PARTICIPATIVE MANAGEMENT AND ITS RELATIONSHIPS WITH EMPLOYEE PERFORMANCE BEHAVIOUR: A STUDY IN THE UNIVERSITY SECTOR IN MALANG INDONESIA

Burhanuddin

B.A (Ed) (UNLAM)
Drs (EdAdmSup) (IKIP MALANG)
M.Ed (MEdMgmt) (FLINDERS)

This thesis is submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy, School of Education Faculty of the Professions The University of Adelaide September 2013
# Table of Contents

Abstract ................................................................................................................................. xi
Declaration .......................................................................................................................... xii
List of Figures ...................................................................................................................... xiii
List of Tables ....................................................................................................................... xv
Acknowledgements .......................................................................................................... xvii

Chapter One: Introduction ................................................................................................. 1

1.1 Background of the Study ............................................................................................. 3
   1.1.1 An overview of participative management ......................................................... 4
   1.1.2 Participative management from research perspective ........................................ 5
   1.1.3 The context of higher education management in Indonesia .......................... 8

1.2 Statement of Research Problem .................................................................................. 16
   1.2.1 The emerging need for participative management system ............................ 16
   1.2.2 Lack of studies on the effects of participative management on employee
       performance behaviour ......................................................................................... 17
   1.2.3 Lack of studies on participative management in the university context .......... 17
   1.2.4 Lack of previous studies on leadership related to contingency factors ........ 18
   1.2.5 Personal perspective ....................................................................................... 19

1.3 Purpose of the Study .................................................................................................... 20

1.4 Research Questions ....................................................................................................... 21

1.5 Aims and Objectives of the Research ......................................................................... 22

1.6 Contribution to the Discipline .................................................................................... 23
   1.6.1 More comprehensive understanding about participative management ......... 24
   1.6.2 Research development in educational management ......................................... 24
   1.6.3 Information on management effectiveness based on employee and leader
       perceptions ............................................................................................................. 24
   1.6.4 Examination of the interaction effects among the research variables .......... 25
   1.6.5 Information for practitioners of university organisation ............................. 25

1.7 Definition of Terms ....................................................................................................... 25

1.8 Limitations of the Research ......................................................................................... 27
3.4 Mediating Factor of Employee Work Attitudes on the Effectiveness of Participative Management

3.4.1 The job characteristics model ................................................................. 80
3.4.2 Job characteristics and their association with employee performance behaviour ................................................................. 80
3.4.3 Indicators of employee work attitude and employee performance behaviour ... 82

3.5 Situational Factors of Participative Management .......................................... 90

3.5.1 Fiedler’s contingency model .................................................................... 91
3.5.2 House’s path goal theory of leadership ..................................................... 93
3.5.3 Participative management and its contingency factors .......................... 94

3.6 The Hypothesised Research Model of the Participative Management in the
Context of University .......................................................................................... 100

3.6.1 The main purpose of the research model ............................................... 101
3.6.2 The theoretical model for the study ......................................................... 102
3.6.3 Directions of relationships and influencing factors among research variables .................................................................................. 104

3.7 Summary ........................................................................................................ 106

Chapter Four: Research Design and Instrumentation ..................................... 108

4.1 Introduction ...................................................................................................... 108
4.2 Research Design ............................................................................................ 108

4.2.1 Reasons of using mixed research method .............................................. 109
4.2.2 Explanatory mixed methods designs ...................................................... 109
4.2.3 The strength and weakness of qualitative and quantitative approaches .... 111
4.2.4 Steps of a mixed methods study ............................................................... 113
4.2.5 Participants ............................................................................................. 115

4.3 Instrumentation .............................................................................................. 119

4.3.1 The development of the items in the questionnaire ............................. 119
4.3.2 The format of the questionnaire .............................................................. 125
4.3.3 Translation of the items in the questionnaires ......................................... 127
4.3.4 Pilot study .............................................................................................. 128
4.4 Data Collection .......................................................................................................................... 130
  4.4.1 Approval of the ethics committee and permissions from research sites .............. 130
  4.4.2 Administration of the questionnaire for the main data collection ................. 130
  4.4.3 The interview and document review ............................................................................. 131
4.5. Summary ................................................................................................................................. 134

Chapter Five: Methods of Data Analysis ................................................................................. 135
5.1 Introduction .............................................................................................................................. 135
5.2 General Methodological Considerations .............................................................................. 135
  5.2.1 Missing values ............................................................................................................... 135
  5.2.2 Notion of causality......................................................................................................... 138
  5.2.3 Significance testing in social science research .............................................................. 139
  5.2.4 Level of analysis ........................................................................................................... 139
5.3 Quantitative Data Analysis ................................................................................................. 141
  5.3.1 The use of PASW statistics/SPSS software ................................................................. 141
  5.3.2 The Use of AMOS for confirmatory factor analysis and single level path
      analysis ................................................................................................................................. 143
  5.3.3 Confirmatory factor analysis for testing the construct validity of the
      instruments ............................................................................................................................ 145
  5.3.4 Path analysis .................................................................................................................. 151
  5.3.5 The use of Conquest for Rasch Model in item analysis ............................................. 153
  5.3.6 Hierarchical Linear Modelling (HLM) ........................................................................ 157
5.4 Qualitative Data Analysis .................................................................................................... 163
  5.4.1 Analysing qualitative data of the interview ................................................................. 164
  5.4.2 Analysing documents ................................................................................................. 168
  5.4.3 Validation of the qualitative data ............................................................................... 169
5.5. Summary ............................................................................................................................. 170

Chapter Six: Preliminary Analysis and Scale Validation ....................................................... 172
6.1 Introduction ............................................................................................................................ 172
6.2 Data Description ................................................................................................................. 172
  6.2.1 Demographic and descriptive information on respondents ..................................... 172
  6.2.2 Missing values ............................................................................................................. 180
6.2.3 Test for normality ................................................................. 181
6.3 Reliability .................................................................................... 181
  6.3.1 Internal consistency obtained from the pilot study .................. 182
  6.3.2 Internal consistency obtained from the main study .............. 183
6.4 Validity ....................................................................................... 184
  6.4.1 Face validity ........................................................................ 185
  6.4.2 Construct validity ................................................................. 186
6.5 Confirmatory Factor Analysis ................................................... 186
  6.5.1 Model fit indices ................................................................. 187
  6.5.2 Five alternative models ....................................................... 188
  6.5.3 Fit comparison of the five alternative models ................... 189
  6.5.4 Final structure of the measurement model ...................... 192
6.6 Scale Validation for Employee Questionnaire Using the Rasch Model ............. 203
  6.6.1 Results of the response model parameter estimates for the Participative Management (PM) scale ........................................... 207
  6.6.2 Results of the response model parameter estimates for the Organisational Culture (ORG) scale ............................................. 211
  6.6.3 Results of the response model parameter estimates for the Employee Work Attitude (EWA) scale .............................................. 213
  6.6.4 Results of the response model parameter estimates for the Employee Performance Behaviour (EPB) scale. ................................. 216
6.7 Summary .................................................................................. 219

Chapter Seven: Single Level Path Analysis: Employee Level ......................... 221
7.1 Introduction .................................................................................. 221
7.2 Test for Multicollinearity of Independent Variables at Employee Level .......... 221
7.3 Variables Used in the Employee Level Path Analysis ........................ 223
7.4 Results of Employee Level Path Analysis ................................... 225
  7.4.1 Measurement model results at the employee level .............. 225
  7.4.2 Structural model results at the employee level .................. 230
7.5 Fit indexes Obtained at the Employee Level Path Model .................. 243
7.6 Summary .................................................................................. 244
Chapter Eight: Single Level Path Analysis: Leader Level........................................... 246
8.1 Introduction............................................................................................................. 246
8.2 Test for Multicollinearity of the Independent Variables ........................................ 246
8.3 Variables Used in the Leader Level Path Analysis ................................................. 248
8.4 Results of the Leader Level Path Analysis .................................................................. 251
  8.4.1 Measurement model results at the leader level ................................................. 252
  8.4.2 Structural model results at the leader level ...................................................... 259
8.5 Fit indexes Obtained at the Leader Level Path Model .............................................. 270
8.6 Summary .............................................................................................................. 271

Chapter Nine: Two-Level Model of the Employee Performance Behaviour in
University Sector in Malang Indonesia........................................................................... 274
9.1 Introduction............................................................................................................. 274
9.2 Variables Used in the Two-Level Model ................................................................. 275
9.3 Two-Level Employee Performance Behaviour Model ............................................ 278
  9.3.1 Null model...................................................................................................... 278
  9.3.2 Final level-1 model ........................................................................................ 281
  9.3.3 Full model ...................................................................................................... 282
9.4 The Effects of Level-1 Predictors on the Outcome Variable ...................................... 283
9.5 The Effects of Level-2 Predictors on Employee Performance Behaviour .................. 286
9.6 The Interaction Effects .......................................................................................... 287
  9.6.1 Interaction effect of average level of participative management with
      age of employee .................................................................................................... 292
  9.6.2 Interaction effect of average level of employee performance behaviour
      with age of employee ........................................................................................... 293
  9.6.3 Interaction effect of average age of employee with participative
      management .......................................................................................................... 294
  9.6.4 Interaction effect of average employee performance behaviour with
      employee work attitude ....................................................................................... 295
9.7 Summary .............................................................................................................. 297
Chapter Ten: Results of the Interviews: Perceptions of Employees and Leaders .... 299

10.1 Introduction ............................................................................................................. 299

10.2 Responses from Employee Participants ................................................................. 300
   10.2.1 Employee conceptions of the possibility of the use of participative management style ................................................................. 300
   10.2.2 Preferred management styles ............................................................................. 304
   10.2.3 Management styles in use .................................................................................. 307
   10.2.4 Attitude towards the job ..................................................................................... 312
   10.2.5 Organisational commitment ................................................................................. 315

10.3 Responses from Leader Participants ...................................................................... 316
   10.3.1 Leader conceptions of the use of participative management style ................. 316
   10.3.2 Contribution of the current organisational structure to participative management ................................................................................................. 320
   10.3.3 Influence of participative management on employee work attitudes ............ 325
   10.3.4 Influence of participative management on employee performance behaviour ............................................................................................................ 329
   10.3.5 Factors determining the effectiveness of participative management ............. 333

10.4 Summary .................................................................................................................. 338

Chapter Eleven: Discussion and Conclusion ............................................................... 340

11.1 Achieving the Research Aims ................................................................. 340

11.2 The Effects of Participative Management on Employee Work Attitude ............. 341

11.3 The effects of Employee Work Attitude on Employee Performance Behaviour ..... 342

11.4 The effects of Participative Management on Employee Performance Behaviour ..... 344

11.5 The effects of Organisational Factors on Employee Perceptions of Participative Management ................................................................................................. 347

11.6 The effects of Organisational Factors on Employee Perceptions of Employee Performance Behaviour ................................................................. 350

11.7 Effects of Individual Factors on Perceptions of Participative Management and Employee Performance Behaviour ................................................................. 354
11.8 Differences in Leaders and Average Employees’ Perceptions about the Use of Participative Management Style, Employee Work Attitude, Employee Performance Behaviour, and their Relationships ......................................................... 356
11.9 Differences in Perceptions of Participative Management in Government and Private Universities .................................................................................................................. 358
11.10 Limitations and Further Research ................................................................................................................................. 360
11.11 Theoretical and Practical Implications ................................................................................................................................. 361
11.12 Conclusion .............................................................................................................................................................................. 363

Appendices ................................................................................................................................................................................. 365
Appendix A: The Employees’ PMEP Questionnaire .......................................................... 366
Appendix B: The Leaders’ PMEP Questionnaire ............................................................... 376
Appendix C: Interview Protocol for Employees and Leaders ........................................ 386
Appendix D: Interview Transcription Samples ................................................................. 387
Appendix E: Ethics Approval from the University of Adelaide ......................................... 399
Appendix F: Permission Documents from Sample Universities in Indonesia ................. 402
Appendix G: Descriptive Results of Item Responses from Employee Participants .......... 408
Appendix H: Descriptive Results of Item Responses from Leader Participants ............ 414
Appendix I: Standardised Results of Confirmatory Factor Analysis (CFA) ....................... 420

Bibliography ............................................................................................................................................................................. 441
Abstract

This research study investigated employee and leader perceptions about the use of participative management style and its relationships with employee work attitude and performance behaviour in terms of commitment, quality of customer service, and withdrawal behaviour. A mixed methods design was used by incorporating quantitative and qualitative approaches. Questionnaire and interview were used to explore individuals’ perceptions. Documents were gathered to access information about the universities involved in the study. This study involved 808 employees and 52 Heads of Divisions from six universities in Malang, Indonesia. Twenty four employees and 12 leaders were interviewed. Attitudinal variables were measured employing scales: Participative Management, Organisational Culture, Employee Work Attitude, and Employee Performance Behaviour. The scales were validated using Confirmatory Factor Analysis and Rasch Model. Path Analysis was used to examine relationships among the variables. Hierarchical Linear Modelling was also used to examine the relationships among nested variables and cross-level interaction effects on the outcome variable. The qualitative data were analysed by themes related to key variables in the quantitative results. Results from the employee and leader-level path analyses indicated that participative management was positively associated with employee performance behaviour. This trend was produced either as a direct effect on performance or indirectly through employee work attitude. Further analysis using a two-level model indicated that, at the micro level, this style provided a direct effect on performance. At the macro level, the direct effect was provided by the organisational culture. Supported by the qualitative results, this study reveals overall that participative management was found to improve the employee performance, with its effectiveness varied according to situational factors. The theoretical implication of this study is that participative management enhances performance through promoting individual capacity and relationships. Future research needs to focus on wider contingency factors to pursue broader insights about participative management and generate more comprehensive conclusions.

Key words: Participative management, employee work attitude, employee performance behaviour, management, leadership, leader, employee, organisational unit.
Declaration

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint-award of this degree.

I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying, subject to the provisions of the Copyright Act 1968.

I also give permission for the digital version of my thesis to be made available on the web, via the University’s digital research repository, the Library catalogue and also through web search engines, unless permission has been granted by the University to restrict access for a period of time.

Signed: _________________________

Date : _________________________
# List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1.</td>
<td>The generic approaches to measuring organisational effectiveness</td>
<td>45</td>
</tr>
<tr>
<td>Figure 2.2.</td>
<td>Organisational development of system 1 or 2 compared to system 4</td>
<td>48</td>
</tr>
<tr>
<td>Figure 3.1.</td>
<td>The use of participative management style in improving employee</td>
<td>74</td>
</tr>
<tr>
<td>Figure 3.2.</td>
<td>General organisational structure at university and faculty level</td>
<td>75</td>
</tr>
<tr>
<td>Figure 3.3.</td>
<td>Conceptual framework of relationships between management systems and</td>
<td>77</td>
</tr>
<tr>
<td>Figure 3.4.</td>
<td>The model of how participative management works in improving</td>
<td>78</td>
</tr>
<tr>
<td>Figure 3.5.</td>
<td>Relationships between participative management, employee work</td>
<td>81</td>
</tr>
<tr>
<td>Figure 3.6.</td>
<td>Situational factors moderating the relationships between participative</td>
<td>94</td>
</tr>
<tr>
<td>Figure 3.7.</td>
<td>Research model of the relationships among participative management,</td>
<td>105</td>
</tr>
<tr>
<td>Figure 4.1.</td>
<td>Explanatory mixed methods design</td>
<td>109</td>
</tr>
<tr>
<td>Figure 4.2.</td>
<td>Steps of a mixed methods study</td>
<td>113</td>
</tr>
<tr>
<td>Figure 4.3.</td>
<td>Map of Indonesia</td>
<td>116</td>
</tr>
<tr>
<td>Figure 4.4.</td>
<td>Map of the city of Malang Indonesia showing the location of the</td>
<td>117</td>
</tr>
<tr>
<td>Figure 4.5.</td>
<td>Sources and development of questionnaire items for the research</td>
<td>122</td>
</tr>
<tr>
<td>Figure 5.1.</td>
<td>Direct and indirect effect</td>
<td>152</td>
</tr>
<tr>
<td>Figure 5.2.</td>
<td>The process of the qualitative data analysis</td>
<td>165</td>
</tr>
<tr>
<td>Figure 6.1.</td>
<td>Distribution of employee respondents by gender</td>
<td>174</td>
</tr>
</tbody>
</table>
Figure 6.2. Distribution of employee respondents by age group ........................................174
Figure 6.3. Distribution of employee respondents by education level .............................175
Figure 6.4. Employment levels of employee respondents ..................................................177
Figure 6.5. Length of service of employee respondents .....................................................177
Figure 6.6. Age of leader respondents ..............................................................................179
Figure 6.7. Length of service of leader respondents ..........................................................180
Figure 6.8. Hierarchical factor model of the participative management (PM) scale ..........193
Figure 6.9. The hierarchical factor model of organisational culture (ORG) scale ..........196
Figure 6.10. The hierarchical factor model of employee work attitude (EWA) scale ......198
Figure 6.11. The hierarchical factor model of the employee performance behaviour (EPB) scale ....................................................................................................................198
Figure 6.12. Characteristic curves showing the ordered responses in the five categories .................................................................................................................................206
Figure 7.1. The path model .................................................................................................230
Figure 7.2. Employee level path model ..............................................................................233
Figure 8.1. Leader level path model ...................................................................................254
Figure 9.1. Two-level employee performance behaviour Model .......................................275
Figure 9.2. The hypothesised variables of the two-level employee performance behaviour model ................................................................................................................................277
Figure 9.3. Two level of employee performance behaviour .................................................285
Figure 9.4. Interaction effect of average level of participative management with age of employee .......................................................................................................................293
Figure 9.5. Interaction effect of average level of employee performance behaviour with age of employee ...............................................................................................................294
Figure 9.6. Interaction effect of average age of employee with participative management ..............................................................................................................................295
Figure 9.7. Interaction effect of average level of employee performance behaviour with employee work attitude ..............................................................................................296
## List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2.1.</td>
<td>Characteristics of management systems</td>
<td>40</td>
</tr>
<tr>
<td>Table 4.1.</td>
<td>Population of employees and heads of division in the six selected universities</td>
<td>118</td>
</tr>
<tr>
<td>Table 4.2.</td>
<td>Sample of participants for the interview</td>
<td>119</td>
</tr>
<tr>
<td>Table 4.3.</td>
<td>The development of the items of PMEP Questionnaire</td>
<td>121</td>
</tr>
<tr>
<td>Table 4.4.</td>
<td>Variables and expressions used in measurement scale</td>
<td>126</td>
</tr>
<tr>
<td>Table 4.5.</td>
<td>Items of the questionnaire before and after pilot study</td>
<td>129</td>
</tr>
<tr>
<td>Table 4.6.</td>
<td>The distribution of the questionnaire for the employees</td>
<td>130</td>
</tr>
<tr>
<td>Table 4.7.</td>
<td>The distribution of the questionnaire for leaders</td>
<td>131</td>
</tr>
<tr>
<td>Table 6.1.</td>
<td>Distribution of employee respondents in the university setting</td>
<td>173</td>
</tr>
<tr>
<td>Table 6.2.</td>
<td>Crosstabulation of education level by gender of employees</td>
<td>176</td>
</tr>
<tr>
<td>Table 6.3.</td>
<td>Crosstabulation of employment level by gender of employees</td>
<td>178</td>
</tr>
<tr>
<td>Table 6.4.</td>
<td>Distribution of leader respondents in the university</td>
<td>179</td>
</tr>
<tr>
<td>Table 6.5.</td>
<td>Education level and gender of leader sample</td>
<td>179</td>
</tr>
<tr>
<td>Table 6.6.</td>
<td>Employment level of leaders</td>
<td>180</td>
</tr>
<tr>
<td>Table 6.7.</td>
<td>The scales and Cronbach’s alpha coefficients obtained from the pilot study</td>
<td>182</td>
</tr>
<tr>
<td>Table 6.8.</td>
<td>The scales and Cronbach’s alpha coefficients obtained from the main study</td>
<td>183</td>
</tr>
<tr>
<td>Table 6.9.</td>
<td>Model fit comparison</td>
<td>189</td>
</tr>
<tr>
<td>Table 6.10.</td>
<td>Factor loadings of the hierarchical factor model of participative management</td>
<td>195</td>
</tr>
<tr>
<td>Table 6.11.</td>
<td>Factor loadings of the hierarchical factor model of organisational culture (ORG) scale</td>
<td>197</td>
</tr>
<tr>
<td>Table 6.12.</td>
<td>Factor loadings of the hierarchical factor model of the employee work attitude (EWA) scale</td>
<td>199</td>
</tr>
<tr>
<td>Table 6.13.</td>
<td>Factor loadings of the hierarchical factor model of the employee performance behaviour (EPB) scale</td>
<td>202</td>
</tr>
</tbody>
</table>
Acknowledgements

First and foremost, my greatest thanks are to God, for providing me with strong spirit, and for making possible the completion of this study.

I would like to express my gratitude for the generous help and continuous guidance of my principal supervisor, Professor Tania Aspland and co-supervisors Dr I Gusti Ngurah Darmawan and Dr Francisco Ben in completing this study. I would also like to thank the Indonesian government through the Directorate General of Higher Education (DGHE), for providing my scholarship under the overseas postgraduate scholarship program; the Rector of the State University of Malang who assigned me, and supported me in pursuing a doctoral degree overseas; the Vice-Chancellor of the University of Adelaide, the Dean of Faculty of Professions, the Head of School of Education, and Postgraduate Coordinator, who continuously provided support and inspiration throughout my candidature.

My thanks are also addressed to the Rectors of the following universities in Malang who granted permission to administer the questionnaires and interviews on their sites: State University of Malang, Brawijaya University, Maulana Malik State Islamic University of Malang, University of Muhammadiyah Malang, Islamic University of Malang, and Widyagama University; and to all the participants in the research study.

My appreciation is also extended to Dr Margaret Seacombe, Adjunct Senior Lecturer, who helped me with the thesis editing; to Dr Michelle Picard, Director of Researcher Education and Development, who guided me in improving academic writing; to Dr Christine Velde, my first principal supervisor, who guided me in developing the initial proposal; and to the team of academic and non-academic staff in the School of Education for their helpful services and support during my study.

Particular thanks are addressed to my parent, Djamaluddin and Noor Laela, for their encouragement and prayers, and to my wife, Hasunah, and my son, Oemar Syarif Burhan, for their love and inspiration and for accompanying me to study overseas; to the rest of my
family in Indonesia especially my son, Mohammad Yasser Burhan, my daughters, Sophia Burhan and Sarah Rosalina Burhan, and my brothers and sisters, who gave moral support for my study. I am also grateful to my colleagues and friends in the School of Education at the University of Adelaide and in the State University of Malang Indonesia, as well as the other people who in one way or another gave moral support throughout my research journey.

Finally, I present this work to everybody who is concerned with education.