



**UNIVERSITI PUTRA MALAYSIA**

**PRACTICES AND OUTCOMES OF PARTICIPATIVE MANAGEMENT  
IN JAPANESE SUBSIDIARY COMPANIES IN MALAYSIA**

**MOHAMAD NASIR SALUDIN.**

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**DOCTOR OF PHILOSOPHY  
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**By**

**MOHAMAD NASIR SALUDIN**

**Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia,  
in Fulfilment of the Requirements for the Degree of Doctor of Philosophy**

**March 2005**



## DEDICATION

**This thesis is dedicated to:**

My father, Late Hj. Saludin Hj. Md. Amin

My mother, Hjh. Rabiah Hj. Othman

My wife, Normala Hj. Mohamad Nasir

My sons, Kudratullah Fatimi and Kudratullah Nadzmi

My daughters, Nadia Nurnajihah dan Nabilah Aainaa

Brothers and Sisters

Who are the “delights of the eye” and the source of inspiration and true love



Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirements for the degree of Doctor of Philosophy

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**MOHAMAD NASIR SALUDIN**

**March 2005**

**Chairperson: Professor Aminah binti Ahmad, PhD**

**Faculty: Educational Studies**

This study explores the link between participative management practices (PMP) and participative management outcomes (PMO) in Japanese Subsidiary Companies in Malaysia. One hundred and forty managers from 140 Japanese Subsidiary Companies in Malaysia had completed the questionnaires covering participative management practice (PMP) and four participative management practices outcomes (readiness to accept change, productivity, teamwork effectiveness and customer service quality). Descriptive statistics were used to describe the profile of the subjects in this study and the nature of participative-management-practice programmes. The research utilised F-test (analysis of variance), factor analysis, correlation analysis, and multiple regression analysis to analyse the data.



The research found that 65.7 percent of the respondents indicated that the level of participative management practices in the studied Japanese Subsidiary Companies in Malaysia was at medium level. With regard to the type of participative-management-practice programmes, the result indicated that programmes, such as total quality management (TQM), quality control circles (QCC), suggestion scheme and small group activity (SGA) were more frequently practiced in these companies, while, the discussion group, team working, matrix/project management and task forces programmes were regularly practiced in these companies. The other programmes such as morning prayer, company magazine, video presentation and collective bargaining, were less regularly practiced in these companies.

From the factor analysis, five factors; consisting of organizational culture, organizational climate, employee empowerment, total employee involvement and leadership; were identified as elements of participative management practices in this study. Statistically significant relationships were found between participative management practices and readiness to accept change, productivity, teamwork effectiveness, and customer service quality. These findings indicate that participative management practices tend to increase productivity, readiness to accept change, customer service

quality and teamwork effectiveness. The influence of participative management practices on the participative management outcomes is a clear signal to managers to realize the importance and effectiveness of participative management practices.

Overall, this study found that the participative management practices were correlated with the selected participative management outcomes in Japanese Subsidiary Companies in Malaysia. It is recommended that the participative management practices in Japanese Subsidiary Companies be adopted by local firm in Malaysia.



Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah.

**AMALAN DAN HASIL PENGURUSAN PARTISIPATIF DALAM  
SYARIKAT SUBSIDIARI JEPUN DI MALAYSIA**

**Oleh**

**MOHAMAD NASIR SALUDIN**

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**Pengerusi: Profesor Aminah binti Ahmad, PhD**

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Kajian ini meneroka hubungan antara amalan pengurusan partisipatif dan hasil pengurusan partisipatif dalam Syarikat Subsidiari Jepun di Malaysia. Seramai seratus empat puluh orang pengurus dari 140 Syarikat Subsidiari Jepun di Malaysia telah melengkapkan soalselidik yang merangkumi amalan pengurusan partisipatif dan empat hasil pengurusan partisipatif (kesediaan menerima perubahan, produktiviti, keberkesanan pasukan kerja dan kualiti khidmat pelanggan). Statistik deskriptif telah digunakan untuk menerangkan profil subjek kajian dan bentuk program pengurusan partisipatif yang diamalkan. Kajian ini juga menggunakan ujian-F (Analisis varian), analisis faktor, analisis korelasi dan analisis regresi berganda dalam menganalisis data.



Hasil kajian menunjukkan, 65.7 peratus dari responden menilai tahap amalan pengurusan partisipatif di Syarikat Subdiari Jepun di Malaysia adalah pada tahap sederhana. Merujuk kepada bentuk program pengurusan partisipatif yang diamalkan, hasil kajian mendapati program pengurusan kualiti menyeluruh, kumpulan kawalan kualiti, skim cadangan, aktiviti kumpulan kecil adalah paling kerap diamalkan. Sementara kumpulan perbincangan, kumpulan kerja, pengurusan projek dan pasukan petugas biasa diamalkan. Program lain seperti mesyuarat pagi, majalah syarikat, persembahan video dan persetujuan bersama kadang-kadang diamalkan dalam syarikat mereka.

Dari analisis faktor, sebanyak lima faktor terdiri daripada budaya organisasi, iklim organisasi, pemberian kuasa kepada pekerja, penglibatan pekerja secara menyeluruh dan kepimpinan telah dikenalpasti sebagai elemen amalan pengurusan partisipatif. Perkaitan yang signifikan wujud antara amalan pengurusan partisipatif dan kesediaan menerima perubahan, produktiviti, keberkesanan pasukan kerja dan kualiti khidmat pelanggan. Hasil kajian ini mendapati amalan pengurusan partisipatif telah membantu meningkatkan produktiviti, kesediaan menerima perubahan, kualiti khidmat pelanggan dan keberkesanan kerja berpasukan. Penemuan kepentingan amalan pengurusan partisipatif ini ke atas hasil pengurusan

partisipatif adalah satu isyarat yang jelas kepada pengurus untuk mengiktiraf amalan pengurusan partisipatif boleh memberikan kesan kepada hasil pengurusan partisipatif.

Secara keseluruhannya, kajian ini mendapati bahawa amalan pengurusan partisipatif mempunyai perkaitan dengan hasil pengurusan partisipatif dalam Syarikat Subsidiari Jepun Di Malaysia. Dicadangkan supaya amalan pengurusan partisipatif dalam Syarikat Subsidiari Jepun Di Malaysia diterima pakai dalam firma-firma di Malaysia.



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Last but not least, I would like to express sincere gratitude and affection to my beloved wife, Normala, for her understanding, encouragement and patience throughout my graduate programme that made this work success.

And above all, to Almighty God, Allah SWT, for all the blessings to my family and I as well as His guidance that made everything possible for me to complete my doctoral programme



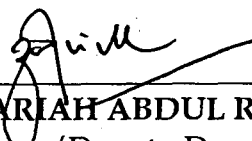
I certify that an Examination Committee met on 7<sup>th</sup> March 2005 to conduct the final examination of Mohamad Nasir Saludin on his Doctor of Philosophy thesis entitled "Practices and Outcomes of Participative Management in Japanese Subsidiary in Malaysia" in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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## DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations, which have been duly acknowledged. I also declare that it has not previously or concurrently submitted for any other degree at UPM or other institutions.



---

**MOHAMAD NASIR BIN SALUDIN**

Date: 14 May 2005

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## LIST OF ABBREVIATIONS

ANOVA	- Analysis of Varians
PMP	- Participative Management Practices
PMO	- Participative Management Outcomes
SGA	- Small Group Activity
MNCs	- Multi National Companies
TQM	- Total Quality Management
MANOVA	- Multiple Analysis of Variance
QCC	- Quality Control Circle



## CHAPTER I

### INTRODUCTION

This chapter provides information on the background of the problem, problem statement, the objectives of the study, the significant of the study, the limitation of the research, and the definition of terms use in the thesis.

#### **Background of the Problem**

In the study of participative management and its outcomes, mixed findings have been obtained. Some studies found that participative management had no positive effects on outcomes such as productivity but it did increase job satisfaction (Huang, 1997) or employee motivation (Wagner and Gooding, 1987). Other researchers such as Miller and Monge (1986), however, suggested that there was a positive relationship between participative management and organizational commitment, job performance, job satisfaction, employee motivation and readiness to accept change. Research by Kimberly (2004), has also shown that the participative management system is a major factor in determining productivity and job satisfaction. A recent study (Sagie and Aycan, 2003) revealed that, while some participative management practices such as quality control circles, total quality management and small group activity, enhanced organizational commitment, job performance, job satisfaction, and





employee motivation, others, such as employee stock-ownership plans, had negative effects on intention to leave the organization. Wagner (1994) conducted a review studies and concluded that participative management has consistent but small effects on job performance and job satisfaction. Ledford and Lawler (1994) responded and pointed out that the methodologies used in the review above were problematic and it excluded many important dimensions of participation, thus leads to an incomplete picture of the effectiveness of participative management practices. Their view reiterated earlier arguments made by Ramsay, (1977), Miller and Monge (1986), Wagner and Gooding (1987) and Lawler (1986).

Coch and French (1948) are considered to be the pioneers in the study of employee participation in the workplace. They have developed the productivity and efficiency rationale, with an assumption that there is a direct link between employee involvement in decision making and work outcomes such as the increase of job satisfaction and productivity and the decrease of turnover and absenteeism. Participation in decision-making can satisfy employee's self-actualisation needs and, thus increase employee's motivation and job performance (Likert, 1961). Employee participation in decision-making were not taken seriously until the mid-1980s when major works such as Lawler (1986) started to emerge and make some significant impact on both academic and business circles.

