GENDER AND EMPLOYEE PARTICIPATION IN DECISION MAKING (PDM)

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Abstract

In today’s organizations, employee participation in decision making (PDM) is becoming an important issue around the world. Although the term has been widely used in research, studies on employee PDM, especially from gender perspectives, are limited. As the number of people joining the workforce continues to increase, the issues on gender PDM is growing and becoming a major area of concern worldwide. The topic on gender equality between men and women in PDM is a crucial issue and needs a better understanding. Previous studies indicated that gender diversity and balanced number of women and men in PDM can lead to positive outcomes in the organization. Therefore, the main objective of the study is to review the literature on gender and employee PDM especially in the Malaysian context. This is a conceptual paper and based on secondary sources of data from past literatures and Department of Statistics Malaysia. The review of this study hopes to give some contributions of knowledge on gender and PDM among employees and give a better understanding on the issue of employee’s PDM in organizations.

Keywords: Gender, Gender Differences, Employee Participation in Decision Making, PDM

1.0 Introduction

In recent years, there has been an enormous growth of interest on employee participation in decision making (PDM) from various fields of studies such as management, sociology, industrial relations, organisational behaviour, human resource management and political economy (e.g. Moorhead & GriffCin, 2004; Beardwell & Claydon, 2007; Adams & Ferreira, 2009; Parasuraman & Ab Rahman, 2011; Miller, 2011). One area that has received particular attention in employee participation has been focusing on gender differences in participation in decision making. This topic has raised much attention from scholars because many studies have shown huge differences in the number of women and men in PDM and researchers have been trying to provide an explanation about why there are only a few women in the top management. Even though the proportion of women has become increasingly large in the workforce and the number of qualified women has gradually increased in recent decades, their participation in decision making at the top level in Malaysian organizations is still lower than men (Department of Statistics Malaysia, 2011-2014). According to Ismail and Ibrahim (2008), the discussion on promoting women to top positions remain as sensitive issues over time and unfortunately, women around the world are still struggling for acceptance and equality (Jacobs & Schain, 2009). Based on available statistics from Department of Statistics Malaysia, the percentage of women in managerial occupation category was reduced from 3.6% in 2011 to 2.9% in 2014 (Department of Statistics Malaysia, 2011-2014). In particular, a majority of women concentrated at the entry and mid-managerial categories instead of at the top level categories. The global statistics of women on boards show a slow but steady rise in female presence on board (Catalyst, 2011-2014) and the number of women in boards in Malaysia has increased from 6.9 percent in 2011 to 7.8 percent in 2014. However, in the Asian and Pacific region, the percentages of Malaysian women in board are still behind that of Thailand, Australia, Singapore and China. Norway has led the world with 40.5 percent of women
in boardrooms, followed by Sweden with 27.0 percent and Finland with 26.8 percent. Table 1 reports the statistics of global board seats held by women based on Catalyst (2014). Catalyst is among the first scholars that explore the importance of women to be in top management.

### Table 1: Statistics of global board seats held by women

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>Percentage</th>
<th>No.</th>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Norway</td>
<td>40.5</td>
<td>23.</td>
<td>Italy</td>
<td>8.2</td>
</tr>
<tr>
<td>2.</td>
<td>Sweden</td>
<td>27.0</td>
<td>24.</td>
<td>China</td>
<td>8.1</td>
</tr>
<tr>
<td>3.</td>
<td>Finland</td>
<td>26.8</td>
<td>25.</td>
<td>Singapore</td>
<td>7.9</td>
</tr>
<tr>
<td>4.</td>
<td>United Kingdom</td>
<td>20.7</td>
<td>26.</td>
<td>Malaysia</td>
<td>7.8</td>
</tr>
<tr>
<td>5.</td>
<td>France</td>
<td>18.3</td>
<td>27.</td>
<td>Brazil</td>
<td>7.7</td>
</tr>
<tr>
<td>6.</td>
<td>Denmark</td>
<td>17.2</td>
<td>28.</td>
<td>New Zealand</td>
<td>7.5</td>
</tr>
<tr>
<td>7.</td>
<td>South Africa</td>
<td>17.1</td>
<td>29.</td>
<td>Greece</td>
<td>7.0</td>
</tr>
<tr>
<td>8.</td>
<td>Netherlands</td>
<td>17.0</td>
<td>30.</td>
<td>Indonesia</td>
<td>6.0</td>
</tr>
<tr>
<td>9.</td>
<td>United States</td>
<td>16.9</td>
<td>31.</td>
<td>Mexico</td>
<td>5.8</td>
</tr>
<tr>
<td>10.</td>
<td>Israel</td>
<td>16.6</td>
<td>32.</td>
<td>Russia</td>
<td>4.8</td>
</tr>
<tr>
<td>11.</td>
<td>Germany</td>
<td>14.1</td>
<td>33.</td>
<td>India</td>
<td>4.7</td>
</tr>
<tr>
<td>12.</td>
<td>Poland</td>
<td>13.6</td>
<td>34.</td>
<td>Taiwan</td>
<td>4.4</td>
</tr>
<tr>
<td>13.</td>
<td>Turkey</td>
<td>12.7</td>
<td>35.</td>
<td>Portugal</td>
<td>3.7</td>
</tr>
<tr>
<td>14.</td>
<td>Australia</td>
<td>12.3</td>
<td>36.</td>
<td>Chile</td>
<td>2.8</td>
</tr>
<tr>
<td>15.</td>
<td>Canada</td>
<td>12.1</td>
<td>37.</td>
<td>South Korea</td>
<td>1.9</td>
</tr>
<tr>
<td>16.</td>
<td>Austria</td>
<td>11.3</td>
<td>38.</td>
<td>Oman</td>
<td>1.8</td>
</tr>
<tr>
<td>17.</td>
<td>Switzerland</td>
<td>10.0</td>
<td>39.</td>
<td>Kuwait</td>
<td>1.7</td>
</tr>
<tr>
<td>18.</td>
<td>Thailand</td>
<td>9.7</td>
<td>40.</td>
<td>Bahrain</td>
<td>1.7</td>
</tr>
<tr>
<td>19.</td>
<td>Hong Kong</td>
<td>9.6</td>
<td>41.</td>
<td>United Arab Emirates</td>
<td>1.2</td>
</tr>
<tr>
<td>20.</td>
<td>Spain</td>
<td>9.5</td>
<td>42.</td>
<td>Japan</td>
<td>1.1</td>
</tr>
<tr>
<td>21.</td>
<td>Belgium</td>
<td>9.2</td>
<td>43.</td>
<td>Qatar</td>
<td>0.3</td>
</tr>
<tr>
<td>22.</td>
<td>Ireland</td>
<td>8.7</td>
<td>44.</td>
<td>Saudi Arabia</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: Catalyst (Latest Updated on 29 April 2014)

Past researchers indicated that PDM enhances employee commitment to the organization (Helms, 2006), increases their sense of responsibilities, communication skills, decision making skills and quality of work life (Lipman, 1997). Moreover, past literature also showed that employee’s participation in decision making can reduce the number of absenteeism, turnover and increase job satisfaction (Moorhead & Griffeth, 2004; Luthans, 2005). In contrast, low participation in decision making leads to frustration and boredom (Wolfson, 1998), low productivity, inefficiency and ineffectiveness (Awotua-Efebo, 1999).

### 2.0 Research Problem

As the Malaysian Vision 2020 is to drive the country to be more competitive and be a part of developed countries, the topic on employee PDM has become a crucial issue that every organization should take into consideration and needs more attention from various parties, especially public organizations. Even though this issue of employee participation in decision making has attracted the interest of management scholars, industrial relations researchers, education researchers, government considerations and corporate strategy as well as managers in organizations (e.g. Moorhead & Griffeth, 2004; Beardwell & Claydon, 2007; Adams & Ferreira, 2009; Parasuraman & Ab Rahman, 2011; Miller, 2011), inequalities between gender in PDM remain a big concern and an unresolved problem in most organizations around the world due to the huge gap between the number of women and men in PDM positions (Department of Statistics Malaysia, 2011-2014; Catalyst, 2011-2014). In Malaysia, one of the big efforts that have been made by the Malaysian government was to announce the two policies under the Ninth Malaysian
Plan (Ninth Malaysian Plan, 2004; 2011) with a five-year time frame until 2016: (1) at least 30 percent of women to be in decision making positions in public sectors (August, 2004) (2) at least 30 percent of women to be in decision making positions in private sectors (June, 2011). Legislation and government policy play an important role to attract women in top positions. Other countries around the world that have also proposed legislation to support women participation in top positions are indicated in Table 2.

Table 2: List of countries with quotas for women in top positions

<table>
<thead>
<tr>
<th>Country</th>
<th>Effective Date</th>
<th>Quotas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Malaysia</td>
<td>27 June 2011 until 2016</td>
<td>The Prime Minister Datuk Seri Najib Tun Razak announced:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- At least 30 percent representation of women in decision-making position in private sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- At least 30 percent representation of women in decision-making position in public sector (effective in 2004).</td>
</tr>
<tr>
<td>2. Norway</td>
<td>2005 until 1 January 2008</td>
<td>Norway became the first country to introduce board gender quotas in 2005 under the Norwegian Public Limited Liability Companies Act to state:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- If the board of directors have two or three members, both sexes shall be represented.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- If the board of directors have four or five members, each sex shall be represented by at least two directors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- If the board of directors have six to eight members, each sex shall be represented by at least three directors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- If the board of directors have nine members, each sex shall be represented by at least four directors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- If the board of directors have more than nine members, each sex shall be represented by at least 40 percent of directors.</td>
</tr>
<tr>
<td>3. India</td>
<td></td>
<td>The Ministry of Corporate Affairs proposes to make it mandatory for companies having five or more independent directors on a board to have at least one independent female director.</td>
</tr>
<tr>
<td>4. European</td>
<td></td>
<td>As mentioned in the Treaty of Rome of 1957, Viviane Reding, European Commissioner has proposed the legislation:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Requiring a 30 percent rate of women by 2015, expanding to 40 percent by 2020.</td>
</tr>
<tr>
<td>5. Belgium</td>
<td>Published on 14 September 2011</td>
<td>The Belgian Law on gender diversity:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- A minimum ⅔ male directors and ⅔ female directors.</td>
</tr>
<tr>
<td>6. France</td>
<td>1 January 2017</td>
<td>The French Law:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The proportion of women and men directors should not be below 40 percent.</td>
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<tr>
<td></td>
<td></td>
<td>- When the board includes eight directors or less, the difference between the numbers of directors of each gender should not be higher than two.</td>
</tr>
<tr>
<td>7. Italy</td>
<td>July 2011</td>
<td>Law 120 “Gender Balance on the Boards of Listed Companies”:</td>
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<tr>
<td></td>
<td></td>
<td>- The less represented gender should get at least a fifth for the first term and a third for the others, of the Boards of Directors and Audit Committees.</td>
</tr>
</tbody>
</table>
8. Netherlands
   Approved in December 2009
   - At least 30 percent of board members to be men and
   - 30 percent must be women by 2015
   - The Spanish Parliament passed a “Law of Equality” which
     requires listed companies to nominate:
   - 40 percent of all board seats, up to 60 percent of total
     board membership.

9. Spain
   2007 until 2015
   - The Spanish Parliament passed a “Law of Equality” which
     requires listed companies to nominate:
   - 40 percent of all board seats, up to 60 percent of total
     board membership.

Source: The Deloitte Global Center for Corporate Governance (2011)

However, although the percentage of women in decision making increased from 18.8
percent in 2004 to 33.0 percent in June 2015, overall, the number of women in Malaysia at top
positions is still lower than men. This is supported by the statement of the Director of Non
Aligned Movement (NAM) Institute of the Empowerment of Women, Tan Sri Dr. Rafiah Salim,
who said that only the Federal Government has achieved the target of 32 percent but overall, the
number of women’s PDM is still far behind the 30 percent target (Utusan Malaysia, 2012). Even
though the number of women in top management and decision making position has gradually
increased, according to the Global Gender Gap Index (2013), Malaysia ranks 100 out of 136
countries in economic participation and opportunity between men and women. Previous studies
indicated that the issues on a small number of women in top management is a result of low
participation among women in the decision making process. There are evidences that showed that
women in PDM are less than men in organizations (Miller, 2011; International Labour
Organization, 1995). While a few research have been conducted on employee PDM in Malaysia
(Para.suraman & Ab Rahman, 2011; Jabroun & Balakrishnan, 2000; Para.suraman, 2007; Suen,
2007; Singh, 2009; Aminudin, 2011; Ting, 2012), gender and employee PDM have not been
explored. Therefore, it would be very important to review gender and employee PDM at the
workplace and to have a better understanding regarding this issue so that gender imbalance in top
management and PDM can be addressed.

3.0 Literature Review

3.1 Concept of Participation in Decision Making

Basically, there are two common forms of employee PDM that have been widely
discussed in the past literatures: 1) direct and 2) indirect participation (Heller, Pusic, Strauss &
Wilpert, 1998; Markey, Gollan, Hodgkinson, Chouragui & Veersma, 2001; Harley, Hyman &
Thompson, 2005). However, this article focuses mainly on direct participation, which refers to the
individual participation or a group of employee’s involvement in the decision-making process at
the workplace (Bratton & Gold, 2003). Examples of direct participation are Quality Circles Group
(QCC), Total Quality Management (TQM), ISO, 5S’, Group Briefing and etc. Meanwhile,
indirect participation takes place through work councils or employee unions that represent
employee participation in decision making (Bratton & Gold, 2003). Cabrera, Ortega and Cabrera
(2002), indicated that “direct participation involves the employee themselves”. Direct
participation is one of the management techniques that have been used in Japan, Australia, the UK,
Europe, the USA and elsewhere including Malaysia to improve organization productivity (Davis
& Lansbury, 1996; Morehead, Steele, Alexander, Stephen & Duffin, 1997; Cully, Woodland,
O’Reilly, Dix, Millward, Bryson & Forth, 1998; Appelbaum, Bailey, Berg & Kalleberg, 2000;
Beardwell and Claydon (2007) defined employee participation as the distribution of power
between the employer and employee in the decision-making process either in direct or indirect
involvement. Employee PDM involved the process of sharing important information between
managers and employees to generate new ideas and possible alternatives, planning process and evaluating results to achieve organization objectives (Scott-Ladd, Travaglione & Marshall, 2006).

### 3.2 Theories of PDM

There are several theories that have been explained on employee PDM. For example, the cycles of control model (Ramsay, 1977; 1983; 1993), the contingency model (Vroom & Yetton, 1973), the expectancy model (Schuler, 1980), Theory X and Theory Y (McGregor, 1960) and organizational support theory (Eisenberger, Huntington, Hutchison & Sowa, 1986). The cycles of control model focuses on the relations between capital and labour based on a Marxist analysis of work in the UK. This theory explains different forms of employee participation over different economic cycles. Meanwhile, the contingency model developed by Vroom and Yetton (1973) focuses on leadership styles for group decision making. This model emphasizes on how leaders make a selection of the best decision making process for different situations. Furthermore, Schuler’s (1980) expectancy model of PDM focuses on the effects of employee PDM on job satisfaction and job performance. This model also relates the role conflict and role ambiguity with PDM. On the other hand, Theory X and Y developed by Douglas McGregor (1960) in his book *The Human Side of Enterprise* focuses on manager’s assumptions toward employees based on Theory X and Theory Y of human nature and behaviour. Theory X employee usually must be “controlled, directed or threatened with punishment to get them to put forth the adequate effort toward the achievement of organizational objectives” (McGregor, 1960, p. 34). In contrast, theory Y predicted that employees show positive behaviours at the workplace such as being more capable, have high job motivation, self-direction and self-control, creative, participate in decision making process and contribute to positive outcomes for the organization. Finally, Organizational Support Theory, which was developed by Eisenberger, Huntington, Hutchison and Sowa (1986), focuses more on the effects of organizational support perceived by employees from their managers. Work environment that encourages participation and sharing of knowledge will increase employee’s opportunity to PDM. Moreover, according to Patriota (2009), employee’s ability to PDM is directly or indirectly related to organizational support.

### 3.3 Gender and Participation in Decision Making (PDM)

The findings on gender and employee PDM are mixed. A study conducted by Razali (1998) found that there is a significant difference in the level of PDM between women and men of non-management professional staff at the Malaysia Public Works Department (PWD). Other studies conducted by many researchers also found that there is a significant difference between men and women in PDM (eg. Olorunsola & Olayemi, 2011; Sarafidou & Chatziioannidis, 2013; Miller, 2010). However, most of these studies found that women have low PDM compared to men. For example, Sarafidou and Chatziioannidis (2013) found that women have low level of PDM than men. Razali (1998) in his study also found that male non-management professional staff members are found to have higher level of PDM compared to the female non-management professional staff. Other studies also indicated that women are less likely than men to see themselves as being involved in decision-making (Markey, Hodgkinson & Kowalczyk, 2002; Lizárraga, Baquedano & Cardelle-Elawar, 2007; Chalchissa & Emnet, 2013). Furthermore, Miller (2010) stated that women participate significantly less than men, especially in the area of technical and production decisions. However, there are also studies that found that women have shown more supportive behaviour towards the programmes that have been introduced by the organization compared to men (Collom, 2000). In contrast, some studies conducted by Sukirno and Siengthai (2011), Miller (2010; 2011), Adham (2011) found no significant difference between gender and PDM. In terms of the decision-making process, according to Schubert, Brown, Gysler and Brachinger (1999), women are less risk-averse than men while making decisions, so if the presence of women on boards is high, firms tend to run fewer risks (Jianakoplos & Bernasek,
1998; Smith, Smith & Verner, 2006; Olson & Currie, 1992). Lizarra, Baquedano and Cardelle-Elawar (2007) indicated that women respondents are more concerned with uncertainty, place more value on time and money; more concerned about the consequences of the decision, the task factor, more emotions while making a decision and social pressure. In contrast, men are more focused on the information required to carry out the decision as well as the goals, and they are more motivated during the process and also feel more pressure in making a decision. Previous literature argued that gender diversity and balanced number of women and men in PDM lead to positive outcomes in the organization. As such, this can increase competitive advantages and reduce company bankruptcy costs (Wilson & Altanlar, 2009); reduce conflicts (Adams & Ferreira, 2009); reduce role ambiguity, role conflict, as well as enhance knowledge and job performance (Degeling, Hill, Kennedy, Coyle & Maxwell, 2000; Healy & McKay, 2000). Having an equal number of men and women in the boardroom leads to a more creative, innovative and improve quality of decision making. Adams and Ferreira (2009) examine the relation between gender diversity and board inputs and examine the relation between diversity and governance. The results showed that female directors have a significant impact on board inputs and firm outcomes. They also found that female directors have better attendance record than male directors and women are more likely to join monitoring committees than male directors. On the other hand, O’Reilly and Main (2010) examined the effects of women outside directors on firm performance and CEO compensation. The result of this study found no evidence that adding women outsiders to the board enhances corporate performance. A study by Zainal, Zulkifli and Saleh (2013) examines the trend of gender and nationality diversity of corporate board in top 300 Malaysian public listed firms over a five-year period from year 2005 to 2009. This study also identifies the difference in the characteristics of firms with women and foreign directors and those without women and foreign directors. Results showed only a little change in the presence of women directors and foreign directors over the five-year period.

4.0 Methodology

This is a preliminary study based on data from secondary sources that are related to employee PDM in organizations. Secondary data comprise of past studies and data from Department of Statistics Malaysia for the percentage of employed persons by occupation categories and sex; the percentage of labour force in Malaysia and Catalyst Women on Board Statistics. Due to the limitation of gender and PDM research especially in the Malaysian context, most of the data used in this review extracted from article journals in the year 2000 until 2014.

5.0 Conclusion

The present study reviews the literature on gender especially among women in PDM at the workplace. Previous literature review supports the data of a small number of women in PDM not only in Malaysia but also around the world. Even though there are mixed findings on the differences between women and men in PDM, many studies found empirical evidence and significant differences between genders on PDM. Past studies also indicated that there are various implications of employee PDM. For examples, high PDM contributes to positive outcomes such as high job commitment, high job satisfaction, increase motivation, performance and job skills. On the other hand, low PDM leads to negative consequences like turnover, job stress, low performance and productivity. In term of gender, equal PDM at the workplace may enhance the number of women at the top management and decision making positions. Furthermore, balance number of women and men at the top management brings more benefits towards employees and organization.
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