



**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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**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**

**Mac 2005**

**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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## TABLE OF CONTENTS

	<b>Page</b>
DEDICATION	i
ABSTRACT	ii
ABSTRAK	v
ACKNOWLEDGEMENTS	viii
APPROVAL	ix
DECLARATION	xi
TABLES OF CONTENTS	xii
LIST OF TABLES	xvi
LIST OF FIGURES	xix
LIST OF ABBREVIATIONS	xx
<b>CHAPTER</b>	
<b>I INTRODUCTION</b>	<b>1</b>
Background of the Problem	1
Statement of Problem	13
Objectives	16
Significance of the Study	17
Limitations of the Study	19
Definition of Terms	19
<b>II LITERATURE REVIEW</b>	<b>23</b>
Concept of Participative Management	23
Participative Management in Japanese Companies	37
Participative Management Practices Variables	43
Organisational Culture	44
Employee Empowerment	47
Organizational Climate	48
Total Employee Involvement	50
Participative Leadership	50
Type of Participative Management Programs	51
Quality Control Circles	53
Joint-Koshin-Kai	56
Work Groups	56
Small Groups Activities (SGA)	59



Total Quality Management	63
Project Management	64
Collective Bargaining	65
Suggestion Schemes	66
Team Briefing	68
Discussion Group	70
Task Force	71
Company Magazine	72
Morning Prayer	72
Video Presentation	74
Participative Management Research	75
Theory Related To Participative Management	83
Maslow's Hierarchy Theory	84
Herzberg's Intrinsic Motivation Theory	84
McGregor's Theory X and Y Managers	85
Theory Z	88
Relationship Between Participative Management Practices and Participative Management Outcomes	90
Readiness to Accept Change	92
Teamwork Effectiveness	96
Improved Productivity	99
Customer Service Quality	104
<b>III METHODOLOGY</b>	<b>109</b>
Theoretical and Research Framework	109
Research Hypothesis	112
Location of Study	113
Subject of the Study	113
Sampling Procedure	114
Measurement and Instrumentations	116
Participative Management Practices	116
Improved Productivity Measurement	117
Readiness to Accept Change Measurement	118
Customer Service Quality Measurement	119
Teamwork Effectiveness Measurement	120
Validity and Reliability of Instruments	120
Properties of the Participative Management Scale	124
Data Collection	128
Analysis of Data	130
Level of Significance	132



<b>IV</b>	<b>RESULTS AND DISCUSSIONS</b>	<b>133</b>
	Profile of Companies	133
	The Respondents	137
	Demographical Characteristic	137
	Participative Management Practices	140
	Type of Participative Management Programs Practices	140
	Level of Participative Management Practices	147
	The Differences of Level Participative Management Practices By Type of Ownership	150
	The Differences of Level Participative Management Practices By Number of Employee	151
	Level of Participative Management Management Outcomes	153
	Association Between Participative Management Practices and Participative Management Outcomes	157
	Association Between Participative Management Practices and Customer Service Quality	160
	Association Between Participative Management Practices and Productivity	163
	Association Between Participative Management Practices and Teamwork Effectiveness	165
	Association Between Participative Management Practices and Readiness to Accept Change	168
	Influence of Selected Predictor Variables	171
	The Enter Method Multiple Regression Analysis	173
	Predictor Variables For Customer Service Quality	173
	Predictor Variables For Productivity	175
	Predictor Variables For Teamwork Effectiveness	178



	Predictor Variables For Readiness to Accept Change	180
<b>V</b>	<b>SUMMARY, CONCLUSION, IMPLICATIONS AND RECOMMENDATIONS</b>	183
	Summary	183
	Research Problem	183
	Objectives of the Study	185
	Hypothesis of the Study	186
	Methodology of the Study	187
	Summary of Findings Related to Objectives Of Study	190
	Respondents' Characteristics	190
	Objective One	191
	Objective Two	194
	Hypothesis Testing	194
	Objective Three	195
	Objective Four	196
	Objective Five	198
	Limitation of the Study	200
	Conceptual Limitations	200
	Methodological Limitations	201
	Conclusions	202
	Implications	205
	Implications For Managerial Practice	206
	Design Implications	210
	Recommendations	210
	Recommendations for Practice	211
	Recommendations for Further Study	215
	<b>BIBLIOGRAPHY</b>	218
	<b>APPENDICES</b>	243
	<b>BIODATA OF THE AUTHOR</b>	262



## LIST OF TABLES

Table	Page
1 Reliability Coefficients of Variable at Pre-test and Final Stage	124
2 Factor Loading of the 40-items OPM Scale	125
3 Percentage Distribution of Respondents by Gender, Highest Formal Education, Length of Service, Relationship to the Teams And Nature of Job Function	138
4 Participative Management Programs Practiced in Japanese Subsidiary Companies	143
5 Level of Participative Management Practices	148
6 Means Score and Standard Deviations Level of Participative Management Practices	149
7 The Differences of Level Participative Management Practices by Type of Ownership	151
8 Analysis of Variance and Mean Score Level of Participative Management Practices by Number of Employee	151
9 Means and Standard Deviation of Participative Management Outcomes	153
10 Score of Respondents' Level of Participative Management Outcomes	155
11 Pearson Correlation Coefficients Between Participative	





	Management Outcomes (PMO) and Participative Management Practices (PMP)	158
12	Pearson Correlation Coefficients Between Element of Participative Management Practices and Customer Service Quality	162
13	Pearson Correlation Coefficients Between Element of Participative Management Practices and Improved Productivity	164
14	Pearson Correlation Coefficients Between Element of Participative Management Practices and Teamwork Effectiveness	167
15	Pearson Correlation Coefficients Between Element of Participative Management Practices and Readiness To Accept Change	170
16	Pearson Correlation Matrix for the Independent Variables	173
17	Multiple Regressions Analysis Between Elements of Participative Management Practices (PMP) and Customer Service Quality (CSQ)	174
18	Multiple Regressions Analysis Between Elements of Participative Management Practices (PMP) and Improved Productivity (PDT)	176
19	Multiple Regressions Analysis Between Elements of Participative Management Practices (PMP) and Teamwork Effectiveness (TWE)	179
20	Multiple Regressions Analysis Between Elements of Participative Management Practices (PMP) and Readiness to Accept Change (RAC)	181
21	Means and Standard Deviations of Items Measuring Participative Management	244



22	Organizational Participative Management (OPM) Regression Model	248
23	Participative management Program Practices In Japanese Subsidiary Companies	249



## LIST OF FIGURES

Figure		Page
1	Theoretical Framework	109
2	Research Framework	111
3	Distribution of Japanese Subsidiary Companies By Growth Centers	134
4	Distribution of Japanese Subsidiary Companies By Sectors	135
5	Distribution of Japanese Subsidiary Companies By Capital Structure	136
6	Distribution of Japanese Subsidiary Companies By Market Outlet	136
7	Line Graph for Type of Participative Management Program's Practiced	144
8	Line Graph Mean for Nature of Participative Management Program	146



## 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.

