

Petri Böckerman, Mari Kangasniemi & Antti Kauhanen

Does high involvement management lead to higher productivity in Finnish firms?

This article examines the effect of high involvement management practices on firm productivity. We use linked data covering the Finnish private sector. The linked data combine comprehensive survey information from the MEADOW (Measuring the Dynamics of Organisation and Work) project on the use of high involvement management practices with register-based information on firm productivity from Statistics Finland. In contrast to most earlier empirical studies, we use objective measures of productivity, such as value added per hours worked and sales per employee. The estimation results show that the use of high involvement management practices is not statistically and economically significantly linked to higher productivity at the firm level after accounting for other relevant factors, such as the differences in the quality of labour and adjustment for the fact that more productive firms are more likely to adopt high involvement practices. We also found that the use of high involvement management practices is related to the number of levels in the organisation's hierarchy and the share of highly educated workers in the firm.