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EFFECT OF EMPLOYEES' PARTICIPATION IN DECISION-MAKING ON PERFORMANCE OF SMALL AND MEDIUM-SCALE ENTERPRISES IN JALINGO METROPOLIS, TARABA STATE, NIGERIA

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ABSTRACT

The study assessed how employees' participation in decision-making affects the SME's performance in Jalingo Metropolis, Taraba State, Nigeria. A survey research design was adopted. The study employed primary sources of data through the use of a structured questionnaire issued to the sample of 387 registered SMEs with the Corporate Affairs Commission in Jalingo Metropolis who were selected by way of census sampling technique. Linear regression analysis was used to test the hypothesis with the aid of SPSS 23. The study shows that employee participation in decision-making has a positive and significant effect on the performance of SMEs in Jalingo Metropolis. Hence, the study recommends that SME leaders/operators should allow employees to participate, thereby sending them to workshops, adequately motivated and allowing them to also make decisions. Equally, employee capacity development should be used in the technical section where creativity is highly encouraged to improve outputs.

Keywords: Employee participation, Decision-making, SMEs, Performance

INTRODUCTION

The development of both existing and emerging nations is intimately linked with the performance of Small and Medium-scale Enterprises (SMEs). It is believed that SMEs, particularly in developing countries like Nigeria, are a catalyst for economic growth and development. SMEs have performed a critical role in reducing the rate of poverty, generating and stabilising family income, creating jobs, fostering the development of entrepreneurial knowledge and skills, and increasing family savings and investment among others (SMEDAN, 2017; Pulka, 2019). Thus, SMEs' performance is one of the solution to the problem of developing countries like Nigeria having slow economic development (Akanbi & Joseph, 2020).

Consequently, there is a consensus that human resources play a critical role in achieving certain goals that organizations strive to achieve. The study of Oyebamiji and Funmilola (2018) asserts that the participation of employees in making-decision has been considered a management strategy to improve SMEs' performance. Workers must make decisions that impact both their company and themselves. Participatory management is nothing more than sharing information with subordinates because they are afraid of their employees and cannot take upon themselves to reveal choices and other sensitive data with them (Solomon 2015).

Furthermore, it is widely acknowledged that participative management raises awareness of the skills, knowledge, and abilities that workers frequently possess and may contribute in ways that go beyond the agreed-upon parameters of their regular duty schedule (Parasnis, 2017). This has increased the pressure on SMEs to establish autonomy, which fosters employee self-esteem, empowers workers to share authority and responsibility at all levels, and improves productivity and profitability. Similarly, SMEs promoted teamwork and camaraderie among their staff, which enhanced their performance and increased SMEs' sales. This creates a sense of co-ownership between management and employees and leads to career advancement. Additionally, it's thought that employee involvement is a well-established idea that SMEs use to propose solutions for workers' unhappiness and other associated issues. Additionally, SMEs that have higher employee engagement will see improved performance over time, quicker decision-making, and better staff flexibility, devotion, loyalty, and happiness (Parasnis, 2017).

Hence, the ineffectiveness of employees to participate in making decisions might lead to several conflicts that could result in problems among SMEs in developing countries (Damchi & Isichei, 2015). It sometimes leads to misinterpretation and misunderstanding between employees and SMEs management. Insufficient support from owners or managers, unclear policies, a lack of consultation, and other forms of conflict within SMEs can lead to misinterpretation and misunderstanding, ultimately resulting in poor performance. The owners of SMEs believed that their primary role was to protect the decision-making process at all times. The study of Joshua (2022) opined that some SMEs have failed or shut down over the years because owners and operators were unwilling to involve their employees in decision-making. This lack of willingness, despite government input through schemes and programs, undoubtedly has critical repercussions on the success and survival of firms (Peter & David, 2015).

Equally, the studies of Shashanka and Chandana, (2023) assert that employee involvement in making decisions is a facet of human resource management that gives workers some power over their jobs and the environment in which they work. These are the explanations for why a lower proportion of SMEs make it through their first year in business. Therefore, continued engagement is necessary for SMEs to reach their full potential in terms of profitability and performance. There is, however, a paucity of empirical data about how employees are involved in making decisions and the operations of SMEs in the northeastern part of Nigeria, specifically in Jalingo Metropolis, Taraba State. Therefore, it is crucial to gain a deeper understanding of the relationship between workers' involvement in decision-making and the performance of SMEs. This follow-up study investigated what effect does participation of employees in decision-making has on the performances of SMEs in Jalingo Metropolis, Taraba State.

LITERATURE REVIEW

Small and Medium-Scale Enterprises Performance

SMEs have been defined from a variety of angles, depending on the person, group, or nation doing the defining. The World Bank (2013) states that the total number of workers and the total value of its assets determine the definition of a small and medium-sized firm (SME). According to Etuk and Baghebo (2014), the Enterprise Investment Scheme (SMEIS) in Nigeria defines an SME as any business with an asset base of up to 200 million naira (excluding land and working capital) and no upper or lower staffing restriction. As a result, the National Economic Reconstruction Fund (NERFUND) defines SMEs as those with total assets less than ten million naira; the fund does not specify the number of workers or the SMEs' annual revenue.

Moreover, according to Eniola and Sakariyau (2015), the Small and Medium Industry Equity Investment Scheme (SMIEIS) defined SME as any business with at least 10 workers and a maximum asset base of 500 million Naira, excluding land and working capital. Furthermore, small and medium-sized businesses are those that employ five to one hundred people and have an annual revenue of around four hundred thousand Naira (N400,000), according to Mba and Cletus (2014). According to the Federal Ministry of Commerce and Industry (2009), SMEs are businesses that employ up to fifty (50) people for pay and have a total investment of up to N750,000 (excluding the cost of land but including working capital). According to Bakare and Babatunde (2014), SMEs are defined as businesses with less than 250 workers. In their 2014 research, Etuk and Banghebo further categorised firms depending on their number of employees. They defined enterprises with less than 50 workers as small, those with between 50 and 250 workers as medium, and those employing more than 250 people as big.

SMEs' performance, however, is a multifaceted notion whose connection may vary depending on the proxies used. Based on a variety of factors, such as turnover, staff count, profit, capital used, available funding, market share, and relative size within the sector, one may assess the success of SMEs. According to Etuk and Baghebo (2014), the performance of SMEs can be defined by both qualitative and quantitative characteristics. Quantitative definitions primarily convey an organisation's size in monetary measures such as turnover, asset value, profit, and personnel count. Non-financial proxies, according to Campbell (2007), assist managers and shareholders in determining the company's state, despite the challenges associated with measuring it. Client happiness, the company's image and reputation, the creation of new products, market effectiveness, client retention, product quality, and worldwide success ratings are a few examples of non-financial performance proxies. SMEs may only succeed in satisfying customer needs if they have been able to do so better than their rivals, this research looked at customer satisfaction as a measure of SMEs' success adopted from the study of Adamu, Hussin, & Ismail, (2020).

Employee Participation in Decision-Making

Shashanka and Chandana (2023) define the term taking part in decision-making as a method that involves individuals who are hierarchically unequal within an organization. As a result, workers' involvement in decision-making creates balance in small and medium-sized enterprises (SMEs) at various levels of management cadre. This allows employees to have a stake in and be involved in the processing of information, decision-making, and issue resolution, which ultimately leads to improved performance. Employee engagement in decision-making brings subordinates closer

to the decision-making process and the company's management. This brings about a number of benefits and economic incentives for employees to achieve higher performance in an organisation (Damchi & Isichei 2015).

Thus, decentralisation and participation in decision-making are the two organisational characteristics that have the greatest impact on employee productivity, work satisfaction, and motivation, as well as organisational commitment (Kaimi & Kauhanen, 2010). Businesses that share authority and allow everyone to participate must incorporate employee involvement. Multidisciplinary teams are used to implement procedures, and work is done by consensus. Because of all of this, the business culture has to evolve, and top managers in particular need to embrace the new values and principles (Putsma, 2001).

Furthermore, Davies (2013) shows that participation refers to psychological and social engagement in communal environments, which inspires members to contribute to and share responsibility for the group's objectives. Consequently, worker engagement is a practice that expands on the opportunities available to workers to assume managerial roles at various organisational levels (Davies, 2013). As a result, Danison (2006) states that there are three categories for worker involvement in taking decisions: employee empowerment, team orientation, and employee competence development, which this study has adopted.

Employees' Participation in Decision-Making and SMEs' Performance

Numerous connections between workers' involvement in making decisions and SMEs' success have emerged as the primary areas of focus in the research nowadays. Banedele and Ella (2013) investigated the relationship between employee participation in decision-making and job satisfaction among university teaching staff in Keffi, Nasarawa State, Nigeria, where researchers collected and analyzed data using linear regression analysis. The study disclosed the positive significant correlation between job satisfaction and participation in decision-making, Equally, Ojokuku and Sajuyigbe (2014) detemind the relationship between employee decision-making involvement and the performance of certain small and medium-sized businesses in Lagos, Nigeria. According to the study's results, small and medium-sized businesses' organisational performance significantly benefited from total staff engagement in decision-making. Hence, the studies suggest that small and medium-sized businesses overlook the importance of employee participation in decision-making.

According to the same line of thinking, Mutai and Kurui (2015) looked at research that looked at how participatory management affected employee performance at Moi University, Kenya. From the whole population under investigation, a random selection of 507 was made. The study revealed that, participation management had several positive effects on the company, including raising morale, enhancing decision-making quality, and fostering trust between management and staff. Any public institution that adopts this policy must do so within the parameters established by the statute that created the agency. According to the research, in order to get more people involved in the decision-making process at the university, the administration should alter the present bureaucratic processes which cannot be generalized to other institutions. Similarly, Peter and David (2015) investigated how employee engagement affects organizational performance, using organizational commitment as a moderator in Garissa, Kenya. The study found that employee involvement improved organisational effectiveness. According to the research, management should encourage workers to make relevant

suggestions and participate more in decision-making to improve organizational effectiveness. Thus, the study's findings are specific to the Garissa, Kenya and may not be directly applicable to other organizations or countries, hence theirs need for the current research that expand the scope.

In this context, Damachi (2015) carried out research on the hospitality sector and staff involvement in decision-making at a few Federal Capital Territory hotels in Abuja, Nigeria. An analysis of variance (ANOVA) was used to examine the data. The study's conclusions show that employee input into decision-making affects how well the hotels in the research region function. Though, the study failed to state the population under investigation. Nnamseh (2016) investigated the impact of employee involvement in decision-making on the business achievements of specific banks in Uyo, Akwa Ibom State, Nigeria. The study utilised multiple regression analysis and a survey research methodology to analyse the data. The study's findings indicate correlate direct employee engagement in decision-making and company success with assigning qualified workers, assigning hard tasks, and creating a climate that supports optimal performance. However, the research did not consider how crucial financial involvement is to workers. Additionally, Kamau and Chege (2016) investigate, using Savannah Cement in Nairobi, Kenya, as a case study, how employee involvement in decision-making affects organisational commitment. According to the study's results, consultative management had the most impact on employee commitment.

According to the same theory, Udu and Uturu-Aghedo (2016) investigated how the Federal Airports Authority of Nigeria (FAAN) in Lagos State, Nigeria, performed after implementing participatory decision-making. The survey's design was descriptive. The study's conclusions showed that the command-and-control approach is no longer a suitable paradigm for FAAN. The study concludes that employee participation in decision-making and intellectual capital can enhance performance. The research recommends improving management support for decision-making involvement and the quality of internal communication channels. However, the study did not specify the research population and the analytical technique. Joshua (2022) examined the impact of employee participation in decision-making on the performance of a few Kitale's SMEs. The research collected data from twenty-seven (27) owner/managers and one hundred and twenty-nine (129) workers of randomly selected SMEs using a questionnaire. The results indicated that employee involvement in decision-making significantly improved the performance of SMEs'. This research implies that Kenyan SMEs, who previously mostly disregarded HRM techniques in the process of operating their companies, must note these strategies. Increasing employee decision-making participation will have a favourable effect on their development and chances of survival. This implies that different results may be found in other countries if investigated and larger sample size would have provided more robust results.

From the above literature reviewed, it was established that employees' participation has an effect on performance of SMEs. Hence, majority of the studies focused on one sector and shun other sectors of SMEs. This relatively small sample might not be fully representative of all SMEs in the county, which could limit the generalizability of the findings. Equally, most of the reviewed research failed to give a recommendation based on their findings. Also, most of the reviewed literatures focused on direct relationship and failed tested the hypotheses in the theoretical model to govern the significance effect of participation of employee on SMEs performance. However,

this current study focused on most of the sectors of the SMEs for the purpose of generality by examined how employee participation in decision-making affect the performance of SMEs in Jalingo Metropolis, Taraba State.

METHODOLOGY

This study used a survey research design as its research strategy, Primary source of data was used through the structured 5-point Likert scale questionnaire. The study adopted questionnaire items from the work of Joshua, (2022) to measure employees' participation in decision-making, while the performance of SMEs was measured using items developed by Gelmez, Öztürk & Özbey, (2017). The study population was 387 SMEs registered with the Corporate Affairs Commission (CAC) in the Jalingo Metropolis. Having the small size of the population, a census sampling technique was employed to select the entire population as a sample size. The study employed both descriptive and inferential statistical methods to accomplish the objective of data analysis. Simple regression analysis was performed using SPSS 23 to validate the hypothesis, and presented the results as frequency tables and percentages.

FINDINGS AND DISCUSSIONS

Table 1 below displays the R and R2 values. The number, denoted as the simple correlation coefficient, is 0.517 (seen in the R column), indicating a strong association. The R2 number, commonly referred to as the coefficient of determination, measures the percentage of the dependent variable's total variance that the independent variable can account for. In this case, the R2 value is 0.268, indicating that employee engagement has a 26% impact on SMEs performance. SMEs permit employee engagement, which accounts for 26% of the variation in SME performance in Jalingo Metropolis

Table 1.

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.517[a]	.268	.227	.23437	.268	6.577	1	18	.019

a. Variables used for prediction: (Constant), EP

Table 2.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.361	1	.361	6.577	.019[b]
	Residual	.989	18	.055		
	Total	1.350	19			

a. Dependent Variable: SP

b. Predictors: (Constant),

The ANOVA table provided illustrates the degree to which the regression equation accurately fits the data, specifically in terms of predicting the dependent variable. By examining the row labelled "regression" and referring to the column labelled "sig," one may determine the statistical significance of the regression model that was executed. The ANOVA table highlights the derived F-statistics of 6.577, which will be our main focus. This is noteworthy since the p-value is below 0.05.

Table 3

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	2.309	.339		6.812	.000
	EP	-.592	.231	-.517	-2.565	.019

a. Dependent Variable: SP

The coefficient table provided contains the necessary values for formulating the regression equation. The regression equation may be expressed as follows: The predicted variable (dependent variable) is equal to the product of the slope and the independent variable, plus the intercept. This equation indicates that the performance of small and medium-sized enterprises (SMEs) may be determined by the formula: performance = 2.309 + (-0.592) multiplied by the level of employee engagement.

However, the t-column checks the statistical significance of the coefficient, determining if it is significantly different from zero (0). The p-value of 0.19 indicates that there is a statistically significant positive relationship between employee involvement and the performance of SMEs in Jalingo Metropolis. This indicates that, involving workers in making decision have done enough to encourage team orientation and capability development among employees within their businesses which has led to improvement in their level of performance. Based on the result, the study therefore rejects the null hypothesis and accepts the alternative one which states that employee participation in decision-making has significant effect on the performance of SMEs in Jalingo Metropolis, Tarba State. This finding agrees with the studies of Udu and Uturu-Aghedo (2016) and Joshua (2022) who found a positive effect of the participation of employees on the performance of SMEs.

CONCLUSION

Based on the data, the research discovers that employee involvement in decision-making has a substantial impact on the performance of small and medium-sized enterprises (SMEs) in Jalingo Metropolis, namely those that enable their workers to engage in decision making. This finding aligns with the research conducted by Ojokuku and Sajuyigbe (2020) on the impact of employee involvement in decision-making on the performance of small and medium enterprises (SMEs) in Lagos, Nigeria. Their study revealed a beneficial relationship between worker involvement in decision-making and the performance of SMEs.

Employee engagement, followers, and the circumstance are essential components for successful decision-making since they contribute to achieving organisational success.

RECOMMENDATIONS

To boost employee involvement, the study recommended that, leaders and operators of Small and Medium-sized Enterprises should send their employees to seminars, provide them with appropriate incentives, and give them the ability to make decisions. Moreover, the technical department, which places a significant focus on promoting innovation, needs to engage in the process of developing the capabilities of its workers

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