

**Employee Involvement and Participation: Developing the Concept of Institutional  
Embeddedness Using WERS 2004**

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## INTRODUCTION

Over the last few years, studies of EIP have focussed increasingly on how it is put into effect and what impact it has on workers, rather than relying solely on management estimates of its absence or presence. This is welcome because it shifts attention from superficial counts of the number of EIP practices allegedly in operation to a more sophisticated analysis of the processes and perceptions of how EIP operates. This means that we can explore how the nature of EIP practices and processes is linked to outcomes that may be beneficial for workers and organisations.

This paper refines the focus found in previous work on WERS 98 into the embeddedness of EIP practices (see XXXXXXXX) and associations with employee job satisfaction and organisational commitment. The concept of embeddedness derives from the work of Granovetter (1985) into social influences on economic behaviour which situates economic activity and decision-making within a network of social pressures and structures that must be taken into consideration when explaining how and why business decisions are made. This network of influences might include other structures and practices within organisations, the quality of relationships among staff, organisational politics and external relationships with customers and suppliers. In previous work three categories of embeddedness within organisations were selected from which to develop measures of EIP based on a study by Van Emmerik and Sanders (2004). These were network, temporal and institutional embeddedness. *Network* embeddedness was defined as the use of multiple formal EIP practices which support and enhance each other and *temporal* embeddedness was defined as the regularity, frequency and longevity of an EIP practice which indicated its significance over time. *Institutional* embeddedness consists of formal

indicators of how seriously EIP techniques are taken in the organisation by managers and employees, in terms of numbers of workers involved or the time take up by EIP.

In this paper we extend the analysis of institutional embeddedness, focussing on the role increasingly played by managers in implementing the degree of emphasis given to EIP techniques within organisations. We recognise that the institutional embeddedness of EIP is also influenced in part by external factors such as institutional infrastructure and legislative frameworks. However, managerial discretion in implementing EIP is increasing in importance due to the growth of direct EIP techniques for which individual managers are responsible (Kersley et al., 2005) and, notwithstanding regulatory influences, managers are argued to have significant control in choosing and implementing EIP (Dundon et al., 2006). Given the interest in assessing how seriously managers take EIP and how much attention they give to implementing these techniques, the significance of employee perceptions becomes even more critical. Accordingly, we incorporate employees' views of EIP practices and processes as providing a counterpoint to management accounts of EIP in action. This is consistent with the direction of research into HRM more generally, which has demonstrated the need to give voice to workers' experiences of these techniques (Guest, 2002; Edgar and Geare, 2005). In so doing, the findings illustrate the importance of organisational context - in particular, organisational size - for the kinds of EIP practices which are likely to be more or less embedded in different workplaces.

The paper is structured in four sections. The first begins by introducing the concept of EIP embeddedness and how it has been assessed. We then show how line managers play a critical role in embedding EIP but this has been neglected in research to date. The second section explains the construction of measures and data analysis techniques used. The third section reports on our findings and the fourth concluding part discusses the implications for the theory and practice of EIP. We find evidence to support the argument that line managers are central to the institutional embeddedness of

EIP, suggest avenues for theorising the process by which this takes place, and argue that the relationship between formal and informal elements of EIP requires greater attention from theorists and practitioners.

## **ASSESSING INSTITUTIONAL EMBEDDEDNESS OF EIP**

Previous work (XXXXX) has noted some of the shortcomings of studies assessing the impact of EIP which are confined to measuring the presence or absence of EIP to investigate its relationship with organisational performance (Addison and Belfield 2001; Bryson 1999; Moynihan et al. 2004). This divorces the impact of EIP from its processual mechanisms and organisational contexts in which different forms of EIP may have varied impacts. It also ignores the means by which EIP may become institutionally embedded within workplaces, in particular the critical role of managerial agency. Attempts to improve on this have included measures of EIP which incorporated assessments of the *breadth* and *depth* of EIP practices and their associations with job satisfaction and organisational commitment. EIP *breadth* refers to the number of different EIP practices used together in a workplace. Using a range of complementary EIP practices is likely to generate greater impact through mutual reinforcement and also indicate a concerted effort on the part of managers to maximise the benefits of EIP. In contrast a piecemeal approach of implementing isolated individual practices would suggest that managers accord less importance to EIP and that less effort is given to co-ordinating complementary techniques. This measure therefore has partly addressed the need to incorporate management approaches to EIP in assessing its centrality to an organisation.

The second measure of embeddedness is that of *depth*, which taps into the quality of EIP practices as an indicator of how embedded any single EIP practice is within the workplace. For example, two ways

of measuring the depth of team briefings are assessing how frequently they take place and how much time is given to employees to ask questions and make comments. EIP depth is more sensitive to variations in management approach to implementing and operating EIP, therefore providing a credible discriminator between gradations of institutional embeddedness. It also overcomes problems in previous research of insufficient distinction between the attributes of EIP techniques which may make them more or less powerful in each workplace. Case studies (Dundon et al., 2004) show that managerial claims to have implemented a practice do not necessarily mean that it is applied to all workers in an organisation or that it takes place on a frequent basis. Pressure of work, lack of management interest and cost can mean, for example, that consultation meetings take place less regularly than intended, employee ideas are not implemented and managers do not respond to employee concerns.

Breadth and depth of EIP are important because multiple combinations of practices with greater depth have shown strong links with employee outcomes of job satisfaction and organisational commitment (XXXX, XXXX). If employee views are sought and acted upon by managers, employees are more likely to be committed to their organisation and satisfied with their work because they believe managers are sincere in their efforts to involve employees. However, the measures used to assess the institutional embeddedness of EIP have to date relied solely on management accounts of EIP. Yet the claimed performance effects of EIP take place through the impact they have on employees and previous work has shown connections between EIP, in particular the effectiveness of managers at consulting and involving employees, with job satisfaction and organisational commitment (Cotton, 1993; Rose, 1999; Handel and Levine, 2004; XXXX, XXXX). Failing to incorporate employee views of EIP therefore represents a serious deficiency in assessing its institutional embeddedness and WERS04 gives an opportunity to remedy this through opportunities to analyse employee perspective on EIP practices and how managers implement them. A number of studies have noted weaknesses of

analysing employment practices through management eyes and called for greater focus on employee perceptions of HRM (Marchington and Grugulis, 2000; Guest, 2002; Grant and Shields, 2002) and with good reason. Edgar and Geare (2005) illustrate that compared to management evaluations of the application of HR practices, employee assessments of the same issues show much stronger connections with scores of worker job satisfaction, organisational commitment and perceptions of fairness. Appelbaum and Berg (2000) have also shown that employees and managers have competing views on participation techniques but within the EIP field, employee views on preferred nature and types of EIP remain relatively uncommon, Kessler et al.'s analysis of preferred sources and content of communication being an exception (2004). Having outlined the rationale for assessing employee rather than management perceptions of EIP, it is therefore worth investigating why and how managerial discretion might affect how EIP is put into practice and workers' consequent experience of it.

## **MANAGEMENT ROLES IN EMBEDDING INSTITUTIONAL EIP IN WORKPLACES OF DIFFERENT SIZES**

Experience of EIP may vary between different departments within an organisation or establishment and a critical explanatory factor in this process is the role played by line managers. Analysis of the implementation of 'best practice' HRM (Purcell et al. 2003) has shown the significance of line managers in the delivery of HR practices through the possibility of correlating employee satisfaction with line managers with organisational performance outcomes. Different forms of EIP - in this case, communication from junior managers in particular - have a significant impact on employees' psychological contracts according to HR managers surveyed by Guest and Conway (2002). Sparrowe and Liden argue for the prominence of the employee-line manager relationship in shaping employee

attitudes and behaviours, claiming that it is ‘a lens through which the entire work experience is viewed’ (1997:523). This is unsurprising given that line managers are the organisational delivery agents for many employment policies and practices, including elements of EIP. Moreover, evidence suggests that line managers are often the weak link in implementing HRM and EIP techniques. A large volume of literature exists to explain why managers may not implement these as intended by senior management for reasons such as shortage of time, competing priorities and lack of intrinsic and extrinsic motivation to do so (see Marchington, 2001; McGovern et al. 1997).

Line managers can affect employee participation in and experience of EIP in a variety of ways. Firstly, this takes place through how they operate direct formal EIP techniques and shape employee attitudes towards direct or indirect participation outside the immediate work group. Direct methods of formal EIP initiatives - such as team briefing and cascading information - are among some of the most popular according to the WERS surveys (Kersley et al., 2005), and are heavily reliant upon line managers for their execution. Given that EIP techniques are sometimes treated as optional extras or ‘bolt on’ mechanisms with less distinct outcomes than other elements of HRM, one could argue that line managers have large amounts of discretion over whether and how to implement EIP techniques compared to decisions over allocating pay, or recruiting and disciplining employees. Line managers may or may not be thorough and sincere in conducting team briefings regularly, giving employees opportunities to ask questions, providing answers to them and ensuring that employees understand the nature of financial information, productivity and performance data given by management. The choices that line managers make about these issues can therefore have a profound impact in terms of how embedded a practice becomes across the workplace.

Furthermore, as Liden et al. (2004) argue, line managers play a very important role in socialising employees beyond ensuring that they understand job content through initiating them into group

cultures, introducing them to contacts within their own social network and shaping their understanding of the cultural norms and values of the workplace. This means that even where EIP practices (such as Joint Consultative Committees, attitude surveys and suggestion schemes) are beyond the immediate control of line managers, the importance which line managers accord them is significant. The degree to which line managers' encourage or discourage employees' participation in EIP will help to shape employees' perceptions of the importance attached to EIP in the workplace or organisation and also to what extent they feel obliged to participate in EIP techniques which are available to them beyond those practised in their work group.

Secondly, line managers can further influence employee perceptions of EIP through the extent to which they practise informal EIP methods. While line managers have a primary role to play in ensuring employee commitment to participation in formal EIP initiatives intended to be implemented across a workplace as part of a deliberate policy by senior managers, they may also engage in EIP outside the confines of corporate programmes. Most analyses of EIP confine themselves to practices which are contained within formal structures or initiatives but Strauss notes that 'informal participation differs from its formal counterpart in that there are no explicit mechanisms involved' (1998:16). Instead, informal participation can be characterised as a product of management style or a particular set of leadership behaviours, based on whether or not a manager actively seeks and responds to the views of employees and makes appropriate use of delegation when taking decisions about workplace matters. This can be described by the term participative decision-making (PDM), for which a large number of studies suggest a positive impact on a range of individual and organisational outcomes (see Suter, 2003 for a review). In addition therefore to making use of formal EIP practices to practise consultation, line managers may choose to consult employees about the introduction of a new work practice in less formal settings, such as during rest breaks or even outside the workplace. There is a huge potential for informal EIP to influence employees' views of EIP and of work more generally because the line

manager and employees are more likely to have control over the agenda and make it relevant to the group's immediate concerns. It is clearly difficult to capture and measure informal EIP through questions about formal practices but equally critical to explore employee views of management implementation of EIP, especially concerning employee satisfaction with involvement in decision-making. New broader questions for employees in WERS04 about helpfulness of EIP potentially encompass informal as well as formal techniques. When combined with a specific question about satisfaction with involvement in decision-making, they enable us to make some assessment of management contribution to the institutional embeddedness of EIP which potentially covers both formal and informal methods.

Of particular interest here are any distinctions between different types of EIP in workplaces belonging to organisations of different sizes. In general terms, SMEs - defined as firms employing fewer than 250 people (DTI, 2001) - are less likely to adopt formal HR policies and practices, although researchers in this area stress the importance of the particular contexts, product market and ownership of small companies (Edwards et al. 2003). With respect to EIP, Forth et al. (2006) found lower incidence of formal EIP techniques in workplaces which belonged to small firms. This should not be interpreted, however, as indicating that employees in small firms receive less information than those in larger organisations. Kaur's analysis of the British Social Attitudes Survey data shows that employees in organisations with fewer than 100 workers were consistently more likely to believe that people in their workplace were well informed about what was happening than those in large companies (2004:29). The methods of EIP used to disseminate information to employees and gather their views and opinions, are, however, likely to differ. In the absence of formal mechanisms, informal EIP may take on an added significance and the quality of day to day relationships between managers and employees will be pivotal to the quality of EIP. Indeed, Ram et al. define informality in employment relations as: 'a process of workforce engagement, collective and/or individual, based mainly on unwritten customs and

the tacit understandings *that arise out of interactions of the parties at work*' (2001:846, emphasis added). This means that in analysing the institutional embeddedness of EIP in such contexts, it is particularly important to focus on the quality of management-employee relations at workplace level.

This exploration of how institutional embeddedness of EIP is generated leads us to make four propositions for testing. The first two derive from XXXXX (XXXX) and assess the associations between employee job satisfaction/organisational commitment and institutional embeddedness of EIP as measured through attributes of formal EIP practices.

*Proposition 1: The greater the breadth of EIP within the workplace (measured by number of EIP practices used in combination), the more employees will feel committed to their organisation and the more satisfied they will feel with their jobs.*

*Proposition 2. The greater the depth of EIP within the workplace (measured by the depth of both direct and indirect participation practices), the more employees will feel committed to their organisation and the more satisfied they will feel with their jobs.*

The third and fourth propositions focus on employee experience of EIP and linked management processes to complement managerial reports of how EIP is implemented.

*Proposition 3. The higher the rating of helpfulness that employees give to EIP practices, the more employees will feel committed to their organisation and the more satisfied they will feel with their jobs.*

*Proposition 4. The more satisfied employees are with their level of involvement in decision-making, the more employees will feel committed to their organisation and the more satisfied they will feel with their jobs*

## **METHODS**

This paper draws on the WERS04 management cross-section and employee surveys for analysis.

Comparability in the treatment of the data in order to be able to make comparisons with earlier work (XXXX, XXXX) has been sought where possible but refinements and improvements to WERS 2004 have inevitably led to some modifications in the analysis. These are explained where relevant in the text below. The main difference between the 1998 and 2004 surveys is the lowering of minimum employee numbers to qualify for eligibility for participation in the cross-section surveys from ten to five employees. In order to preserve data comparability, when analysing the 2004 survey, the 1998 cut-off point of establishments with a minimum of ten employees was applied. Technical information about the construction of the measures and the statistical techniques used is contained in Appendices 1 and 2.

## **INDEPENDENT VARIABLES – MEASURING INSTITUTIONAL EMBEDDEDNESS OF EIP**

Measures of the institutional embeddedness of EIP were derived from both the management and employee surveys. First, a range of questions was identified from the management survey to measure EIP *breadth* by tapping into the variety of EIP practices deployed across establishments. These were selected because they incorporated direct and indirect EIP, individual and group-based methods, and upward and downward communications and included: the use of JCCs, formal employee surveys, team briefings, problem-solving groups and the provision of information about finance, investment and staffing. The scoring for these EIP measures is a simple addition of the score for each practice as shown in Appendix 1.

Table 1 shows the question topics chosen for analysing EIP *depth* and the reasons for their selection.

The scoring for these depth measures is a simple addition of the score for the depth of each practice as shown in Appendix 1.

[insert Table 1 about here]

Second, new questions added to the WERS04 employee survey enabled us to construct complementary measures of employee perceptions of EIP derived from their responses to questions about the usefulness of six types of information and consultation process: notice boards, email, intranet, newsletters, union/employee reps and meetings between managers and employees. A new question asking how satisfied employees were with their level of involvement in decision-making was supplemented with two questions which invited employees to assess managers' success at implementing principles of consultation in how good managers were at seeking the view of employees or employee representatives and how good managers were at responding to suggestions from employees. These questions fulfil our objectives of extending measures of institutional embeddedness because they capture the perceptions of employees as recipients of management efforts to implement EIP and represent a progressively greater degree of employee involvement (Marchington et al., 1992). We also intended to include the question concerning how good managers were at allowing employees or representatives to influence final decisions. However, 10 per cent of respondents were unable to answer this question. This exceeds the usual cut-off point of 5 per cent for missing data so the variable was excluded from analysis. The full list of employee perception measures of EIP and their scoring is shown in Appendix 1.

## **DEPENDENT VARIABLES – MEASURING ORGANISATIONAL COMMITMENT AND JOB SATISFACTION**

Like WERS98, WERS04 permits assessment of employee perceptions of their work through a self-completion questionnaire. These perceptions were used indirectly as the base for developing measures of organisational commitment and job satisfaction and are largely based on the measures used in XXXX (XXXX). Other possible outcomes of EIP have been examined by other authors (e.g. Ramsay et al. 2000). It is common to assess EIP impact solely by reference to employee views of the EIP practices *themselves* (see, for example, Delbridge and Whitfield 2001). However, this does not address any links with employee perceptions of the difference EIP makes to their *experience of work*. Accordingly, selected measures reflect employee views of the organisation, because the purpose of the analysis is to assess broader links between institutional embeddedness of EIP and employee perceptions of their workplace. The following section outlines how the measures of job satisfaction and organisational commitment were constructed.

It is not possible to measure organisational commitment and job satisfaction directly, so measures of these concepts drawing on information from questions within the WERS employee survey were developed. In contrast to sophisticated approaches to measure job satisfaction (see Spector, 1997 for discussion) and organisational commitment (see Meyer and Allen, 1997 for discussion), measures used were simple and limited, due to constraints to the length of the WERS questionnaire. Given also the influence of external factors on measures such as loyalty which may be affected by the availability of alternative employment, the measures are not perfect but they do offer useful indicators of employee perceptions. The precise questions and coding used can be found in Appendix 2. The organisational commitment measure is identical to the one used in XXXXX (XXXX). It uses the WERS questions identified by Ramsay et al. (2000) to develop a commitment scale based on simple addition of the

scores for questions on the extent to which employees shared organisational values, the extent to which employees felt loyal to the organisation and the extent to which employees were proud of their employing organisation. See Appendix 2 for precise scoring and further information on the organisational commitment scale.

The job satisfaction scale was constructed in a similar way but due to changes in question design, placement and wording between WERS98 and WERS04 it was necessary to modify the scale used for analysis in this paper. In XXXXX (XXXX) the job satisfaction scale was created by summing scores to the questions concerned with: the amount of influence employees have on their job, the sense of achievement employees get from their work, employee perceptions of fairness of managerial treatment of workers and the respect employees get from supervisors/line managers. However, WERS04 removed the question concerning respect employees received from supervisors/line managers, so the following question was used instead: employee perceptions of whether managers at the workplace deal with employees honestly. This was combined with the remaining three questions given above to form an additive index. No significant impact on the results obtained was found using either the new four item measure or a three item measure without the replacement question on dealing with employees honestly. See Appendix 2 for precise scoring and further information on the job satisfaction scale.

## **CONTROL VARIABLES**

All analyses included the same set of control variables. These cover the same sorts of HR practices, structural characteristics and individual demographic factors as those used in other analyses of WERS, such as by Delbridge and Whitfield (2001:479) and Bryson (2004:221-24). Organisational-level control variables were: number of people employed at the establishment, age of establishment, use of internal recruiting, use of shift work, industry sector and ownership status. Individual-level control variables

were: years of working experience, whether on a temporary or permanent contract, union membership, gender, level of education, ethnicity, occupational group and earnings per week.

The control variables used within XXXX (XXXX) were modified in the following ways. In the earlier papers, the number of hours worked per week excluded overtime but here overtime is included in the calculation. This is because inconsistencies in the reporting of overtime working were found in the WERS 2004 employee survey which made accurate calculations of working hours excluding overtime extremely difficult. Occupational grouping was not available so an alternative measure was adopted, following Bryson's argument (2004) that occupational status may affect employee outcomes, which asked whether the respondent supervised other employees.

## **FINDINGS**

Findings are presented in two parts. The first reports on the associations between management reports of EIP practices and employee attitudes while the second concerns employee perceptions of EIP practices, the way in which managers apply EIP and employee attitudes. In broad terms, the results show some significant positive associations between organisational commitment and institutional embeddedness of EIP but a much stronger and also positive relationship between employee evaluations of EIP and both job satisfaction and organisational commitment.

## **USING MANAGEMENT DATA TO MEASURE INSTITUTIONAL EMBEDDEDNESS OF EIP AND ASSOCIATIONS WITH EMPLOYEE PERCEPTIONS**

Tests to assess the link between single EIP practices and employee perceptions showed no support for a link between any single EIP practice and employee perceptions at a statistically significant level

(statistics available on request), consistent with analysis of WERS98 (XXXX). Table 2 shows positive and significant associations between the presence of combinations of direct EIP practices and the depth of direct EIP and organisational commitment. This link confirms that *breadth* and *depth* of direct EIP techniques have much stronger associations with employee perceptions of organisational commitment than any single EIP practice. However, no positive significant associations were found between organisational commitment and depth of EIP when combining direct and indirect techniques. Neither was there any positive significant association between organisational commitment and the presence of or the depth of indirect EIP in the form of JCCs (statistics available on request). Proposition 1 is therefore partly supported in as far as *breadth* of EIP practices is associated with organisational commitment. Proposition 2 is also partly supported in as far as the *depth* of direct EIP is associated with organisational commitment.

[insert Table 2 about here]

Previous work (XXXX XXXX) using WERS98 data also found positive significant associations between (i) the breadth and depth of combinations of direct and indirect EIP, (ii) the depth of combinations of direct EIP and job satisfaction. However, repeating this analysis using the WERS04 data found no significant associations between the breadth and depth of any direct or indirect EIP practices and job satisfaction. This could be due to changes in the job satisfaction scale described in the methods section above. The question on ‘respect’ not included in WERS04 may therefore have been particularly important in tapping into employees’ perception of job satisfaction as measured in the WERS98.

It is also worth noting that the significant associations reported in Table 2 are based on a sub-sample of WERS04 of workplaces with 25 or more employees. Analysis for this paper showed no significant associations between presence, depth or breadth of EIP practices and employee perceptions of job satisfaction and commitment *in workplaces with fewer than 25 employees*. This would be consistent with the findings of Forth et al. (2006) which suggests that smaller organisations, if not establishments, are less likely to use formal HR policies and procedures.

### **USING EMPLOYEE DATA TO MEASURE INSTITUTIONAL EMBEDDEDNESS OF EIP AND ITS ASSOCIATIONS WITH EMPLOYEE PERCEPTIONS**

Table 3 shows a number of positive significant associations between employee assessments of the helpfulness of different EIP practices and organisational commitment and job satisfaction. There are, however, some important differences between the results for smaller workplaces and the rest of the survey sample in WERS04. For employees in workplaces with 25 or more employees, there are positive and highly significant links between employee perceptions of the helpfulness of all EIP practices - except intranets - and employee organisational commitment and job satisfaction. For workplaces with 10 to 24 employees, positive significant links were only found between employee perceptions of the helpfulness of notice boards and meetings and organisational commitment and job satisfaction.

[insert Table 3 about here]

In the smallest workplaces, significant associations between employee perceptions of EIP techniques and employee job satisfaction and organisational commitment are limited to EIP techniques which are most likely to be practised there. Personal face to face communication in meetings, for example, is

likely to be an extremely important form of EIP in these establishments, while managers may feel that intranets, email and newsletters are not appropriate or too expensive to use for communication between small numbers of people. Unionisation is less common in small workplaces (Forth et al., 2006) which may explain the absence of links between helpfulness of union/employee representatives and employee outcomes. These findings therefore tend to be consistent with the absence, in small workplaces, of positive significant associations between depth and breadth of EIP mechanisms and job satisfaction and organisational commitment discussed above. In larger workplaces, a wider range of EIP tools and techniques are deployed which may lead to the prevalence of more significant associations. Only intranets show no associations with employee attitudes; as virtual passive repositories of information which require deliberate effort on the part of employees to access and navigate, it is possible that they make a weaker contribution to EIP.

Table 4 shows the associations between employee perceptions of the effectiveness of managers' attempts to seek their views, respond to their suggestions, how satisfied employees are with their involvement in decision-making and their organisational commitment and job satisfaction. All of these associations are positive and highly significant. This demonstrates the significance of the relationship between employee outcomes and the quality of relationships with managers and employee perceptions of managers' success at implementing EIP using formal and/or informal methods. The strength of these associations provides strong support for our argument for using employee evaluations of EIP practices as a counterpoint to management views. They also lend support to the view that the quality of EIP experienced by employees is significantly affected by management behaviour and has important links to job satisfaction and organisational commitment. It is noticeable that high levels of significance for these associations are reached in workplaces of all sizes. This suggests that EIP processes, whether conducted through informal or formal methods, have a universal connection with employee attitudes across large and small workplaces.

[insert Table 4 about here]

It is of interest to see whether the presence of particular EIP techniques or structures contributes to the associations between EIP processes and employee attitudes. Therefore, further tests were done to see whether combining the presence, depth and breadth of the formal EIP practices as measured earlier together with the measures of management implementation of EIP in Table 4 affected the associations with employee perceptions. This made little difference to the results. The associations between employee perceptions of management implementation of EIP and job satisfaction and organisational commitment appear to be strong and important in their own right.

## **DISCUSSION AND CONCLUSIONS**

This paper has argued the need to improve measures of the quality of EIP and suggested a means of achieving this by refining assessments of its institutional embeddedness. Literature makes a good case for the significance of management approaches to the process of embedding EIP within workplaces and the need to use employee views on this process. Incorporating assessments of management practice using data generated from the WERS04 employee survey has supported this argument through illustrating the significance of associations between how EIP is implemented, what employees think of the practices and their attitudes to job and organisation. Our analysis has shown limited and partial support for propositions 1 and 2; compared to previous studies (XXXX XXXX), fewer associations were found between indicators of the depth and breadth of EIP and employee attitudes. Reasons have been put forward to account for this, including changes in survey wording affecting the measurement of job satisfaction. However, the same workplaces are not necessarily sampled in WERS 1998 and 2004

and there remains a possibility of underlying shifts in the relationship between EIP and employee attitudes.

Relationships between employee perceptions of EIP practices and processes and attitudes in the workplace were much stronger and gave greater support for propositions 3 and 4. This raises a number of implications for future research. Firstly, having shown strong associations in Table 4 between the role of managers in the EIP process and employee job satisfaction and organisational commitment, we need to understand much more about how line manager-employee relationships are connected to potentially intermediate outcomes such as employee perceptions of EIP implementation and (un)satisfactory levels of involvement in decision-making. One way forward here would be to apply leader-member exchange (LMX) theory to EIP to elucidate the role played by line managers. XXXXX (forthcoming) provide some comments about the potential that this approach might offer through examining how the exchange process between the manager-employee dyad might shape employee participation in EIP initiatives, which may in turn affect employee views at work.

Secondly, using detailed qualitative methods would complement survey techniques to help us understand more about the relationship between formal and informal EIP techniques and how EIP is understood by workers. Disentangling these relationships would satisfy practical and theoretical concerns. In the first case, some of the terminology used in the WERS employee survey is open to different interpretations. 'Meetings' and 'managers' are used as generic terms in the WERS employee survey. However, 'meetings' might take the form of a ten minute chat with a line manager, a chance discussion with a colleague or a long unscheduled debate with a senior manager. They might also take place as part of the work process rather than being defined by respondents as EIP. But equally they could constitute a formal regular method of consultation. 'Managers' could also range from a supervisor to a Chief Executive and it may be worth distinguishing which level(s) of management

influence employees' ratings and for what forms of EIP. The relative merits of different kinds of (in)formal structures, mechanisms or practices which managers use to seek employee views, respond to their suggestions or generally involve them in decision-making remain somewhat unexplored in terms of their impact. Our understanding of what employees believe constitutes EIP in action could also be greatly improved.

This line of investigation would have particular application to the use of EIP in SMEs. The variations in perceived helpfulness of EIP practices and employee attitudes by workplace size shown in this paper also suggest that, compared to larger workplaces, managers in smaller workplaces may be heavily reliant on a limited number of EIP techniques. This is also endorsed by the absence of relationships between combinations and quality of formal EIP practices in the smallest workplaces and consistent with evidence reviewed concerning the degree of formality of HR practices in smaller firms (Forth et al., 2006). From a management perspective, it is therefore particularly important to make those techniques which are used as effective as possible. Smaller workplaces are likely to operate fewer substitute methods to compensate for any limitations or weaknesses in a particular EIP technique or how it is applied.

For workplaces of all sizes, relationships between formally structured EIP techniques and less distinct, informal methods needs to be analysed more rigorously, especially in terms of the relative benefits of direct and indirect techniques. Indirect EIP in the form of JCCs had no positive associations with employee attitudes to job and the workplace in the analysis for this paper. This may reflect unknown attributes of workplaces with JCCs. However, the progressive application of the Information and Consultation of Employees (ICE) Regulations raises the question of the extent to which it might be possible to satisfy the incoming legislation by using informal methods of individual consultation outside formal mechanisms. The popularity of direct EIP techniques is not explicitly challenged by the

legislation as provision is made for direct individual consultation (Storey, 2005) but the extent to which the regulations will be interpreted as lending support to collective EIP could alter the relationship between formal/informal and direct/indirect forms. This relates to the second theoretical case for investigating formal/informal EIP interactions.

This concern comes from theorists questioning whether formal and informal EIP co-exist and benefit each other in the same workplace and which, if any, takes precedence. Strauss (1998) argues that a pre-existing culture of informal EIP is likely to be helpful for the introduction of formal EIP practices. However, formal EIP could be argued to provide the structures and processes which enable informal EIP to operate so it could be questioned whether informal practices can exist without the support of formal structures. Recent research evidence suggests that neither effective line managers nor sophisticated HRM/EIP practices may be sufficient to yield improved employee performance *by themselves*. Purcell and Hutchinson (forthcoming, 2007) argue that the relationship between line managers and HR practices is 'symbiotic'. While deficiencies in HRM can be overcome by good line managers who are able to cover up the gaps, they will find it easier if they have good policies, frameworks and structures to work with. On the other hand, the literature discussed earlier illustrating the blockages that managers may pose to the implementation of HRM and EIP, shows that good HR policies and practices may be doomed if line managers are unwilling or unable to execute them.

In summary, the findings from this analysis of WERS04 confirm the critical role that managers play in institutionally embedding EIP at the workplace. They also reiterate the need to assess this through questioning of employees. WERS04 and its previous incarnations have made valuable contributions to mapping the terrain of EIP from representative to direct forms. They have also helped us to identify attributes of EIP whose connections to outcomes require more explanation. But in directing our focus to the need to differentiate between the roles of structures, processes, agents and organisational

contexts in the practise of EIP, this presents demands on researchers to begin to undertake more qualitative rather than quantitative investigation.

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## **Appendix 1 – Independent variables**

### **Measures of EIP breadth**

*Team briefing*: is there any “system of meetings between line managers or supervisors and all workers for whom they are responsible?” 0=no, and 1=yes.

*Problem solving group*: are there any “groups that solve specific problems or discuss aspects or performance?” 0=no, 1=yes.

*Survey*: has there been any “formal survey of your employees’ views or opinions during the last five years.” 0=no, 1=yes.

*Information on investment plans:* “Management regularly gives employees, or their representatives, any information about internal investment plans” 0=no, 1=yes.

*Information on the financial situation of the establishment:* “Management regularly gives employees, or their representatives, any information about financial situation of the establishment” 0=no, 1=yes.

*Information on the financial situation of the organisation:* “Management regularly gives employees, or their representatives, any information about the financial situation of the whole organisation” 0=no, 1=yes.

*Information on staffing:* “Management regularly gives employees, or their representatives, any information about staffing plans” 0=no, 1=yes.

*Existence of a joint consultative committee:* 0=no, 1=yes.

### **Measures of EIP depth**

*Frequency of team briefing:* 0 = no team briefings, 1 = team briefings held quarterly or less often, 2 = weekly or fortnightly team briefings, 3 = daily team briefings.

*Amount of time allocated to employee questions in the team briefing:* 0 = no time allocated to employee questions, 1 = less than 10%, 2 = 10-24%, 3 = 25% or more.

*Permanency of problem solving groups:* 0 = no PSG, 1 = PSGs with finite life, 2 = mix of permanent and temporary PSGs, 3 = permanent PSGs. There are different views about the comparative value of permanent and temporary PSGs; whilst temporary PSGs have been rated as more effective than permanent ones in periods of change (EPOC 1998), the idea of permanency suggests management sees value in continuing with PSGs over a longer period of time (Marchington et al. 2001). On balance, therefore, we ranked permanent PSGs higher.

*Proportion of employees participating in PSGs:* 0 = no PSGs, 1 = PSG covering up to 39% of employees, 2 = PSG covering 40 to 79% of employees, 3 = PSG covering 80% or more of employees.

*Frequency of joint consultative committees:* 0 = no JCC, 1 = JCC(s) meeting up to three times per year, 2 = JCC(s) meeting 4-11 times per year, 3 = JCC(s) meeting 12 or more times per year.

*Mode of representative selection for joint consultative committees:* 0 = no JCC, 1 = representatives are appointed by management, 2 = representatives are volunteered or chosen by staff association or trade union, 3 = representatives are elected by the workforce.

### **Measures of employee perceptions of EIP**

‘How helpful do you find the following in keeping you informed about this workplace: notice boards, email, intranet, newsletters, union/employee reps, meetings between managers and employees? 1 = method rated as helpful, 0 = method rated as not helpful or not used at this workplace.

‘Overall, how good would you say managers at this workplace are at seeking the view of employees or employee representatives?’ 1 = managers rated as good or very good, 0 = any other response.

‘Overall, how good would you say managers at this workplaces are at responding to suggestions from employees or employee representatives?’ 1 = managers rated as good or very good, 0 = any other response.

‘Overall, how satisfied are you with the amount of involvement you have in decision-making at this workplace’. 1 = employees were satisfied or very satisfied, 0 = any other response.

## **Appendix 2 - Dependent variables**

### *Organisational commitment scale*

The index was a summation of responses to the following three statements which were coded on a five point scale: 1= strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree;

*Values:* “I share many values of my organisation”.

*Loyalty:* “I feel loyal to my organisation”.

*Pride:* “I am proud to tell people who I work for”.

The values of this commitment index range from 3 (low, minimum) to 15 (high, maximum). In order to check the reliability of a summative rating scale of these variables, Cronbach's alpha was computed. An alpha of 0.85 is acceptable in terms of reliability in measuring an unobserved factor, and the item-test correlations (ranging from 0.85 to 0.89) as well as the rest-item correlations (ranging from 0.67 to 0.75) are within acceptable limits.

### *Employee job satisfaction scale*

The index was a summation of responses with respect to the four items listed below. For the first two, recoded answer categories for each statement were: 1 = very dissatisfied, 2 = dissatisfied, 3 = neither satisfied nor dissatisfied, 4 = satisfied, 5 = very satisfied:

‘The amount of influence employees have on their job’;

‘The sense of achievement employees get from their work’.

The other two items asked employees: ‘...to what extent do you agree or disagree with the following...?’

‘Managers here deal with employees honestly’

‘Managers here treat employees fairly’

The recoded answer categories for these two statements were 1= strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly disagree.

The values of the job satisfaction scale range from 4 (low, minimum) to 20 (high, maximum). An alpha of 0.79 for the job satisfaction scale is acceptable in terms of reliability in measuring an unobserved factor. The item-test correlations (ranging from 0.73 to 0.83) as well as the rest-item correlations (ranging from 0.53 to 0.66) are within reasonable limits.

Linear regression was used to perform the model estimations. The potential problem of heteroscedasticity is avoided by using Huber-White-sandwich variance estimators for all estimations. All estimations were weighted and account for the clustering of employee responses. The same set of controls were used in each model, with the exception of the employee perceptions of EIP models. Here an extra dummy was introduced where employees scored 1 if they rated employee management relations as either good or very good.

Table 1. EIP depth measures and reasons for their selection

<b>EIP depth indicator taken from WERS survey</b>	<b>Reason for selection</b>
Proportion of employees participating in problem-solving groups	Can reflect management commitment to involving as many people as possible in EIP and employee interest in taking part
Amount of time allocated to employee questions during team briefings	Reflects management willingness to give employees opportunities to clarify their understanding of information received and to hear employee views May also indicate degree of employee willingness to voice their opinions and their levels of trust in management
Method of selecting employee representatives for establishment committees	Management willingness to let employees choose their own representatives indicative of commitment to fairness and efforts to build trust
Frequency of problem-solving groups	Greater frequency may indicate greater importance of the groups, less frequent use may indicate waning interest in them or use for considering less urgent priorities
Frequency of JCCs	Greater frequency may indicate greater importance of the JCC, less frequent use may indicate waning interest in it or use for considering less urgent priorities
Permanence of problem-solving groups	Indicates commitment to sustaining EIP over time and perceived utility to management

Table 2. Associations between management reports of EIP structures and employee commitment

	<b>Commitment</b>
<b>Breadth of EIP practices</b>	**0.062 [0.025]
JCC (0=no; 1=yes)	-0.092 [0.079]
<i>No of observations (unweighted)</i>	16359
<b>Depth of direct EIP practices</b>	*0.026 [0.013]
<i>No of observations (unweighted)</i>	15651

Notes: \*\* significant at 1% level, \* significant at 5% level. Standard errors in brackets. All estimations are based on weighted and matched employer-employee data. Base: all workplaces with more than 25 employees. EIP breadth is measured as a sum of the scores for the seven direct EIP variables shown first in Appendix 1. EIP depth is assessed through six measures covering both direct and representative participation, each of which is scored on an even four point scale of 0 to 3 variables (see Appendix 1). Depth of direct EIP is a simple sum of the individual scores of the four measures related to direct EI. See Appendix 1 for full details of all model specifications.

Table 3. Associations between employee perceptions of the helpfulness of EIP practices and organisational commitment/job satisfaction according to workplace size

	<b>Workplaces with 10-24 employees</b>		<b>Workplaces with 25 or more employees</b>	
	Commitment	Satisfaction	Commitment	Satisfaction
Notice boards	0.239* (0.108)	0.447** (0.121)	0.471** (0.050)	0.524** (0.058)
Email	0.239 (0.130)	0.150 (0.124)	0.314** (0.069)	0.225** (0.066)
Intranet	-0.151 (0.157)	-0.008 (0.159)	0.045 (0.062)	-0.068 (0.059)
Newsletters	0.133 (0.128)	0.138 (0.142)	0.364** (0.052)	0.388** (0.053)
Union/employee reps.	0.179 (0.180)	0.091 (0.184)	0.170** (0.062)	0.153** (0.057)
Meetings	0.971** (0.111)	1.043** (0.129)	0.683** (0.053)	0.935** (0.057)
Number of observations	2,123	2,128	14,411	14,279

Notes: \*\*significant at 1% level, \*significant at 5% level. Standard errors in parentheses.

Table 4. Associations between employee perceptions of management effectiveness in consultation, satisfaction with involvement in decision-making and organisational commitment/job satisfaction

	<b>10-24 employees</b>		<b>25 or more employees</b>	
	Commitment	Satisfaction	Commitment	Satisfaction
Managers are good or very good at seeking employee views (0/1)	0.546** (0.135)	0.854** (0.129)	0.509** (0.057)	0.840** (0.059)
Managers are good or very good at responding to suggestions from employees (0/1)	0.370** (0.124)	0.796** (0.138)	0.496** (0.059)	0.824** (0.054)
Employees are either satisfied or very satisfied with the amount of involvement in decision-making (0/1)	1.143** (0.119)	1.462** (0.111)	0.876** (0.050)	1.321** (0.052)
Number of observations	2,135	2,134	14,292	14,195

Notes: \*\*significant at 1% level, \*significant at 5% level. Standard errors in parentheses.