subordinates. Wagner III.et al (1979) described associative participation as shared decision-making between managers. Employees contribute successfully to decision-making at work by making better use of their skills, knowledge, and talents. Participation is a strategy for utilizing employee's brains and creativity to make decisions that will affect the organization's aims and objectives.

As per Eromafuru (2016), it is especially relevant in management when it comes to giving employees a say in decisions that affect them directly or indirectly. As a result, it can be viewed as a process of sharing information between managers and staff. Employees must be able to

show an upward exertion of influence over management decisions in the process of decision-making. Therefore, if management accepts and implements the unanimous decision of employees, organizational performance will increase.

Based on this evidence, the following hypothesis was developed:

H3: Associative participation level has a positive and significant effect on organizational performance.

D. Administrative Participation Level

Employees participate more actively if the authority to choose the most effective choice for implementation is given to them. There is a more equal distribution of managerial authority and responsibility, which enables employees to exercise their managerial duties.

According to Nwoko V. and Emerole G. (2017), an organization that encourages employee participation, where employees have the power and freedom to actively take part in work-related decisions, should benefit from an increase in organizational productivity. Employees will be more driven to perform at a high level and accomplish the objectives they independently established. As per Kapur (2020), there is a greater degree of authority and responsibility sharing in managerial work at this level of participation, giving employees a little more freedom to exercise their administrative and supervisory powers with regard to welfare, safety, benefits, rewards, etc. The author stated that management contacts committees regarding the mode of implementation in cases of administrative participation. Members play a bigger role in decision implementation as a result, which improves organizational performance.

Based on the above statements, the following hypothesis was developed:

H4: Consultative participation level has a significant positive effect on organizational performance.

E. Decisive Participation Level

According to Kuye and Sulaimon (2011), organizations that encourage employee participation in decision-making perform better than their competitors. As per M.H. Uma (2015), the "decisive participation level is the maximum level of engagement when decisions about production,

employee welfare, the introduction of change, etc. are jointly made by management and the workforce. Employee participation increases the job satisfaction and morale of the employees, which in turn enhances their productive efficiency. It increases their commitment to their organization. It provides the employees with the opportunity to share and use their ideas and information in business decision-making, which in turn improves organizational performance. Modern industrial democracy makes use of the concept of employee participation, which is one way to empower employees.

As per the study by Owolabi et al. (2011), employee participation is seen as a key factor in organizational performance. It improves organizational performance because it leads to more output, higher quality, and shorter turnaround times. It is crucial to enhancing the organization's capacity for making decisions, work-related attitudes, employee well-being, and productivity. Participation improves organizational performance since it leads to more output, higher quality, and shorter turnaround times. It is crucial to enhancing the organization's capacity for making decisions, work-related attitudes, employee well-being, and productivity. Participation in decision-making encourages the involvement of manpower at all levels of an organization to analyze problems from different perspectives, develop new strategies, and implement solutions in the workplace.

Different empirical studies showed that rational employee decision-making has a positive impact on organizational performance.

Based on this evidence, the following hypothesis was developed:

H5: Decisive participation level has a positive and significant effect on organizational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Methodology

This section presents the methodology followed in conducting the research, which includes research approaches, designs, sampling techniques, data sources, and data analysis.

3.2. Research Approach

As per Jonker & Pennink (2010), research methodology means the logical steps a researcher must take to arrive at a specific, predetermined conclusion. By taking the research objectives and questions into consideration, the researcher used a quantitative research approach. The approach was used as it is suitable to test relationships using the hypothesis and research questions (Zikmund, 2003).

3.3. Research Design

The research design serves as the conceptual framework for the study and serves as the manual for data collection, measurement, and analysis. Exploratory, descriptive, and explanatory research designs are the three different types of research designs used in any research work. According to Kumar (2011), explanatory studies explain the connection between two facets of a circumstance or phenomenon. The study used a descriptive and explanatory research design. A descriptive research design is used to determine the what, where, and how of a phenomenon, to get a good understanding of the topic from other relevant sources, to discover and describe the identified variables, and to focus the study's investigation on key concerns. According to Kothari (2004), studies that focus on describing the traits of a specific person or group are considered descriptive research studies. It is employed in this study to characterize the general and demographic information about the respondents and company.

Explanatory research is used to connect the concepts explored in the study and realize the correlations of variables in terms of cause-and-effect relationships. It examines how the predictors (employee participation in decision-making) affect the dependent variable (organizational performance). It was used to analyze the dependent variables of organizational performance (financial, customer, internal business processes, and learning and growth) and

independent variables like informative participation level, consultative participation level, associative participation level, administrative participation level, and decisive participation level.

3.4. Sample Design

A sample design is a detailed strategy for drawing a sample from a particular population. When selecting objects for the sample, the researcher would use a certain method or process. As per Kothari (2004), sample design is determined before data are collected. Accordingly, the target population, sampling frame, sampling technique, sample size, and sampling procedure of the study are discussed hereunder.

3.5. Target population

According to Sekaran (2003), population overall refers to people, events, or any interesting matter that researchers want to research or find out. All individuals or objects (units of analysis) that have the desired qualities make up a population. This study was to examine the effect of employee participation in decision-making on the organizational performance of the cooperative Bank of Oromia. In this case, the target population of the study was 220 professional employees of the Cooperative Bank of Oromia working at the head office only. The study focused on professional employees, as these employees contribute input to decision-making in their daily operations. These employees undertake different operations at different departments, which are used as key decisions for the bank.

3.6. Sampling Frame

The sampling frame for the study was drawn from professional employees of the cooperative Bank of Oromia working at the head office. Due to the fact that different decisions are passed at the head office level of the bank and employees at this level provide input for decisions, the study is focused on this area.

3.7. Sampling Technique

The researcher has classified and distributed the questionnaires to 20 departments on an unequal basis, considering the significance of the role performed at each department. The respondents were chosen using the stratified and purposive sampling techniques were used in combination. In order to answer research questions and/or attain research objectives, this technique was required to select individuals from the population to engage in the study with intention.

As a general rule, one can state that the sample ought to be the right size, meaning it shouldn't be too big or too tiny Kothari (2004). Yemane's (1967) finite and large population sample size formula with a 95% confidence level was used to obtain a representative sample for the population. The formula used to obtain this sample size is presented below.

$$n = \frac{N}{1+N(e)^2}$$

where n represents sample size, N *represents the* total population size, and e represents sampling error or level precision.

According to information obtained from the Human Capital Department of the Cooperative Bank of Oromia, the professional employees at head office level in different departments were 220.

According to the above formula

$$n = \frac{220}{1+220(0.05)^2} \quad \text{which is } \underline{141}$$

Therefore, the selected sample size as per the target population is 141 employees.

The sample was taken from twenty departments using stratified and simple random sampling methods. In this study, the stratified and purposive sampling techniques were used in combination. The head office of the bank has different functional units with different expertise. The population from which a sample is to be drawn does not constitute a homogeneous group. Population is divided into several sub-populations that are individually more homogeneous than the total population. The strata are different departments organized under head quarter of the bank which have the similar day to day operations, have similar skills and knowledge's. Purposive sampling technique was used to select the respondents from each stratum. This technique was needed to choose members of the population to participate in the study purposively based on researcher's own judgment to answer research questions and/or achieve research objectives. The purpose of selection is from different angles like experience and exposure of employees in the work areas, job requirements for employee participation, the employees' level of understanding of the study's objective and research questions and etc.

3.8. Sampling Procedure

The researcher targeted the headquarter employees of the cooperative Bank of Oromia. The researcher used 20 departments and selected the number of respondents from each department based on the stratified and purposive sampling techniques.

3.9. Data Sources and Types

The study used both primary and secondary sources of data. The primary source of data shall be the responses collected from the employees of the cooperative Bank of Oromia. On the other hand, the secondary source of the data was gathered from different books, articles, journals, and different reports of the Bank to support the primary data.

3.10. Data Collection and Instrument Procedures

3.10.1. Research Instrument

❖ Questionnaire

A questionnaire is a type of research tool that consists of a series of items (questions) intended to record respondents' responses consistently. The study data was gathered using a questionnaire that was developed based on a literature review. It was prepared in English and contained parts of demographic and general data, studies of different employee participation in decision-making and organizational performance measurements. The questionnaire was designed in English only, as English is the working language of the bank. The questions were structured in a closed-ended type with three main sections to the instrument. The independent and dependent variables were scored using a 5-point Likert scale (1 being strongly disagree and 5 being strongly agree). A Likert scale was used to simplify the response and allow for the effective use of statistics in the analysis of the data. In order to encourage a high response rate, the researcher gave the questionnaire to the target demographic with a covering letter that explained the study's objectives, the manner in which to respond, and the security of the information.

A data collection tool for independent variables is adapted from Kapur (2020). It used to measure the independent variable, or degrees of employee participation in decision-making, along with its construct dimensions. A questionnaire for measuring organizational performance is adopted from the Balanced Scorecard of Kaplan and Norton.

3.10.2. Data Analysis

The data analysis was based on the respondent's responses to make the report clear and easy. For processing, the data was modified and coded. The applications of the Statistical Program for Social Sciences (SPSS 20) were used for the data analysis.

Descriptive statistical techniques and frequency analyses were used to assess the data and address the study's goals and objectives. The demographic and general data of the respondents and businesses was organized and summarized mostly using descriptive statistics like frequency, mean, percentage, and standard deviation.

To evaluate the strength of the relationship between dependent and independent variables, Pearson correlation analysis was utilized. Regression analysis was used to look at how an independent variable affects the dependent variable and its significance level.

Finally, in order to make the quantitative data more clear and understandable, it was presented in the form of tables, graphs, and charts.

3.10.3. Validity and Reliability

3.10.3.1. Validity

Validity indicates whether an instrument can accurately measure the phenomenon it is intended to measure. It is concerned with how well the concept is defined by the measure(s). As per Sürücü, L., and Maslakç, A. (2020), validity is a measure of how well a measuring tool fulfills its purpose by determining if it measures the behavior or quality that it is designed to assess. There are three types of validity: content validity, predictive validity, and construct validity. As a qualitative kind of validity, content validity assesses if the expressions found in the measuring instrument accurately represent the phenomenon intended to be measured. It indicates the extent to which each item in the measuring instrument serves its purpose.

Therefore, in this study, various relevant literatures and several previous research questionnaires were employed to ensure the validity of the research instrument. In order to improve the content validity and instrument validity, the researcher conducted a pilot test with 10 respondents to

improve the questionnaire's content and instrument, then included the views and feedback of the respondents to enhance the validity of the questionnaire.

3.10.3.2. Reliability

As per Sürücü, L., and Maslakç, A. (2020), reliability indicates consistency in measurement. In other words, reliability is the capacity for measuring devices to produce comparable results when used at various times. The reliability of scales used in empirical research is assessed using a variety of methodologies. The techniques that are used most commonly among these are internal consistency tests, alternate forms, and test-retest reliability. Sekaran (2003) indicated that the reliability coefficient is better if it is closer to 1.0, and values over .80 are regarded as good. Values around .70 is regarded as adequate, and reliability values below .60 are regarded as poor.

In order to ensure the reliability of the data, Cronbach's alpha result for 35 questionnaires for both levels of employee participation and organizational performance was tested using SPSS.

3.10.4. Ethical Consideration

This study was in accordance with the general rules of research ethics. The respondents were asked to contribute information voluntarily, and confidentiality of the information was assured. The study's goal was disclosed in advance, and efforts were made to make the questionnaire clearer so that it better fits the context of the company. Finally, only willing participants received the questionnaires.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The study's primary goal was to investigate the effect of employee participation in decision-making on the organizational performance of the cooperative Bank of Oromia. Five hypotheses were developed with five independent variables.

In this part, primary data collected was presented, examined, and interpreted in order to satisfy the study's objective.

4.1. Data Editing and Coding

After collecting data, the questionnaire was reviewed and checked for its proper completeness. Then the questionnaire responses were coded and inputted into SPSS based on their sequence.

4.2. The Questionnaire Response Rate

The questionnaires were personally and physically distributed to head office employees of the Cooperative Bank of Oromia. The respondents were asked to answer the closed-ended questions on a five-point Likert scale for dependent and independent variables.

From the total of 141 questionnaires, 115 (82%) were collected, while the remaining 26 (18%) were not responded to. As per Rubin & Babbie (2010), a response rate of 70% is "very good" for further assessment. Therefore, an 82% response rate is significant and considered for the study.

Table 1: Questionnaire Response Rate

Sample Size	141
Distributed	141
Collected	115
Uncollected	26
Usable	115
Response Rate	82%

Source: Own survey Result 2023

4.3. Test of the Research Instruments

Before actual data analysis, the researcher examined the effect of the independent variables on the dependent variable through validity and reliability tests to assure that the research instrument was valid and reliable.

4.3.1. Validity Test

Content validity is the degree to which a measuring instrument adequately covers the subject being studied. The measuring instrument shall have representative samples of the population for good validity. For the purpose of assuring the validity of the research instrument, the variables were adopted from previous research works such as Kapur (2020), Chimaobi, I. (2020), and Mekonnen, E. (2021). The questionnaire was developed in English, which is the working language of the bank, and the clarity of the questions was checked before distribution. Furthermore, in order to get feedback on how to improve the instruments' validity in line with content validity, the researcher also performed a pilot test of the questionnaire on ten respondents. The correlation coefficient between the independent and dependent variables was also computed to validate the test.

4.3.2. Reliability Test

As per Taan EL, S. (2018), reliability is one of the most important aspects of test quality. Sürücü, L., and Maslakç, A. (2020) also indicated that measurement tools must be reliable in order to produce consistent results when used at various periods. Reliability is a positive correlation between variables as measured by measurement tools. Internal consistency is measured by Cronbach's alpha, which indicates how closely linked a group of sample items are to one another. As per S. Keith (2017), a Cronbach alpha of more than 0.7 is more acceptable. If is greater than 0.7, it means that it has high reliability; a Cronbach alpha of 0.5 is sufficient, and if is smaller than 0.3, then it implies that there is low reliability. The total number of questions categorized under dependent and independent variables was tested for reliability. From the total questions, 17 were for independent variables, while 18 questions were categorized under dependent variables.

Accordingly, the Cronbach alpha result for each variable is stated in the following table:

Table 2: Cronbach's Alpha Test for Reliability

S.N	Variables	No of items in the scale	Cronbach Alpha Result	Total No. of Responses
1	Informative Participation	3	.853	115
2	Consultative Participation	3	.836	115
3	Associative Participation	4	.863	115
4	Administrative Participation	3	.713	115
5	Decisive Participation	4	.816	115
6	Financial Performance	5	.808	115
7	Customer Perspective	5	.849	115
8	Internal Business Process Perspective	4	.807	115
9	Learning and Growth Perspective	4	.846	115
	General Reliability	35	.957	115

Source: Own Survey Result 2023

As shown in Table 2 above, the overall Cronbach's alpha for all variables was .957, which is considered excellent. An alpha test of greater than 0.7 indicates that the variables are reliable. This indicates that the overall questionnaire has great internal consistency and reliability. Based on the result of the coefficient alpha obtained, the data analysis was continued with full confidence.

4.4. Descriptive Analysis

4.4.1. Respondent's Demographic Information

Demographic characteristics are the foundation for research questionnaire responses and are crucial performance indicators in any organization. Despite the fact that demographic factors have a limited impact on this study, the researcher takes a look at a few of them because they are thought to be related.

Table 3: Demographic and General Information

Characteristics	Descriptions	Frequencies	Percentages
Sex of Respondents	Male	87	75.7
	Female	28	24.3
Age of Respondents	20-30	51	44.3

	31-40	60	52.2
	41-50	4	3.5
	51-60	-	-
Education Level	Diploma	-	-
	BA/BSC Degree	62	53.9
	Master's Degree	53	46.1
	Other		
Service Year	1-5 years	40	34.8
	6-10 years	57	49.6
	11-15 years	17	14.8
	16 years and above	1	.9
Place of Work	Head office	115	100

Source: Own Survey Result, 2023

a. Gender of Respondents

As indicated in Table 3 above, in terms of gender, out of the 115 respondents, 75.7% were males and 24.3% were females. This indicates that men made up the majority of the respondents. But, as the study focuses on employee participation, the percentage of males over females has no impact on the study.

b. Age Group Distribution of Respondents

As indicated in Table 3 above, the majority of the age distribution fell between 31 and 40 years. This range constituted 52.2% of the total respondents. The age range between 20 and 30 years constituted the second-largest respondents, which were 44.3% of the total respondents and 3.5% of the respondents found in the age range of 41 to 50 years.

From this, it is concluded that the majority of the respondents were of mature age and active in the work force.

c. Level of Education of Respondents

As indicated in Table 3 above, among the respondents, 53.9% were BA/BSC degree holders, while 46.1% were Master's degree holders. There were no diploma or Ph.D. degree holders. However, as the majority is BA or BSC degree holders, the greater part of respondents are well-

educated, easily understand and respond to the questionnaire, and contribute significantly to the accuracy of the data gathered. Overall, the organization has well-educated employees who have different knowledge in different fields of study and play a significant role in the company's affairs.

d. Work Experience in Cooperative Bank of Oromia

The questionnaire was designed to accommodate the years of experience of employees in the organization. 49.6% of respondents had served the organization for 6–10 years, 34.8% for 1–5 years, 14.8% for 11–15 years, and 0.9% for 16 years and above. The majority of the respondents have served for less than 10 years, as the questionnaire was targeted at professional employees only. Top management and department directors were not targeted for the study. As a result, respondents aged 10 years and older were reduced. Overall, the company's employees have good experience and a long duration in the bank.

e. Place of Work

As indicated in the scope of the study, the targeted respondents were professional employees from the head office of the organization. Thus, 100% of respondents were from the head office.

4.4.2. Descriptive Analysis Variables

As per the study of Yellapu, V. (2018), the relationship between variables in a sample or population is described using descriptive statistics, which are used to organize and summarize data. Descriptive statistics are essential and should always come before inferential statistical comparisons. The researcher used descriptive analysis to manage and present quantitative descriptions in summarized form. Participants were asked to respond to dependent and independent variables on a five-point Likert scale, which ranges from strongly disagree to strongly agree. Based on the responses to the questionnaire on the Likert scales, the mean and standard deviations were computed below.

Table 4 Descriptive Statistics

Descriptive Statistics					
Variables	N	Minimu m	Maximu m	Mean	Std. Deviation
Informative participations	115	1.00	5.00	3.6957	.84531
Consultative participations	115	1.67	5.00	3.6058	.80154
Associative participations	115	1.00	5.00	3.4196	.74747
Administrative participations	115	1.33	5.00	3.2174	.76222
Decisive participations	115	1.00	5.00	3.4087	.78033
Financial Perspective	115	1.00	5.00	3.7422	.68645
Customer Perspective	115	1.00	5.00	3.7861	.71903
Internal Business process Perspective	115	1.50	5.00	3.6739	.72030
Learning and Growth perspective	115	1.00	5.00	3.8239	.74116
Valid N (list wise)	115				

Source: Own Survey Result, 2023

As indicated in the table 4 above, all variables has mean score of 3.5 and above which indicates very good and close opinion of the respondents to the questions on each variables. It indicates that respondents agree that employee participation in decision making has effect on organizational performance.

Research studies done by Tufa.F(2018), by citing past researchers for interpretation of mean of the responses to the questionnaire indicated that mean scores between 4.51 and 5.00 are considered "excellent or very good," 3.51 to 4.50 are considered "good," 2.53 to 3.50 are considered "average or moderate," 1.52 to 2.50 are considered "fair," while 1.00 to 1.50 are considered "poor." The mean of the variables indicated in the above table are acceptable as per the study.

On the other hand, standard deviation shows the typical separation between the mean and each data point. Smaller values show that the data points cluster closer to the mean.

As per the table 4 above, all variables had standard deviation scores on relatively small scales, which indicate that the data are tightly distributed. This indicates that respondents have relatively close opinion on variable under study.

4.5. Correlation Analysis

As stated by Schober, P., Boer, C., and A. Lothar (2018), correlation is a measure of a relationship between two variables. The tool analyzes whether as the value of one variable increases, the value of the other variable increases, or if as the value of one variable increases the value of the other variable decreases. As per the study, the correlation of the variables is stated as negative, weak, strong, or very strong.

Correlation Coefficient

The Pearson correlation coefficient with its sig. values (p-values) allows analyzing how each employee participation level affects the Cooperative Bank of Oromia's organizational performance. The correlation coefficient indicates the linear link between two variables. As stated by Schober, P., Boer, C., and A. Lothar (2018), the strength of the relationship between 0-.1 indicates a negligible correlation, 0.1-0.39 a weak correlation, 0.4-0.69 a moderate or acceptable correlation, 0.7-0.89 a strong correlation, and 0.9-1 a very strong correlation.

Table 5 Pearson Correlation Matrix

		Correlations					
		Informati ve Participati on	Consultat ive participat ions	Associati ve participat ions	Administ rative participa tions	Decisiv e particip ations	Organizatio nal Performanc e
Informative participatio ns	Pearson Correlati on	1	.659**	.712**	.338**	.598**	.619**
	Sig. (2- tailed)		.000	.000	.000	.000	.000
	N	115	115	115	115	115	115
Consultativ e participatio ns	Pearson Correlati on	.659**	1	.736**	.531**	.634**	.542**
	Sig. (2- tailed)	.000		.000	.000	.000	.000
	N	115	115	115	115	115	115
Associative participatio ns	Pearson Correlati on	.712**	.736**	1	.535**	.673**	.672**
	Sig. (2- tailed)	.000	.000		.000	.000	.000

	N	115	115	115	115	115	115
Administrative participations	Pearson Correlation	.338**	.531**	.535**	1	.506**	.406**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	115	115	115	115	115	115
Decisive participations	Pearson Correlation	.598**	.634**	.673**	.506**	1	.587**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	115	115	115	115	115	115
Organizational Performance	Pearson Correlation	.619**	.542**	.672**	.406**	.587**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	115	115	115	115	115	115

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

Source: Own Survey Result, 2023

Bivariate Correlation

The Pearson correlation coefficient's sign indicates the relationship and direction of variables in the study. As indicated in Table 5 above, all employee participation levels were positively correlated with organizational performance. The strength of the association increases with the Pearson correlation coefficient's absolute value. A 0 coefficient denotes the absence of a linear relationship. There is no trend for the other variable to either increase or decrease as one variable increases. The strength of the association grows as r gets closer to -1 or 1, and the data points tend to get in line with each other. All independent variables have an acceptable correlation ($r = 0.5$, $p 0.01$).

Sig (2-Tailed) value indicates whether there is a statistically significant relationship between variables or not. There is no statistically significant connection between two variables if the sig (2-tailed) value is higher than .05. This means that changes in one variable are not significantly correlated with changes in another variable.

From the above table, all the values were .000, and the relationship between variables was significant.

4.6. Regression Analysis

Regression analysis is a statistical method for examining the relationships between variables.

In order to meet the objectives of the study and answer the hypothesis, the researcher used multiple linear regression analysis.

Multiple linear regression analysis is used for prediction (forecasting) and to infer causal links between the independent and dependent variables in specific circumstances. Before beginning any multivariate study, a number of presumptions surrounding the use of multivariate statistical methods, including normality, homoscedasticity, linearity, and a multicollinearity test, should be applied.

a. Test of Normality

A normality test is used in order to establish if a data collection is adequately modeled by a normal distribution and to estimate the likelihood that a random variable underlying the data set is normally distributed. As per Hair et al. (2006), normality is the relationship between the shape of a metric variable's data distribution and the normal distribution.

One way to determine normality is to evaluate the skewness and kurtosis of the variables. The skewness measures the distribution's symmetry, while the kurtosis shows the peakedness or flatness of the distribution in relation to the normal distribution.

As indicated by Orcan, F. (2020), skewness and kurtosis up to an absolute value of 1 may indicate normality. The distribution is generally symmetrical between 0 and .5, while it is moderately skewed between .5 and 1, and highly skewed above 1. As per Hair et al. (2010), the acceptable range for normality for skewness and kurtosis is between -2 and +2, while kurtosis is between -7 and +7. Kurtosis and skewness values for all variables are almost all within the allowed range for normality. Therefore, given the requirements of skewness and kurtosis values between -2 and 2, this suggests that all items show a close to normal distribution. As a result, the study's data were normally distributed, and the result is stated in Table 6 below.

Table 6: Normality using Skewness and Kurtosis

Variables	N	Std. Deviation	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
Informative participations	115	.84531	-1.012	.226	1.201	.447
Consultative participations	115	.80154	-.263	.226	-.597	.447
Associative participations	115	.74747	-.402	.226	.436	.447
Administrative participations	115	.76222	-.140	.226	-.443	.447
Decisive participations	115	.78033	-.453	.226	.143	.447
Organizational performance-Financial	115	.68645	-.487	.226	1.466	.447
Organizational performance-Customer	115	.71903	-.722	.226	1.254	.447
Organizational Performance-Internal Business process	115	.72030	-.321	.226	-.049	.447
Organizational performance-Learning and growth	115	.74116	-.867	.226	1.465	.447
Valid N (list wise)	115					

Source: Survey Result, 2023

A P-P plot (probability-probability plot) is another helpful graph that the researcher can examine to see if a distribution is normally distributed. It compared the standardized residuals to the normal distribution.

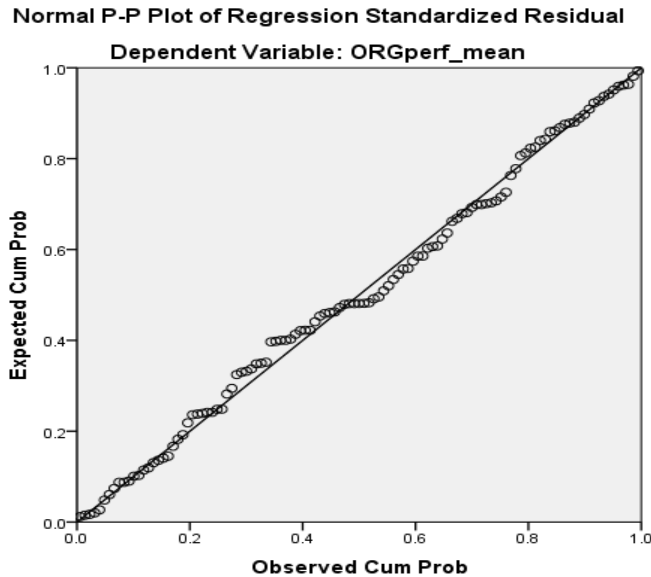


Figure 2: Normal P-P Plot

As stated on the above Figure 2 plots, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal. The distributions are around the diagonal, and it is a normal distribution. The deviations of variables from the center are normal.

Another method to show the normality of distribution is using a histogram.

Histogram

It is used to show the frequency distribution graphically, which indicates how many times each different value appears in the given data.

As indicated in the following diagram, the majority of bars on the histogram are all centered on the central value, indicating that the majority of scores are located around the distribution's center.

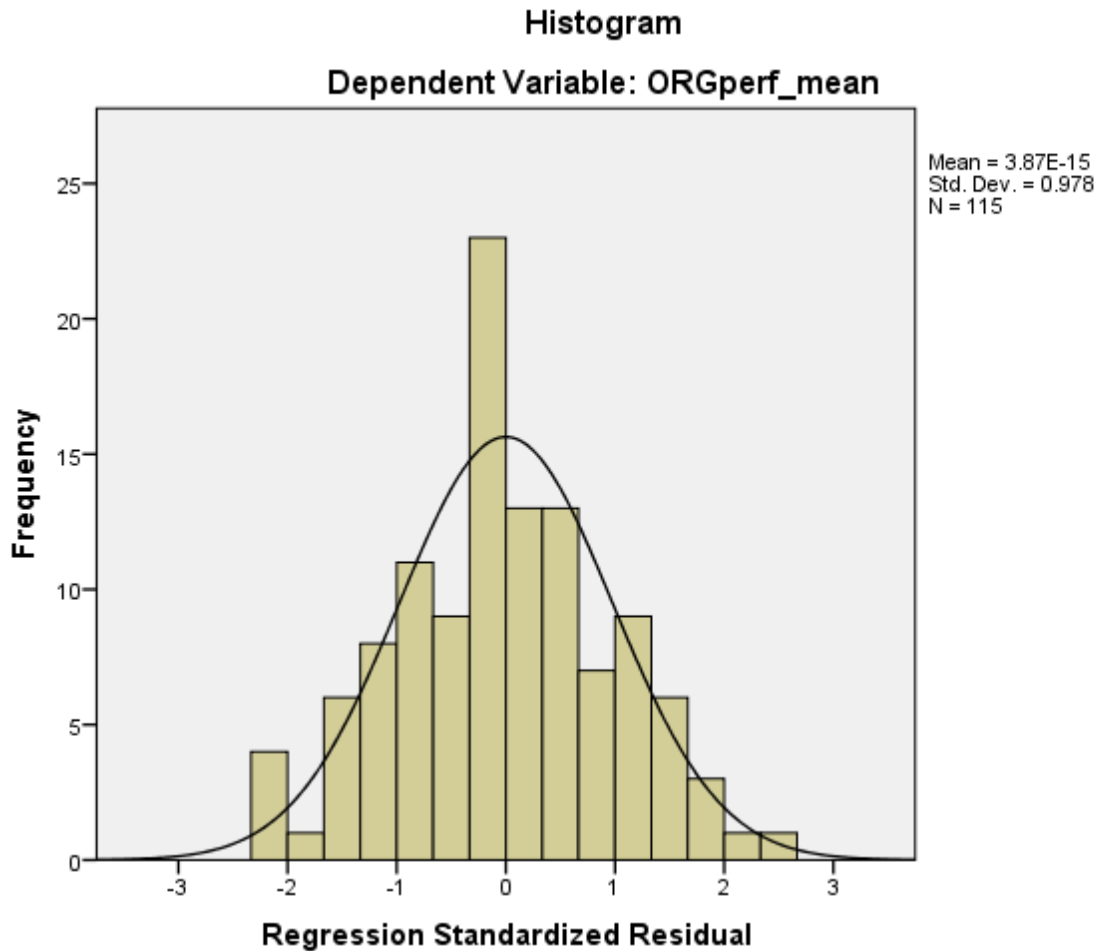


Figure 3 Histogram

As indicated in the above figure 3, the frequency distribution has been shown for five independent variables. As indicated on the diagrams, the most frequent responses for consultative participation are found in the range of 3 and between 4 and 5. The maximum number of respondents to consultative participation variables is between 4 and 5. The data is normally distributed.

For informative participation, the most frequent value is 4. The distribution is normal (equally distributed) and not skewed, and no outliers exist. The most frequent response for associative participation ranges between 3 and 3.5 on the histogram graph. The data spread is from 1 to 5.

Administrative participation has a data distribution from 1 to 5. The peak data is available at 3.5 and above, which indicates the most frequent response to the variable. Decisive participation has

a concentrated response range of 3 to 3.5. There are no outliers on the variables, and the data on five variables is normally distributed and not skewed either left or right of the graph.

b. Multi-Collinearity

Multicollinearity indicates when one predictor variable in a multiple regression model can be linearly predicted from the others with a high degree of accuracy. It occurs when there is an approximate linear relationship among two or more independent variables. It indicates when two or more predictor variables are substantially associated with one another and do not give distinct or independent information in the regression model. The variance inflation factor (VIF) technique and tolerance are mostly used to detect such problems. As indicated in the study done by Tufa (2018) and Mekonnen (2021), when the VIF value is between 1 and 10, there is no multicollinearity, and when the VIF value is less than 1 and greater than 10, there is multicollinearity. There is high multicollinearity if the tolerance value is less than 0.2 or 0.1 and the VIF value is greater than 10.

Table 7 Collinearity Statistics

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Informative participations	.426	2.345
	Consultative participations	.379	2.637
	Administrative participations	.629	1.590
	Decisive participations	.471	2.125
	Associative participations	.317	3.153
a. Dependent Variable: Organizational Performance			

Source: Survey Result, 2023

As indicated in Table 7 above, the output of the collinearity statistics is the computed VIF value of each independent variable, which ranges from 1 to 10. In addition, the tolerance value for each independent variable is greater than 0.2. Therefore, it can be said that there are no indications of multicollinearity. This suggests that each independent variable in a regression model can be used most effectively to forecast the dependent variable.

c. Homoscedasticity of the Error Terms

Homoscedasticity indicates having a similar scatter of data or having the same distance of points from the line. Any variation in a population or sample that is not even will lead to skewed or biased conclusions, giving the study a false implication.

As per Mooi (2014), homoscedasticity relates to the assumption that dependent variables explain equal levels of variance across the range of independent variables. As indicated in the following table, the variance of the dependent variable being explained by the dependence connection could not be focused on only a small range of the independent values. In the figure, the scatterplot effectively demonstrated that there were no precise patterns in the distribution of the data points.

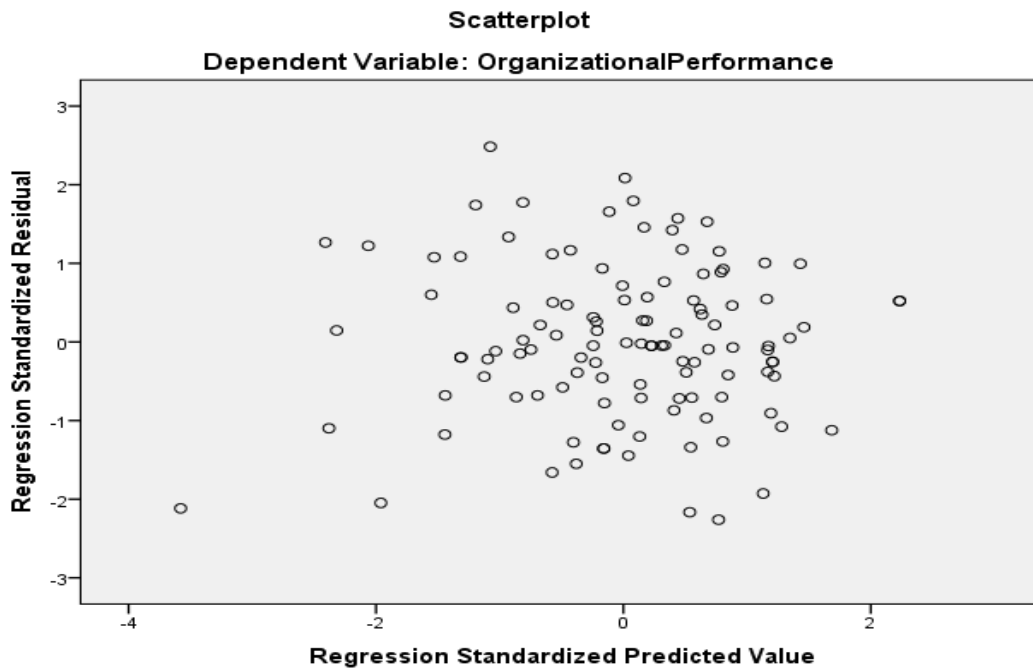


Figure 4 Scatterplot

d. Independent Errors

A regression's residuals can be examined for the presence of autocorrelation using the Durbin-Watson test. Specifically, it tests whether adjacent residuals are correlated. The Durbin-Watson test results vary from 0 to 4. A result that is very precisely centered on number 2 indicates very little autocorrelation. A result that is closer to 0 indicates a stronger positive autocorrelation, whereas a result that is closer to 4 indicates a stronger negative autocorrelation. As the test result

showed, Durban Watson's result was 1.685, which is closer to the acceptable standard of 2. 0 shows that there is no autocorrelation problem in the model.

Table 8. Model Summary for Organizational Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.717a	.513	.491	.44969	1.685
a. Predictors: (Constant), Decisive participations, Administrative participations, Informative participations, Consultative participations, Associative participations					
b. Dependent Variable: Organizational Performance					

Source: Survey Result, 2023

The R-squared value indicates how much the independent variable explains the dependent variable. As indicated in the above table 8, the R, R², and adjusted R² show how much the independent variable explains the dependent variable and the model's fitness. R indicates the Pearson correlation between independent and dependent variables. The range falls between 1 and -1 and measures the strength and direction of the relationship between variables. A value greater than .05 indicates a strong and positive relationship. The value of .71 indicates a very strong correlation between variables. The R square indicates how the model used for the study predicts the outcome. If the value is closer to 1, the prediction of the model increases. In the above table, the adjusted R square partially predicted the outcome.

e. Linearity

The purpose of a linearity test is to ascertain whether the connection between the independent factors and the dependent variable is linear or not. The degree to which the change in the dependent variable is related to the change in the independent variable is expressed by the linearity of the relationship between the dependent and independent variables. This assumption is satisfied if it appears that the plotted points may form a straight line, indicating that the two variables have some sort of linear relationship.

4.7. Multiple Linear Regression Analysis

Multiple linear regressions extend simple linear regression to include more than one explanatory variable. Multiple linear regressions are used to calculate the association between two or more independent variables and one dependent variable. Multiple linear regressions can be used to

determine how closely two or more independent variables are related to one dependent variable. The 95% confidence interval and a significance threshold of 0.05 were employed. To evaluate the direct impact of employee participation in decision-making on organizational performance, multiple regression analysis was used. The model summary of the regression study is shown in the table below.

Table 9 Multiple Linear Regression Analysis

Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.717a	.513	.491	.44969	.513	23.007	5	109	.000	1.685
a. Predictors: (Constant), Decisive participations, Administrative participations, Informative participations, Consultative participations, Associative participations										
b. Dependent Variable: Organizational Performance										

Source: Survey Result, 2023

The data in Table 9 of the model summary provides in-depth information on how well a regression model fits the data. This table included the R, the modified R², and the standard error of the estimate. The above regression table model shows how much of the variation in the measure of organizational performance can be attributed to the variables underlying the level of employee participation. In addition, the following is a detailed explanation of R, R², modified R², and Durbin-Watson:

R: Indicates the value of the multiple correlation coefficients between the predictors and the outcome. The range from 0 to 1 indicates a larger correlation, with 1 representing an equation that perfectly predicts the observed value. The model summary (R = .717a) indicated that the linear combination of the five independent variables (informative participation, consultative participation, associative participation, administrative participation, and decisive participation) strongly predicted the dependent variable (organizational performance).

R-square is the value of R multiplied by its own value. It is named "the coefficient of determination" and shows the total variation for the dependent variable (organizational performance in terms of BSC models) that could be explained by the independent variables (employee participation levels).

If a value is greater than 0.5, the model is effective enough to determine the relationship between independent and dependent variables.

Based on this, as indicated in table 9, the value of R square is .513, which is good and implies that the model is effective enough to determine the relationship between dependent variables and the predictors.

Adjusted R² indicates the generalization of the results, i.e., the variation of the sample results from the population in multiple regressions. When adjusted for the number of predictors in a model, adjusted R-squared indicates how well a collection of predictor variables can explain the variation in the response variable. The adjusted R-square shows the generalization of the results, i.e., the variation of the sample results from the population in multiple regressions. In this study, the value of the adjusted R square is.491.

R square is utilized for interpretation while working with samples in a study only. The whole population was not taken into account for this study, and a sample was used. Accordingly, 51.3% of the data matched the regression model. In another way, the R square value shows that the identified independent variables included in this model account for 51.3% of the variation in organizational performance at the Cooperative Bank of Oromia. According to the model summary, the explanatory variable, which included the five independent variables and 51.3% of organizational performance in the cooperative bank, is responsible for the remaining 48.7% of the variation in organizational performance in the cooperative bank of Oromia. As a result, the model summary table is sufficient to go on to the following step.

Table 10: ANOVA Result of Multiple Linear Regression Model

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.262	5	4.652	23.007	.000b
	Residual	22.042	109	.202		
	Total	45.304	114			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Decisive participations, Administrative participations, Informative participations Consultative participations, Associative participations						

Source: Survey Result, 2023

The ANOVA table shows the overall significance and acceptability of the model from a statistical perspective, as stated by Fufa (2018). If the p-value is less than 0.05, it means that there is a statistically significant association between the independent variables and the dependent variable or that the independent variables can accurately predict the dependent variable. In the above Anova table, the P value or Sig value is.000. Therefore, the result is significant. However, this test only examines the group of independent variables' capacity to predict the dependent variable when employed collectively; it does not examine the ability of any individual independent variable to do so.

F-Ratio

The F-ratio indicates an improvement in the prediction of the variable by fitting the model after considering the inaccuracy present in the model. A value is greater than 1 for the F-ratio yield efficient model. Therefore, the result showed a value of 23.007 and is considered good.

The Regression Coefficient

The goal of this study is to determine which independent variable contributes the most to the prediction of the dependent variable. Thus, a standardized beta coefficient can be used to examine the degree to which each predictor (independent variable) influences the criteria (dependent variable). The regression coefficient explains the average change in the dependent variable brought on by a unit change in the independent variable. The higher the beta coefficient, the more support an independent variable has for being a more significant predictor of the dependent variable. This analysis helps in performing hypothesis testing for a study.

Table 11: Multiple Linear Regression-Beta Coefficients of Independent Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.459	.232		6.278	.000
	Informative participations	.191	.076	.256	2.502	.014
	Consultative participations	-.034	.085	-.044	-.403	.688
	Associative participations	.310	.100	.368	3.098	.002
	Administrative participations	.042	.070	.051	.602	.548
	Decisive participations	.042	.079	.189	1.943	.055

Source: Survey Result, 2023

On the above table, the bold figure under column B is the value for the intercept (a) in the regression equation on the first row, labeled "constant."

As shown in table 11 above, the regression intercept, which in SPSS is marked constant, has a value of 1.459 and predicts the organizational performance of the cooperative Bank of Oromia when the predictors have a value of 0. The coefficient is the amount by which the dependent variable varies if we modify an independent variable by one unit while holding other independent variables constant. The numbers below the column "B" are the values for the regression coefficients for informative, consultative, associative, administrative, and decisive participations, which are listed under the eta column.

The standardized regression coefficient Beta is helpful in multiple regressions since it enables us to compare the relative potency of each independent variable's influence on the dependent variable. The p-value of the variables and the constant beta value are displayed in the coefficient table above to assess the significance of the hypothesis.

Description of the Multiple Regression Table

The unstandardized coefficient takes a value of .191 for informative participation level and -.034 for consultative participation level. .310 for associative participation level, .042 for administrative participation level, and .042 for decisive participation level, while the p-value is .014, .688, .002, .548, and .055, respectively, which is less than the 0.05 level.

This suggests that all the independent variables are significantly related to the dependent variables.

A multiple regression was run to predict organizational performance at informative, consultative, associative administrative and decisive participation levels. Based on the results, the regression equation that forecasts organizational performance based on the linear combination of independent variables is as follows:

$$\text{Organizational Performance (OP)} = \beta_0 + \beta_1\text{IPL} + \beta_2\text{CPL} + \beta_3\text{AsPL} + \beta_4\text{APL} + \beta_5\text{DPL} + e$$

Where, β_0 = Intercept As indicated on the table above, the intercept of 1.459 or the mean value of the response variable when all predictor variables are zero.

OP-Organizational Performance (The predicted value for the response variable)

$\beta_1, \beta_2, \beta_3, \beta_4,$ and $\beta_5,$ = Coefficients of the line

IPL- informative Participation Level

CPL-Consultative Participation Level

ASPL-Associative Participation Level

ADPL-Administrative Participation Level

DPL-Decisive Participation Level

E-Sample error

From the above equation it can be concluded that:

$$\text{Organizational Performance} = 1.459 + .191\text{IPL} - .034\text{CPL} + .310\text{APL} + .042\text{ADPL} + .042\text{DPL} + \varepsilon$$

4.8. Results of Hypothesis Testing

Five hypotheses were developed to examine the effect of employee participation in decision-making on organizational performance at the Cooperative Bank of Oromia. Based on the multiple linear regression analysis done in Table 11 above, the alternative hypothesis tests are accepted or rejected based on the significance level of the P values.

The alternative hypotheses developed are checked against the unstandardized coefficients and p values for their direction and level of relationship with dependent variables.

If the P value is less than the alpha value, the alternate hypothesis is accepted; if the P value is greater than .05, the alternate hypothesis is rejected.

H1: Informative participation levels have a significant positive effect on the organizational performance of the Cooperative Bank of Oromia.

❖ **Informative Participation Level** The unstandardized coefficient estimate of informative participation is 0.191. This shows that, when all other factors are held constant, the anticipated organizational performance in the cooperative bank of Oromia increases by 0.191 for each unit change in informative participation level. The p-value for this coefficient is 0.014 which is less than .05 and statistically significant and a predictor of organizational performance. *From this, the hypothesis that informative participation level has a significant positive effect on organizational performance is supported by the data collected, and hence, the alternative hypothesis is confirmed.*

H2: Consultative participation level has a significant positive effect on the organizational performance of the Cooperative Bank of Oromia.

❖ **Consultative Participation Level**

As per the multiple linear regression indicated in Table 11 above, the unstandardized coefficient estimate of the consultative participation level is -.034. This indicates that for all other variables statistically controlled, every point increase in consultative participation level lowers organizational performance by -.034. The alpha values indicate that P is greater than 0. Variable consultative participation has a positive effect on organizational performance. But it is not

significant at the 5% significance level. So it basically does not have a significant effect on organizational performance.

As it has a weak and insignificant positive effect on organizational performance, the *alternative hypothesis, which states that consultative participation has a positive and significant effect on organizational performance, is rejected.*

As per the multiple linear regression indicated in Table 11 above, the unstandardized coefficient estimate of the consultative participation level is -.034. This indicates that for all other variables statistically controlled, every point increase in consultative participation level lowers organizational performance by -.034. The alpha values indicate that P is greater than 0. Variable consultative participation has a positive effect on organizational performance. But it is not significant at the 5% significance level. So it basically does not have a significant effect on organizational performance.

As it has a weak and insignificant positive effect on organizational performance, the *alternative hypothesis, which states that consultative participation has a positive and significant effect on organizational performance, is rejected.*

H3: Associative participation level has a significant positive effect on the organizational performance of the Cooperative Bank of Oromia.

❖ **Associative Participation Level**

As per the multiple linear regressions indicated in Table 11 above, the unstandardized coefficient estimate of the associative participation level is 310, whereas the p-value for this coefficient is .002, which is less than .05 and statistically significant as a predictor of organizational performance. This shows that, when all other variables are held constant, the anticipated organizational performance in the cooperative bank of Oromia increases by .310 for each unit change in associative participation level. From this, it can be concluded that *associative participation level has a significant positive effect on organizational performance and is supported by the data collected; hence, the alternative hypothesis is confirmed.*

H4: Administrative participation level has a significant positive effect on the organizational performance of the Cooperative Bank of Oromia.

❖ **Administrative Participation Level**

As per the multiple linear regression Table 11 above, the unstandardized coefficient estimate of administrative participation level is .042. The p-value for this coefficient is .548, which is greater than .05. Variable administrative participation has a positive effect on organizational performance. But it is not significant at the 5% significance level. So, it basically does not have a significant effect on organizational performance.

Therefore, administrative participation level has an insignificant effect on the organizational performance of the cooperative Bank of Oromia.

Hence, the alternative hypothesis, which states that administrative participation has a significant positive effect on organizational performance, is rejected.

H5: Decisive participation level has a significant positive effect on the organizational performance of the Cooperative Bank of Oromia.

❖ **Decisive Participation Level**

Multiple linear regressions indicated in Table 11 above, the unstandardized coefficient estimate of decisive participation level is .042. This shows that, when all other variables are statistically controlled, the anticipated organizational performance in the Cooperative Bank of Oromia increases by .042 for each unit change in decisive participation level. The p-value for this coefficient is .055. This is greater than .05 and statistically insignificant. The variable "decisive participation has a positive effect on organizational performance. But it is not significant at the 5% significance level. So it basically does not have a significant effect on organizational performance.

From this, the hypothesis that decisive *participation level has a positive and significant effect on organizational performance is rejected.*

4.8. Discussion of the Result

The purpose of this study was to investigate how employee participation in decision-making affects organizational performance. Different variables like informative participation levels, consultative participation levels, associative participation levels, administrative participation levels, and decisive participation levels were considered for the study.

Interpretation

Associative Participation is the first strongest predictor or has the most significant effect on the organizational performance of the Cooperative Bank of Oromia, as it has the highest beta coefficient result ($\beta = .310$, $p < .05$). The beta coefficient result of 0.310 implies that for a 1 unit change in the associative participation, the performance will change by 0.310 units. This finding of the study supported the previous studies made by Kapur (2020). The study recommended that managers must provide significant employee participation in organizational decision-making in order to inspire and increase employee commitment and create a high-performance workplace system.

According to the study, employees have the right to receive information, discuss, and offer suggestions on the general and economic conditions of the organization and matters affecting the organization's position or the profit and loss account of the organization. This finding also supported the study of Wagner III et al (1979), who described "shared decision-making" between managers as a situation in which employees contribute successfully to decision-making at work by making better use of their skills, knowledge, and talents.

Informative Participation is the second strongest predictor with ($\beta = .191$; $P < .05$).

The beta coefficient result of 0.191 implies that for a one-unit change in the informative participation, the performance will change by 0.191 units.

It refers to the dissemination of information to employees on the financial standing of the company, the state of the market, the production and selling schedule, working procedures, the balance sheet, plant expansions, etc. The finding supported the study of Kapur (2020), which revealed that employees must be informed about changes that will be made to the way the business operates at this level of participation.

This finding also replicated the studies of Nwoko V. and Emerole G. (2017), which stated that timely access to relevant information allows employees to be effective and efficient self-

managers as they would have to depend less on management to perform their duties, which also saves time. Alsughayir, A. (2016), identified that employees should be given information about the financial standing of companies and other relevant topics in order to support the organization.

The findings of this study also supported the previous studies of Musheke and Phiri (2021), which indicated that well-informed and well-communicated staff better contribute to the improvement of their workplace and organization.

Decisive participations

Decisive participation has Beta coefficient result of 0.042 implies that for a one-unit change in the decisive participation, the performance will change by 0.042 units. The p value of this variable showed .055, which is greater than .05 and insignificant. This result is inconsistent with studies made by Mekonnen, E. (2021), which indicated that decisive participation in decision-making has a positive and significant effect on organizational performance. The finding is also inconsistent with studies by Kuye and Sulaimon (2011), which identified that organizations that encourage employee participation in decision-making outperform their competitors. The finding is also inconsistent with studies by M.H. Uma (2015), which indicated that a high level of decision-making participation provides employees with the opportunity to share and use their ideas and information in business decision-making, which in turn improves organizational performance. The result of this study is also inconsistent with studies by Owolabi et al. (2011), which indicated that greater employee participation in decision-making significantly improves organizational performance. It supports the idea of Management study guide which indicated that many employees participation in decision-making slows decision-making due to the many inputs and feedback offered, and it becomes difficult to choose the best alternative among many suggestions.

Administrative participations

Workers enjoy a little autonomy in the exercise of administrative and supervisory powers in matters affecting them; however, they have a greater share of participation and responsibility for the discharging and implementation of management functions. Administrative participation has Beta coefficient result of 0.042 implies that for a one-unit change in the decisive participation,

the performance will change by 0.042 units. The p value of this variable showed.052, and is greater than.05 and insignificant. This result is inconsistent with studies made by Mekonnen, E. (2021), which indicated that administrative participation in decision-making has a positive and significant effect on organizational performance. This finding also contradicts that of Kapur (2020), who confirmed that management consults committees regarding the style of implementation when it comes to administrative engagement. Members thereby play a bigger part in carrying out decisions, which improves the organization's performance.

On the other hand, Harvard Business Review found that empowering management empowered their staff creates burden and raised the level of job stress, which lowers organizational performance, by attempting to give workers more responsibility and challenges at work. According to the study, how employees view their leader's actions affects how well others feel empowered.

Table 12 Summary of Hypothesis Result

Hypothesis	Variables	Unstandardized Coefficients(β)	P-values At .05 confidence level	Findings	Result
H1	Informative participations	.191	.014	Positive Significant	Alternative Hypothesis supported
H2	Consultative participations	-.034	.688	Positive Insignificant	Alternative Hypothesis not supported
H3	Associative participations	.310	.002	Positive Significant	Alternative Hypothesis supported
H4	Administrative participations	.042	.548	Positive Insignificant	Alternative Hypothesis not supported
H5	Decisive participations	.042	.055	Positive Insignificant	Alternative Hypothesis not supported

Source: Survey Result, 2023

As indicated in Table 12 above, the five independent variables on employee participations were used to predict the organizational performance of the Cooperative Bank of Oromia. Out of the five variables of employee participation levels in decision-making, only two variables, informed and associative participation, are positively and significantly related to organizational

performance and satisfy the hypothesis developed to test the relationship and effect of independent variables on dependent variables. The remaining three variables consultative, administrative and Decisive were positive and insignificant.

CHAPTER FIVE:

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

This study aimed to examine the effect of employee participation in decision-making on the organizational performance of the Cooperative Bank of Oromia. This chapter presents the major findings of the study, conclusions, recommendations, and suggestions for future research. Based on this, the study's findings were briefly summarized in the first section of this chapter, with a conclusion reached. In the final section of this chapter, recommendations and suggestions for further research are described.

5.1. Summary of Major Findings

This study aimed to answer the identified six research questions and specific research objectives. Five hypotheses were drawn for testing and responding to the research study.

Based on the demographic information of the respondents,

- ❖ The majority of respondents (75.7%) were males, while 24.3% were females.
- ❖ From the respondents, the age range of 31–40 years constituted 52.2% of the total response, 20–30 years constituted 44.3% of the total response, and 3.5% of the response was obtained from employees' age range of 41–50 years.
- ❖ In terms of level of education, 53.9% were BA/BSC degree holders, while 46.1% were Master's degree holders.
- ❖ With regards to service year, 49.6% of respondents had served the organization for 6–10 years, 34.8% for 1–5 years, 14.8% for 11–15 years, and 0.9% for 16 years and above.
- The study examined the organizational performance of the cooperative Bank of Oromia in terms of the four dimensions of BSC: financial, customer, internal business process, and learning and growth.
- For the effectiveness of the data analysis, correlation and multiple regression analyses were used.
- Based on the Friedman Test and Mean rank, in order to identify the level of employee participation in decision making, from the five dimensions of levels of employee participation in decision making, informative participation and consultative participation

were the predominant or highly practiced levels of employee participation in decision making in the cooperative Bank of Oromia, while the remaining were the least practiced.

- The overall Cronbach's alpha reliability test of independent and dependent variables showed .957 with a 95% confidence interval. The Pearson Correlation Coefficient R-value of the independent variables of informative, consultative, associative, administrative, and decisive participation showed 1, .659**, .712**, .338**, and .598**, respectively, while the dependent variables of organizational performance parameters like financial, customer, internal, learning, and growth recorded .609**, .574**, .533**, and .467**, respectively.
- The correlation analysis revealed that there is a strong positive relationship between all independent and dependent variables.
- The result of the regression analysis revealed that informative and associative participations were statistically significant at a p-value of .05. Consultative, administrative and decisive have p-values greater than .05. They have a positive effect on organizational performance. But it is not statistically significant at the 5% significance level. The overall score of the coefficient correlation determination (R²) was .513, which indicated that 51.3% of the variability of overall performance was explained by the considered independent variables. While the rest, 49.7%, was contributed by variables not considered in this study.

5.2. Conclusion

Employees are crucial assets of an organization and play a significant role in the bank's performance if they properly contribute their part in decision-making (Boudreau and Ramstad, 2007). There are various ways employees participate in an organization's decision-making. The extent and level of employee participation in decision-making affect organizational performance. As per Kapur (2020), it is crucial to consider the areas in which employees would participate while encouraging their participation. These depend on a variety of variables, including the caliber of human resources, the sophistication of the materials, tools, and equipment used, the level of competition, the socioeconomic situation, the political philosophy of the workforce, the attitude of the workforce, the state of the labor market, and the general working conditions.

For the purpose of this study, the researcher has undergone the appropriate scientific study aimed at identifying the effect of employee participation in decision-making on organizational

performance. Although various aspects of employee participation persist in the literature, the five levels of employee participation were considered and analyzed.

Based on the results of the data analysis, the following conclusions were drawn from the findings of the study:

In terms of correlation analysis, all five independent variables revealed that their coefficients of correlation were positively and strongly correlated with the dependent variable. All five independent variables (informative participation, consultative participation, associative participation, administrative participation, and decisive participation) strongly predicted the dependent variable (organizational performance) and had an effect on organizational performance. From the five independent variables, the researcher identified that the extent of informative and consultative participation in decision-making was high in the cooperative Bank of Oromia. From the five variables, the extent of consultative, administrative, and decisive levels of employee participation were not statistically significant at the 5% significance level, while informative and associative levels of employee participation have a positive and significant relationship with organizational performance. From the five alternative hypotheses, the hypothesis that informative and associative participation levels have a significant positive effect on organizational performance is supported by the data collected, and hence, the alternative hypothesis has been confirmed while the remaining three hypotheses were rejected.

5.3. Recommendation

Based on the research findings and the inferences made in the conclusion parts, the researcher makes the following recommendations:

- ❖ As employees are the lifeblood of the organization, Cooperative Bank of Oromia shall focus on employee-focused decisions to better score good organizational performance in terms of financial, customer, internal business process, or organizational capability.
- ❖ The level of associative participation is the strongest predictor of performance in the cooperative bank of Oromia. The management of the bank shall practice shared decision-making with employees who contribute successfully to decision-making at work by

making better use of their skills, knowledge, and talents. The management shall hear the feedback and recommendations of the employees as input in day-to day decision-making.

- ❖ Employees are the main engine of the organization. Informative participation, as per this study, is another strong predictor of performance. Information participation ensures that employees are in the position of giving and receiving information. Employees shall be well informed about decisions related to their work and their organization and able to express their feelings. They are informed in terms of the changes that are to take place in the functioning of the organization. Two-way communication is very helpful for the success of the organization.
- ❖ The Management of cooperative bank of Oromia shall analyze the use the administrative approach to employee participation in decision making as this type of participation has no signifant effect on organizational performance as per this study. On the other hand, the Harvard Business Review found that management attempting to give workers more responsibility and challenges at work creates burden and raised the level of job stress on employees which lowers organizational performance. According to the study, how employees perceive their leader's behavior matters. Followers may view greater autonomy or shared decision-making as an indication that the leader trusts them and is providing them with opportunities for self-development and growth – or they may see those as evidence that the leader can't lead and is trying to avoid making difficult decisions.
- ❖ Consultative and Decisive Participation is low predicator of Organizational performance. Participation of workers in management is more likely at lower level and less involvement at top level of management. As per Management study Guide(MSG 2016) too much participation of employees slows decision making, can't give one stop solution which creates in efficiencis, arises security issues due to leakage of confidential information's, and does not fit for big organization. Therefore, cooperative bank of Oromia shall encourage and implement other forms of employee participation like participation through ownership by making them shareholders of the company, participation through representatives (workers union) and participation through job enrichment.

5.4. Direction for Future Research

The results of this study will serve for future research initiatives. The study focused only cooperative Bank of Oromia's head office professional employees. Future studies will be suggested to conduct the study in wider range of scope by considering banks including their head office and branch offices working inside and outside Addis Ababa. The researcher used a quantitative research approach. Future studies may focus on other research approaches. In this study, employee participation was seen from a level of participation perspective. Future research may use various approaches to employee participation in decision-making like participation through ownership, participation through representatives (workers union), direct and indirect participation, participation through job enrichment and etc.

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Appendix I: Questionnaire

Addis Ababa University

School of Graduate Studies

Department of Business Leadership

Dear Respondent,

My name is Robera Wakgari. I am a graduate student studying business leadership at the Addis Ababa University School of Commerce. I need your help to complete the accompanying questionnaire, which is a necessary component of my MA thesis. This study aims to investigate *"The Effect of Employee Participation in Decision Making on Organizational Performance in the Case of Cooperative Bank of Oromia."* Your sincere and open response is crucial for the study's success. Your information shall be used only for academic purposes and maintained in absolute confidence.

Note that;

- ✓ You are not required to write your names;
- ✓ Take time and read each questions carefully;
- ✓ please use “√” sign to indicate your answer in the corresponding boxes;
- ✓ Please select only one choice, multiple responses are not possible;

Please get in touch with me at the following address if you need any additional information, have any criticism on the study, or have any questions.

✉ Email: roberawak@gmail.com

✉ Tel:+251 910 18 71 79(Robera Wakgari)

Thank you in advance for sacrificing your valuable time and energy.

Section I - Demographic Questionnaire

1. Please indicate your work Process/Department you are working in_____
2. Please indicate Your Current Position. Managerial/Administrative
Managerial/Supervisory Professional
If others, please specify_____
3. Gender: Female Male
4. Age 20-30 31-40 41-50 51-60
5. Please indicate your highest level of education as of today
Diploma BA/BSC Degree
Master's Degree Other
6. What is your Service year/work experience in Cooperative Bank?

□ 1-5 □ 6-10 □ 11-15 □ 16 years and above

Section II- Employee Participation and Organizational Performance Questionnaire

Instruction

For the following statements put (√) sign for your level of agreement based on the scales below

Key for Scales: 1 = Strongly Disagree; 2 = Disagree, 3 = Neutral; 4 = Agree 5 = Strongly Agree

- i. Question 1-24 is intended to gauge your level of involvement in decision-making in your organization, answer the questions by Selecting "√" to indicate your agreement or disagreement.

No	Statements					
A	<i>Informative Participation</i>	1	2	3	4	5
1	I get required information about my organization					
2	My leader informs me when decisions related to my career are made by the management.					
3	I get timely information about my Organization					
B	<i>Consultative Participation</i>	1	2	3	4	5
4	My leader request my input to make decisions related to my work					
5	I have opportunity to express my feelings and opinions in decisions that affect my work					
6	My suggestion/opinions are accepted in decision making					
C	<i>Associative Participation</i>	1	2	3	4	5
7	Employee inputs to decision are respected In my organization					
8	Employees have better chance of participating and discussing on the organizational issues					
9	The senior management considers employee input to be important when making decisions that affect the organization.					
10	Management appreciate my opinion and suggestions as input to decision making					
D	<i>Administrative Participation</i>	1	2	3	4	5
11	In my company, management has little influence over how I					

	carry out my duties.					
12	I am free to choose options on how to carry out my duties.					
13	Management respects my preference on how I carry out my duties					
E	Decisive Participation	1	2	3	4	5
14	My leader allows me to highly involve in decision-making processes that affect my work.					
15	I have got delegation of my leader and had the opportunity to decide on issues related to my work					
16	My leader values/rewards good ideas and suggestions offered by employees.					
17	There is clearly formulated and mutually agreed objectives for employee participation in my organization					

ii. Organizational Performance

The following questions (18-35) are designed to measure organizational performance

Organizational Performance		1	2	3	4	5
A	Financial Perspective					
18	My organization has a strong record of Profitability					
19	My organization has good Market share in financial metrics					
20	My organization effectively utilize its resources to achieve its financial goals					
21	My organization has strong prospects for growth					
22	My Organization is strong at managing financial risks					
B	Customer Perspective					
23	My Organization strong customer value proposition					
24	My organization offers high quality services to its customers					
25	My company has created strong brand awareness					
26	As employee, I am energetic to contribute toward my organizational goals					
27	As employee, I am satisfied with my current organization ways					

	of doing business					
C	Internal Process Perspective					
28	The service process is efficient in my organization					
29	My Organization has good flexibility in its operation					
30	My organization believe in technology to drive performance					
31	My organization is proactive in introducing new ways of doing things					
D	Organization Learning and Growth Perspective					
32	My organization actively introduce new products and services to the market					
33	Organizational Performance lies on the skills, competency and knowledge that employees possess.					
34	My Organization invests in its employee capacity building					
35	My organization is a place of career development					