

Employee Participation in Decision Making and Performance of Selected Small and Medium Enterprises in Maiduguri Metropolis

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Abstract

This Paper examined the effect of employee participation in decision making on the performance of selected SMEs in Maiduguri Metropolis. The population of the study consisted of 538 registered SMEs in Maiduguri Metropolis, while a sample of 226 SMEs owner/managers was drawn using Krejcie and Morgan (1970) table of sample size determination. Data was collected from the respondents via structured questionnaires and was analyzed and interpreted using multiple regression model on the SPSS statistical tool. The findings of the study reveal that empowerment is statistically significant while Employee Team Orientation was insignificant. Based on the findings of the study conclusion was drawn, Employee Team Orientation is the dimension insignificant to SMEs' performance, the study recommended that the owner/managers of SMEs should place much emphasis on Employee Team Orientation, if it is done there is tendency for the dimension to have significance on the organization performance. The implication of the study is that the study suggest that empowering employees has a significant positive impact on SME performance, while team orientation may not be as significant in the context studied. Therefore, SMEs are to prioritize Employee Team Orientation for potential improvements in organizational performance, but this should be considered in light of the study's limitations and the need for further research.

Keywords: SMEs Performance, Employee Empowerment, Employee Team Orientation.

1. Introduction

Small and Medium Enterprises (SMEs) performance is considered as the main driver and indices for the level of growth and development in any country, due to the fact that small and medium-sized enterprises (SMEs) contribute to employment growth at a greater pace than larger corporations across all sectors of the economy. It is globally acknowledged that

small and medium-sized enterprises (SMEs) sector is a crucial driving force for fostering economic growth and generating employment opportunities in both developing and developed nations (Ariyo, 2008; Kpleai, 2009). Small and medium-sized enterprises (SMEs) constitute the largest segment of businesses in every economy, and governments worldwide are progressively advocating and facilitating SME growth as an integral component of their overarching national development agenda (Shettima, 2017). Likewise, it is believed that SMEs are catalyst for economy growth and development especially in a developing country like Nigeria. SMEs help in reducing poverty, generating employment, wealth creation and utilisation of indigenous resources, as well as providing enabling environment for skill acquisition and development, it also helps in growth of GDP and export earnings (Sanusi Abubakar, Olujobi & Haruna, 2021).

It is widely believed that SMEs form the cornerstone of numerous economies, including Nigeria's, making a substantial contribution to the generation of employment opportunities, economic growth, and innovation. Although one key element that has gained prominence is the extent to which employees are actively engaged in the decision-making processes of their organizations (Ijeoma, 2020). As businesses continue to adapt to changing market conditions and global competition, harnessing the collective intelligence and creativity of their workforce becomes paramount (Parasnis, 2017). Even though In Nigeria, there is an ongoing debate regarding whether employees should be involved in managerial decision-making, some argue that employees should have a say in decisions that impact them or their work. This participation is seen as valuable for training future upper management. However, it's questioned whether qualified and company-oriented individuals are available at lower organizational levels. This debate highlights the need for further investigation (Harpreet, 2019). However, some authors contend that engaging employees in decision-making processes is seen as a transformative factor in enhancing the performance of small business owners. Given the current economic instability, a turbulent business environment, and intense competition among enterprises, small-scale businesses are urged to become more versatile, adaptive, and collaborative in their approach to managing their operations (Alabi, Asabi & Amusat, 2022)

In this context, small businesses owners/managers must acknowledge that individuals constitute the most crucial assets within their organizations, bearing the primary responsibility for effectively integrating all other production factors to achieve ultimate success (Dike, 2021). In the same vein, Mba and Cletus (2014) opines that small and medium enterprises that cannot take advantage of participatory management may risk of over taken by their competitors. Due to their size and related pool of professionals, SMEs need to discard the traditional ways of not involving employees in decision making process of business operation. In view of the above, many small and medium enterprises in Nigeria are unable to penetrate to market to increases their market share. Therefore, it will be of paramount importance for enterprises to innovate and improve employee participation that will meet the customer's needs and wants to stand a test of time.

Based on this background, this study aimed to investigate the impact of employee involvement in decision-making on the performance of SMEs in Maiduguri Metropolis, with the specific objectives of assessing the effect of employee empowerment on performance of selected SMEs in Maiduguri Metropolis and examine the effect of employee team orientation on performance of selected SMEs in Maiduguri Metropolis.

2. Literature Review

Bakare and Babatunde (2014) provided definitions for Small and Medium Enterprises (SMEs) based on various criteria. According to their definitions, SMEs are businesses that employ fewer than 250 workers and are further categorized into micro (less than 10 employees), small (10 to 49 employees), and medium (50 to 249 employees). In Nigeria, the National Council of Industries defines SMEs as business enterprises whose total costs, excluding land, do not exceed two hundred million naira (N200, 000,000). Similarly, Aminu (2009) described small-scale enterprises as businesses with a workforce of fewer than 10 employees or a total expenditure not exceeding N1.5 million, which includes working capital but excludes land costs. On the other hand, a medium-scale industry is defined as an enterprise employing between 101 to 300 workers or having a total cost exceeding N50 million but not exceeding N200 million, including working capital but excluding land expenses. Small and Medium Enterprises (SMEs) play a crucial role in promoting economic development by creating substantial employment opportunities. These enterprises, characterized by their relatively smaller scale compared to large corporations, have the potential to contribute significantly to a nation's economic growth. One of the primary ways in which SMEs stimulate economic development is by generating employment opportunities. Enhancing the performance of SMEs takes on even greater significance in this context. When SMEs are supported and encouraged to grow, they can create more job opportunities, stimulate local economies, and contribute to increased economic productivity (Aminu, 2009)

Performance is the foremost concern for any types of business organizations, whether they are driven by profit motives or operate as non-profit entities (Adubasim, Adelaiye & Admin, 2018). Different authors give different meaning to SMEs performance. SMEs performance can be described as the capability of small and medium-sized enterprises to effectively utilize both internal and external resources, adapt them in a timely and appropriate manner, and attain a specific set of objectives, this performance is not only about achieving employment opportunities and contributing to GDP growth and exports but also about improving the overall quality of life in society, as defined by Pulka (2019). Meanwhile, Daft (2001) characterizes SMEs performance as the SMEs' capacity to efficiently and effectively utilize all their resources to meet established goals and objectives. Similarly, Vij and Bedi (2016) view SMEs performance as an encompassing measure of an SME's ability to fulfill its objectives comprehensively. In essence, SMEs' performance is a multidimensional concept that encompasses their ability to create value, generate profits, contribute to the economy, provide quality products or services, and achieve their strategic objectives while considering various internal and external factors that may influence their operations (Usman & Waziri, 2022).

Employee participation in decision-making is a management approach that involves involving employees in the process of making important organizational decisions. It is a fundamental aspect of a participative or democratic management style (Alabi, Asabi & Amusat, 2022). This approach recognizes that employees have valuable insights, knowledge, and perspectives that can benefit the organization and improve overall decision quality. According to Waleed (2023), employee empowerment is a strategy within organizations aimed at enhancing individual employees' capacity to take initiative and make decisions in their daily tasks. This approach fosters trust and collaboration among employers and employees by granting decision-making authority, acknowledging personal

initiative, and encouraging the introduction of new ideas (Baird et al., 2020). Tampi et al. (2022) also emphasized that employee empowerment involves creating a workplace that values each employee's unique strengths and abilities, by enabling choices at the individual level, this promotes active employee participation in their work environment, cultivating an atmosphere centered on trust and empowerment not only strengthens interpersonal bonds among the workforce but also fosters a higher sense of loyalty and motivation. Therefore, when employees are involved in decision-making processes, they can contribute their diverse perspectives, ideas, and experiences. This can lead to the generation of innovative solutions and creative approaches to problem-solving, which can help SMEs stay competitive in their markets.

The relationship between employee participation in decision-making and the performance of small businesses has garnered interest from professionals, academics, and researchers. In line with this interest, this study examined previous research on the topic. Alabi, Asabi and Amusat (2022) carried out a study on Employees' Involvement in Decision Making and the Performance of Selected Small-Scale Enterprises in Lagos State, Nigeria. They collected data from 253 participants out of a total of 6,746 registered small-scale enterprises, utilizing a structured questionnaire and employing a multistage sampling approach. Their analysis, using simple regression, revealed that employees' involvement, as an independent variable, accounted for 54.6 percent of the variation in the performance of these SEMEs, measured by profitability and market share. Consequently, the research findings suggest that employees' active participation in decision-making processes significantly influences the performance of the selected small-scale enterprises.

Equally, Sanusi et al. (2021) carried out research on employee involvement and its impact on the productivity of small and medium-sized enterprises (SMEs), the research utilized a survey approach within a cross-sectional design. The study's sample size consisted of 183 SMEs out of the 364 registered with SMEDAN in Bauchi State, Nigeria. To select this sample, a purposive sampling technique was employed, and data were collected through questionnaires from 169 valid respondents. Data analysis involved the use of descriptive statistics and Spearman's rank correlation for hypothesis testing. The study's results confirmed a substantial and favorable correlation between employees' involvement in decision-making procedures and the overall productivity of small and medium-sized enterprises.

Nosike (2022) conducted research focusing on the Influence of Employee Orientation on Employee Performance within the context of commercial banks in Nigeria. This study was conducted specifically in Enugu State, Nigeria, and the data collection method employed was a structured questionnaire. To assess the relationship between the variables under investigation, regression analysis was applied. The study's results unveiled that employee orientation exerts a favorable and noteworthy impact on the performance of employees in commercial banks situated in Enugu State. Equally, Waleed (2023) carried out research aimed at assessing the effects of successful teamwork on employee performance within an entertainment company located in Kuala Lumpur, the capital of Malaysia. The study utilized a research methodology that combined both descriptive and exploratory elements. The result of the research shows that effective communication, trust, leadership, and accountability had a notable and beneficial influence on employee performance. In contrast, the study found that intrapersonal skills and cohesiveness did not have a significant impact on employee performance. Chesoli (2018) conducted a study to

investigate the impact of employee participation in decision-making on the performance of chosen Small and Medium-sized Enterprises (SMEs) in Kitale, Kenya. The research was designed as a survey, and data were gathered from a total population of 129 employees and 27 owner/managers, with a sample size of 139 respondents selected randomly from the SMEs. The data collection process involved the use of questionnaires. The collected data were subjected to statistical analysis, employing both descriptive and inferential statistical methods. The study's findings indicated that Kenyan SMEs typically did not prioritize human resource management practices, an area they had largely neglected while conducting their business operations.

The adopted Participation and Democratic Theory, the theory was developed by Carole Pateman's theory, in 1970, highlights the conditions necessary for effective individual participation and functioning in society. Emphasizing that participation in decision-making enhances individual freedom by providing a tangible level of control over one's life and environment, the theory posits that increased participation makes individuals their own masters. Also, the theory emphasizes inclusive decision-making processes where individuals have a say in choices that affect them. Therefore, Integrating Participation and Democratic Theory into this study can provide a broader perspective on the implications of employee involvement in decision-making. It can help to understand not only the performance outcomes but also the democratic values and principles that may shape the organizational culture within SMEs.

3. Methodology

The study adopted survey research design method, where the sample size is 226 respondents obtained through Krejcie and Morgan's (1976) table for sample size determination, given a population of 550. However, to account for potential non-response and sampling errors, 100% was added to the sample size, as suggested by Bartlett, Kotrlik, Higgins (2001) and Salkind (1997), resulting in an adjusted sample size of 452. The sampling technique employed was simple random sampling, which involved selecting 452 SMEs in Maiduguri Metropolis. The study used questionnaire to collect data. The questionnaire was designed on a five-point Likert scale, ranging from "Strongly Agreed (SA)" to "Strongly Disagree (SD)". The method of data analysis employed in this study is multiple regression. The analysis was conducted using the Statistical Packages for Social Science (SPSS).

4. Results

A total of 452 copies of questionnaire were distributed to owners/managers of SMEs in Maiduguri Metropolis Borno state, Nigeria. Out of 452 questionnaires distributed 400 were correctly filled and returned valid for analysis which yield 88.4% respond rate. Table 4.1 presents the response rate of the study.

Table 4.1 Response Rate of the Questionnaires

Questionnaires Distributed	Responses
Number of distributed questionnaires	452
Number of retrieved questionnaires	400
Number of Questionnaires not retrieved	52
Response rate in %	88.4

Source: Field Survey (2023)

Test of Hypotheses

Ho₁: Employee empowerment has no significant effect on performance of selected SMEs in Maiduguri Metropolis.

Ho₂: Employee team orientation has no significant effect on performance of selected SMEs in Maiduguri, Metropolis.

Multiple regression analysis was conducted for the variables using SPSS version 25. The main objective is to determine the relationship between independent variables and dependent variable. The results of regression analysis provided the answers to research objectives and the hypotheses of the study.

Table 4.2 Hypothesis Testing

Model	B	Std. Error	T Stat.	Sig.
1 (Constant)	12.345	1.649	7.488	0.000
Employee Empowerment	0.626	0.077	8.162	0.000
Employee Team Orientation	-0.070	0.085	-0.829	0.408

a. Dependent Variable: SMEs Performance

From Table 4.2 it could be decided that Employee Empowerment ($\beta = 0.626$, $t = 8.162$, $p = 0.000$) have significant and positive relationship with SMEs performance this finding is in agreement with the finding of (Sharma, 2016). Whereas, Employee Team Orientation ($\beta = -0.070$, $t = -0.829$, $p = 0.408$) has insignificant relationship with SMEs performance. These results, provided that hypothesis one is rejected, which hypotheses two is accepted. These findings are in disagreement with the findings of Scott et al. (2013) found that group affiliation and teamwork have been associated with greater implementation of continuous quality improvement practices in health care.

Table 3 Summary Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.405 ^a	0.164	0.157	5.68654

a. Predictors: (Constant), Employee Empowerment and Employee Team Orientation

b. Dependent Variable: SMEs Performance

From table 4.3, the values of multiple correlation (R), squared multiple correlation (R²) and adjusted squared multiple correlation (R² adj) show how well the blending of the Employee Empowerment and Employee Team Orientation in predicting the SMEs Performance. Furthermore, results of the multiple regression R² showed R = 0.405, R² = 0.164 and the R² adjusted = 0.157. Hence, the findings confirmed that overall 0.164 of variance (R²) has significantly explained by the independent variables of the study on performance of SMEs in Maiduguri.

5. Discussion of Findings

The analysis shows relationship among variables for the study, that is dependent (SMEs performance) and independent variables (Employee Empowerment and Employee Team Orientation) using Multiple Regression analysis with the aid of SPSS statistical package version 25. All the preliminary investigations were carried out to ensure the suitability and reliability of the instrument for the study. Findings of the study shows that employee empowerment was statistically significant, indicating that the variable contributed in predicting SMEs performance. Based on the findings, the SMEs Owner/managers always involve every employee in the business planning process to certain degree. It is evident that, the analysis showed a positive relationship between employee empowerment and SMEs performance. This finding confirmed the findings of Sharma (2016), Ugboro and Obeng (2000) and Benko (2015).

The result also reveals, employee team orientation was statistically insignificant, indicating that the variable is weak in predicting SMEs performance in Maiduguri Metropolis. Based on the findings, employees are not working like a team. The result further reveals that, the SMEs Owner/Manager do not encourage cooperation across different employees in the organization. This is in not line with the findings of Ojokuku and Sajuyigbe (2014), Nnamshe (2016); and Nier (2014) who found that team orientation enhances organizational performance.

It was concluded that employee empowerment was statistically significant, indicating that the variable contributed in predicting SMEs performance in Maiduguri. Based on the findings, the Owner/manager of the SMEs always involve every employee in the business planning process to certain degree. Whereas employee team orientation is insignificant which indicates that team orientation was the weakest contributor to SMEs performance in Maiduguri Metropolis.

The study recommends that emphasis should be given to employee empowerment because the result reveals that it has significant effect on SMEs performance in Maiduguri metropolis. The Owner/Managers of the SMES should increase the level of employee participation in their work and also decisions taken should be made available to the employees so that any information needed would be available. It is also important for the SMEs owners to spread information widely so that none of the employees would be left unaware of any information significant to the organization and this will greatly interest all the employees to feel having positive impact in the organization

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