

The Impact of Employee Participation on Corporate Performance-An Empirical Study from Changde, China

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Abstract: The era of the Internet economy is approaching. Chinese companies on the same platform as developed countries in the world urgently need to adopt advanced models of employee participation in management to improve the status of enterprise management. Huawei's project management, Alibaba's 271 assessment, and Haier's integration of people's bills brought vivid cases to the theoretical world. Through empirical research, we find that employee participation has a significant positive impact on corporate performance. Its impact path and management countermeasures are discussed in this paper.

Keywords: Employee participation; Corporate performance; Information sharing; Recommendations for adoption; Empowerment incentives

1. Introduction

The global economic growth slowed sharply in 2018, and the expansion rate dropped to the lowest level since the global financial crisis broke out ten years ago. The "Belt and Road" initiative has been advanced. While, the China-US trade war is in full swing, Japan-South Korea trade frictions are constantly in ups and downs[1-4]. In the face of a complex international environment, people have realized that the competitive advantages of enterprises mainly come from the internal resources of the enterprises and the capabilities of the organizations themselves [6-8].

During the 13th Five-Year Plan period, China implemented an innovation-driven development strategy, put forward strategic adjustments to the economic structure, built a new industrial system, and accelerated the construction of manufacturing power [9]. After years of development of the market economy, China's economic structure and labor force structure have undergone great changes. In reality, employees' participation in management has become necessary for enterprise management. From a subjective point of view, the policies have always emphasized the protection of investor enthusiasm and the optimization of the investment environment. However, the lack of scientific understanding of the issue of employee participation in management emerges during the process of corporate reform and restructuring.

1.1. Research on employee participation and corporate performance

Relevant research on employee participation at home and abroad mainly focuses on four aspects, like its definition, components, influencing factors and effects. Different understandings of the definition and composition of employee participation have led to the use of different measurement methods, but there is still no unified single measurement tool for employee participation in academia. For the factors that affect employee participation in management, scholars at home and abroad have conducted effective exploration and research from organizational and individual levels, as well as subjective and objective aspects. By summarizing the research literature, it is found that domestic and foreign experts have given great recognition to employees' participation. They believe that the implementation of employee participation can provide the basis for scientific decision-making of the enterprise while realizing employee's own value. Employee participation in management is also related to the healthy development of the enterprise.

Through literature search and induction, it is found that domestic and foreign research on enterprise performance mainly focuses on the definition of enterprise performance, evaluation index system, and management assessment. The definition of corporate performance also has no unified single definition in academia. The research on theories of business performance in western countries started earlier. There are three main perspectives on the definition of performance: one is to define performance based on results; the other is to define performance based on behavior; the third is to define the performance based on results and integrated behavior. In this process, western scholars formed many evaluation index systems.

In China, scholars have relatively few researches on enterprise performance evaluation indicators, and the government has always been the leader of enterprise performance evaluation. Enterprise performance refers to the operating income and performance of the enterprise within a certain period of time. In detail, the former mainly refers to the profitability of the enterprise, the operation of corporate funds, the market operation of the enterprise, and the potential development ability. And the performance of the enterprise is demonstrated in the achievement and contribution through operation, growth, and development of the enterprise by the managerial personnel in the process of managing the enterprise. The study of western enterprise performance evaluation index system combines financial indicators and non-financial indicators, which makes the angle of evaluation indicators more extensive, more complete, and in-depth.

1.2. Research on the impact of employee participation on corporate performance

At present, most domestic and foreign research paper on employee participation and corporate performance has focused on empirical research on the use of various forms of employee participation. Before mid1980s, related research on employee participation focused on the impact of employee participation unicity on outcome variables. From mid-1990s, empirical research on high-performance management shows that the comprehensive application of multiple practice forms of employee participation can have a positive impact on productivity and organizational performance. People recognize the importance of employee involvement. It should be a new practice management system combining decision-making participation, job design, training development, and salary incentives. The practice of high employee participation and high-performance management methods are gradually recognized. In research of management and accounting, employee participation has not been consistently positive. In the face of different arguments, the academia has also given a lot of explanations. At present, one view is that the relationship between employee participation and management performance is not simply a direct relationship, but also affected by many intermediate variables. In addition, domestic and foreign scholars have studied the relationship between corporate strategy and decision-making, corporate strategy formation methods, expanding the rational boundaries of organizational decision-making and its possibility, leadership vision

and vision sharing, organizational support and organizational commitment, and corporate performance.

2. Method

2.1. Research hypotheses

This article believes that through the establishment of communication mechanisms in the management process and the use of authorization, employees can assist making decision after obtaining relevant information. In this process, employee participation can be divided into three levels: information sharing, adoption of recommendations, and empowerment incentives. Regardless of the level of employee involvement, effective employee participation will definitely improve the management functions of the enterprise, increase employee participation, form a healthy and good working relationship atmosphere, strengthen team cohesion and collaboration, and thus enhance communication within the organization and coordination, so that employees have a good personal experience, and improve the organization to a greater extent. Thereby improve the motivation of employees to work and labor productivity, reduce employee turnover, bring higher employee output, and then increase organizational output. Finally, it brings benefit on the financial output and market output. In this process, the company's operating performance and human resources management performance will be affected, and ultimately improve corporate performance.

Based on the above theoretical analysis, this study proposes the following hypotheses:

H1 employee participation has a positive and significant impact on corporate performance;

H2 (a) Each dimension of employee participation has a positive and significant impact on human resource management performance;

H2 (b) Each dimension of employee participation has a positive and significant impact on business performance.

This thesis focuses on the current situation of employee participation in enterprises in Chang de, Hunan Province, and conducts empirical analysis based on this research sample. Obviously, employee participation in a company is influenced by local culture and corporate culture. A total of 300 paper questionnaires were distributed in this survey and 247 were recovered, of which 241 were valid. The total recovery rate of the questionnaire was 82.3%, and the effective recovery rate was 80.3%. The sample situation is shown in Table 2.1.

Table 2.1. Basic information of survey samples

Participant background		People	Ratio	Participant background		People	Ratio
Business nature	State-owned	165	68.5%	Education	High school (secondary school)	28	11.6%
	Private	42	17.4%		College	70	29.0%
	Foreign investment	17	7.1%		Undergraduate	131	54.4%

	Other	17	7.1%		Postgraduate	11	4.6%
Number of workers	<50	-	-	Working age	<3	90	37.3%
	51—100	65	27.0%		4-6	59	24.5%
	101-300	13	5.4%		7-10	42	17.4%
	301-500	-	-		>10	48	19.9%
	501-1000	30	12.4%	Position	General Staff	158	65.6%
	1000-2000	87	36.1%		Primary management	65	27.0%
	2001-5000	19	7.9%		Above middle level	18	7.5%
	>5000	27	11.2%				
Years of business	1-5	7	2.9%	Department	R & D	8	3.3%
	6-10	59	24.5%		Marketing	58	24.1%
	11-15	83	34.4%		Finance	22	9.1%
	16-20	87	36.1%		Production	35	14.5%
	>20	5	2.1%		Quality Assurance	7	2.9%
Gender	Male	122	50.6%		Customer Service	15	6.2%
	Female	119	49.4%		Human Resources	11	4.6%
Age	<25	69	28.6%		Purchasing	6	2.5%
	26-35	112	46.5%		Administration	12	5.0%
	36-45	50	20.7%		Engineering	14	5.8%
	>46	10	4.1%	Other	53	22.0%	

2.2. Study variable measurement

This paper draws on the research of Robert Eckers (1991), Delancy & Huselid (1996) and Zhang Hong and Zhao Shuming (2006). Through the analysis of the definition, content and impact factors of enterprise perfor-

mance, the enterprise performance is divided into enterprise operation performance and human resources management performance. The author developed an enterprise performance scale with 11 topics, as shown in Table 2.2.

Table 2.2. Measurement indicators and sources of enterprise performance scale

Variable	Dimension	Indicator	Indicator Source
Enterprise performance	Enterprise operation performance	1.Compared with the same industry in this region	Delancy& Huselid(1996)
		2.Compared with the same industry in the region	
		3.Compared with the same industry in this region	
		4.Compared with the same industry in this region	
	Human resource management performance	5.Compared with the same industry in this region	Robert·G·Eccles (1991)
		6.Compared with the same industry in the region	
		7.Compared with the same industry in the region	Zhang Hong & Zhao Shuming (2006)
		8.Compared with the same industry in this region	
		9.Compared with the same industry in this region	
		10.Compared with the same industry in this region	

Combining the actual situation of employee participation in China within the definition of employee participation given in this thesis, this study believes that employee participation refers to the fact that companies emphasize the construction of communication mechanisms and the use of authorization in the management process, so that employees can assist in decision making independent or not, after obtaining relevant information. It includes three dimensions, from low to high level, which is information

sharing, recommendations for adoption, and authorization incentives. Through the analysis and retrieval of related studies, this study obtained a questionnaire from foreign scholars on employee participation and a questionnaire compiled by some scholars after translation from domestic research. After adjustment and improvement, a questionnaire of 24 questions within three levels were formed. Please see table 2.3 for details:

Table 2.3. Measurement indicators and sources of employee participation scale

Variable	Dimension	Indicator	Indicator Source
Enterprise performance	Recommendations for adoption	1.Company managers will seriously consider suggestions from employees	Lawler(1992) Guy paré&micheltremblay(2004)
		2.Company managers will reasonably adopt suggestions from employees	

		3.The company will seriously consider various suggestions from employees about improving the company's work efficiency		
		4.Staff's reasonable recommendations are generally implemented through the end		
	Information sharing	1.The company has unimpeded information sharing channels, and information and products can be exchanged and shared		Robert·g·eccles (1991)
		2.Managers will regularly inform employees of the company's future plans		Casey ichniowski&kathryshaw(1997) guy paré&mieheltremblay(2004) huangjianxue(2006)
		3.Managers will regularly inform employees of the company's financial status		
		4.Managers regularly inform employees of the performance of their work department		
		5.Managers will regularly inform employees of the company's future technological development direction		
		6.Managers regularly inform employees of customer satisfaction of the products or services they provide		
		7.Managers will regularly inform employees of the company's performance evaluation standards		
		8.Managers will regularly inform employees of new company products or services		
		9.I think our company's profit sharing plan covers a wide range of employees		
Authorization incentives	1.The company has a good employee authorization mechanism	Allen&meyer (1990) guy paré&michel tremblay (2004) zhoushuo (2006) guy paré&michel tremblay(2004)		
	2.For company-related work, the company provides employees with greater autonomy			
	3.In the company, employees have great autonomy in the management of specific projects			
	4.In companies, employees have a considerable degree of freedom in how they work			
	5.Employees can develop their skills to increase their promotion opportunities			
	6.Employees can rotate jobs to develop their skills			
	7.Managers encourage employees to participate in skills training or professional certification			
	8.At work, I am able to apply my new skills			
	9.In daily work, managers encourage employees to apply their new skills			
	10.Compared to similar jobs in other companies, my salary is fair			
	11.In our company, the compensation for employees reflects their responsibility			

3. Result & Discussion

Through descriptive statistics, correlation analysis, and regression analysis, the author summarizes the results of empirical research and the hypotheses proposed by the research, this article draws the following conclusions:

Employee participation has a positive and significant impact on corporate performance.

Employee participation has a positive and significant impact on human resource management performance and business performance.

Information sharing indicator has the greatest impact on human resource management performance. Among the factors affecting business performance, authorization incentives and information sharing indicator have a greater impact, and the adoption of proposal indicator has less impact.

Demographic variables and organizational background variables have an impact on employee participation. in particular:

Sample survey data shows that employees of different genders, different ages, different working ages, and different positions have no significant differences in the three dimensions of employee participation. While, employees with different education background have significant differences in the information sharing dimension of employee participation. The higher the perception of information, the more likely the employees are to obtain information.

The sample data shows that there is no significant difference in employee participation between companies with different years of establishment, management levels, and the extent of management of middle managers. There are significant differences in three dimensions of employee participation among companies of different natures, sizes, and competition situations. Specifically, the employee participation scores of state-owned enterprises are lower than those of private enterprises and foreign-funded enterprises. There is a significant difference in employee participation between small enterprises and medium-large sized enterprises. As the competitiveness of enter-

prises is stemming from domestic to international, companies value employees It's also easier to adopt employee suggestions.

4. Conclusion

In general, employee participation is the best vehicle and means to achieve employees' right for information, negotiation, advice, supervision and co-determination. The author recommend that companies start with the following three aspects to improve the current status of employee participation management.

Provide sufficient information for employees and prioritize the construction of corporate communication mechanisms.

Information sharing is the lowest level of participation and the first requirement for employee participation to ensure effective decisions. In the process of implementing management, the enterprise shall ensure that important information can smoothly reach each employee involved in management. Only by conveying all aspects of the company information, development direction and development concepts to employees can there be a clear direction for employee participation. This requires companies to pay attention to the construction of internal and external communication mechanisms, and form a consensus between management and employees to strengthen the participation of employees.

Adopt appropriate employee participation methods, especially the improvement of the rationalization proposal system.

Enterprises should consider their own feature, the property rights and the governance structure of the enterprise, and take into account factors such as the environmental changes in the industry in which they operate, the internal management and management levels of the organization, the cultural level of employees, their willingness to participate in management, and corporate culture to choose the appropriate form of employee participation. The empirical results show that the adoption of advice has a significant positive impact on corporate performance. Therefore, improving business performance must emphasize adopting recommendation and implement them. At the same time, mobilize employees' enthusiasm to put forward suggestions. The corporate should adopt flexible methods and set up channels to facilitate employees to contribute opinions and suggestions, especially to pay attention to the improvement of the reasonable

suggestion system and the establishment of the work team.

Establish a reasonable incentive mechanism and empower employees scientifically.

The companies must pay attention to the proper guidance of employees in daily work, employee training, employees' working ability improvement, to add employee's management experience laying the foundation for empowerment. The reasonable authorization mechanism is respected by employees, it can also give play to the wisdom of employees and ease the workload of persons in charge. However, when authorizing, the manager must specify the goals and specific tasks, and reasonably determine the candidate according to the actual situation of the task, and also establish a reasonable authorization mechanism to control.

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