

# A Multivariate Effect of Employee Relations on Organizational Performance

Patrick Montok Igbaji<sup>1</sup>, Bassey Bassey Ubi<sup>2</sup>, Enya Matthew Njobili<sup>1</sup>, Eni Naomi Isang<sup>3</sup>, Eteng Joy Umuolo<sup>3</sup> & Iyamba Godswill<sup>1</sup>

<sup>1</sup> Department of Business Administration, Cross River University of Technology, Nigeria

<sup>2</sup> Department of Accounting, University of Abuja, Nigeria

<sup>3</sup> Department of Business Management, University of Calabar, Nigeria

Correspondence: Patrick Montok Igbaji, Department of Business Administration, Cross River University of Technology, Nigeria.

doi:10.56397/SSSH.2024.08.07

## Abstract

The purpose of the study was to examine the effect of employee relations on organizational performance. A study of hospitality firms in Calabar, Cross River State. The specific objectives were to examine the effect of Hiring and selection, training and development, salaries and benefit on organizational performance. Primary data was employed in the study using questionnaire instrument. Simple regression statistical tool was adopted in the study. Based on the analysis of the results, the findings revealed that hiring and selection had a significant effect on performance, training and development had a significant effect on performance, salaries and benefits had a significant effect on performance of hospitality firms in Calabar. The study concluded that good employee relations result in highly committed, motivated and loyal employees in the organizations. In line with the findings, the study recommended that hospitality firms should focus more on implementing fair labor practices and building effective and sustainable employee relations that will ensure their growth and survival. Finally, management should devise other measures in which the employees could be effective in order to achieve effective performance.

**Keywords:** employee relations, hiring and selection, training and development, salaries and benefit, performance

## 1. Introduction

Employee relations practices are one of the key fundamental elements of organizational performance, prosperity and sustainability. Good employee relations result in highly committed, motivated and loyal employees in the organizations. Employee relations refer to the relationship between employer and employee. It involves taking into account all potential interactions within an organization and implementing policies so that the relationship between an organization, and its people is managed through fair and transparent practices (Al-khozondar, 2015). For the successful of any organization, there must be a strong relationship between the employee and employer. This would bring about organizational development and high organizational performance.

There are a number of employee relations best practices, which include: hiring and selection process, supervision, communication, union avoidance training, salaries and benefit structure, retention, policies and procedures, employee involvement, management visibility/accessibility, positive employee relations strategy, learning and development, and technology friendly (Kaliski, 2017). They also provide for effective and consistent procedures for rules making, consistencies in dealing with employees relations issues, fairness, processes that can affect and improve employee behavior or mechanism to resolve different disputes. A breakdown in employee relations can

lead to industrial dispute which can result into industrial action, if not properly managed (Kaliski, 2017).

Organization performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). This shows whether organization is making profit or making loss. It is a broad construct which captures what organizations do, produce, and accomplish for the various constituencies with which they interact. (A high organizational performance is a result on good employee relation practice). Hospitality is the relationship between a guest and a host, where in the host receives the guest with some amount of goodwill, including the reception and entertainment of guest, visitor or strangers. Contextual factors have a powerful impact on employee choice. Past research indicates that employees in the hospitality sector come across various problems such as job insecurity, lack of proper training, ongoing staff shortages etc. In the past, the traditional hospitality sector has experienced a number of challenges affecting its operations.

Hospitality plays a fundamental role to augment or decrease the volume of sales of the organization. Hospitality is also the way people treat others, that is, the service of welcoming, receiving guest for example in hotels. Kuzu & Derya (2014) described hospitality as the virtue of a great soul that cares for the whole universe through the ties of humanity.

## **2. Literature Review**

### *2.1 Theoretical Framework*

This study is anchored on unitarist approach theory.

#### *2.1.1 The Unitarist Approach*

This theory was propounded by Alan Fox in 1971. In his view, unitary perspective of industrial relations views the industrial organization as an entity unified by aim, and that is success. In unitarism the organization is perceived as an integrated and harmonious system, viewed as one happy family. A core assumption of unitary approach is that management and staff, and all members of the organization share the same object, interests and purposes; thus working together, hand-in-hand, towards the share mutual goals. Furthermore, Unitarianism has a paternalistic approach where it demands loyalty of all employees. Trade unions are deemed as unnecessary and conflict is perceived as disruptive from employee point of view, unitary approach means that working practices should be flexible. Individuals should be business oriented, multi-skilled and ready to tackle with efficiency whatever task are required. The emphasis is on good relationships and sound terms and conditions of employment.

#### *2.2 Literature Review*

Employee relationship (ER) is a kind of special interpersonal relationships in order to replace industrial relations. Employee-employer and or employee-organization relationships are part of a business's internal relationship management. Much research regarding this internal relationship management has focused on organizational behavior/theory and human resource management. Thus, employee relations can be considered to be a study of the relationship between employers or the representative managers and employees aimed at resolving conflicts and to help in improving productivity of the organization by increasing motivation and morale of the workers (Rai, 2013).

Sinha & Bajaj (2013) stated that employers should take care of the needs of the employees, and this can be under human resource management practices like training (job satisfaction, job rotation, participative management, performance appraisal and career planning for their employees). However, employee relations are the ways in which the company is interacting with the employees to deliver important information and to give information about company policies and works to create a more productive workplace. By not creating good policies for the employees, it will affect the growth of company and affect the company success.

According to Torrington and Hall (2018), the relationship between employees and management is a framework of organizational justice consisting of organizational culture and management styles as well as rules and procedural sequence for grievance and conflict management. Gennard and Judge (2012) stated that employee relations is a study of the rules, regulations and agreements by which employees are managed both as individuals and as a collective group. Lewis (2013) explained that employee relations suggest a wider employment. Armstrong (2005) observed that employee relations is to manage the relationship between employer and employees with the ultimate objectivity of achieving the optimum level of productivity in terms of goods and services, employee motivation taking preventive measures to resolve problems that adversely affect the working environment. Walton (1985) narrated that the unitary viewpoint of employee relations is the belief that management and employees share the same concerns, and it is therefore in both their interests to cooperate. Clarke (2001) commented that effective employee relationship management requires cooperation between manager representatives and employees, that good relationship between employer and employee do not just happen but they are the result of a strategy and activities that employee relations managers design to improve

communication between employees and management. George and Jones (2008) said that employee relations involve the communication and relationships that in the end contribute to satisfactory productivity, job satisfaction, motivation and morale of the employees. Consequently, Foot and Hook (2008) highlighted that the right of employer on employer and employee relationship is to control work performance, integrate employee in the organization's structure and management system and create a mutual trust environment, confidence and supply of enough and reasonable work while employees obey lawful and reasonable orders, maintain fidelity and work with due diligence and care.

### 2.2.1 Concept of Organizational Performance

Mano (2019) posited that performance indicates the extent at which human services could achieve social impact in the workplace. In relation to Clarke (2001), employee's performance is therefore a process of employing the co-operation of the workplace's employees so as to accomplish new aspects of a particular task. Samuel (2018) also defined the concept of employee's performance from the contextual viewpoint by maintaining that individuals with higher contextual performance are likely to be more committed and gratified with their work than those having low contextual performance.

Samuel (2018) argue that work performance is likely to rise when an employee enjoys his assigned tasks, given that this will prompt him to be more dedicated to duties as all these depend on the degree of motivation from his workplace. On the other hand, Productivity is an average measure of the efficiency of production. It is the ratio of output to inputs used in the production process, i.e., output per unit of input (Melville, 2004). Outputs and inputs are total productivity measured with economic values. The value of output minus the value of inputs is a measure of total efficiency of a production process and the objective is maximized in the production process. Productivity measures one or more inputs or factors, but not all factors are partial productivities (Tasi & Tang, 2012).

### 2.2.2 Empirical Review

Samuel (2018) investigated the effect of employee relations on employee performance and organizational performance in Tanzania. The study adopted a cross-sectional survey research design and used a stratified random sampling technique to select a sample size of 387 respondents from selected small organizations in Tanzania. Data were collected through structured questionnaires and interviews and analyzed using descriptive statistics and correlation analysis and the results presented using tables. The findings of the study showed that small organizations in Tanzania are aware of the benefits of maintaining good employee relations and correct remedial actions taken to minimize poor employee relations in the organization. The findings further indicate a positive significant relationship between employee relations and employee performance as well as between employee relations and organization performance. Moreover, the findings revealed the use of (unfair labor practices) in small organizations in Tanzania. The study recommends that small organizations in Tanzania should focus more on implementing fair labor practices and building effective and sustainable employee relations that will ensure their growth and survival.

Onwu (2022) assessed the effects of labour management relations on workers' performance with a focus on the Power Holding Company of Nigeria (PHCN). The study made use of both primary and secondary sources of data collection. The data were analyzed in tables, percentages, and correlation. The sample size was 250 using taro Yamane. The findings of the study revealed that variables of labour relations (workers' motivation, clarity of communication to the employees as at when due together with employees' participation in organization' decision-making) have positive and meaningful effect on employees' work performance in PHCN. The study recommended that effective workers motivation should be used in the organization.

Charlen-Ivy and Hadge (2017) examined the effect of employee's relations on job performance in an engineering, construction and manufacturing company in Batangas Province, Philippine. The study utilized frequency distribution and percentage to describe the socio-demographic profile of the respondents, while weighted mean was adopted for the determination of the average scores of the respondents. The sample size was 150 based on the adoption of Taro Yamane. The finding of the study established a positive and significant relationship between employee's relations and performance in the studied establishment as there are friendly interpersonal relationship among the workforces in each department of the organization and also cordial interface between the organization's management and its workers. The study recommended that effective employee's relations should be used in the organization.

In the study undertaken by Ackon (2018) on employee relations and productivity with the selected publishing firms in the Accra metropolis as a case study, non-interventional quantitative research design, correlational study design, and multi-stage sampling method were adopted. The study utilized structured questionnaires as the instrument of data collection. The data collected were therefore analyzed with the employment of descriptive statistical tools such as median and mean coupled with Pearson's correlation coefficient as the inferential

statistics via version 21 of SPSS. The findings of the study showed that there are pleasant employee-employer relations in the selected publishing firms in Accra Metropolis as employee-employer relations had a positive and significant relationship with the productivity of the firms. However, in view of the geographical locations and cultural settings of the establishments under study in the reviewed researches above, and the differences in the employees' perceptions of these case study organizations, hence, further researches on employees' relations and its effect. The study recommended that management should devise other measures in which the employees could be effective in order to achieve effective performance.

Bulińska-Stangrecka and Bagińska (2021) examined the role of employee relations in shaping job satisfaction as an element promoting positive mental health at work in the era of COVID-19. The purpose of the study was to examine what factors influence job satisfaction in the context of remote work caused by a pandemic. The study analysed whether employee relations and interpersonal trust are related to the level of perceived job satisfaction. Based on an empirical study, survey design was used in the study and the study carried out on a sample of 220 IT employees during the pandemic, an analysis of the mediating role of trust in links between employee relations and perceived job satisfaction was conducted. Regression analysis was used in the study. The study found that positive employee relations contribute to the level of job satisfaction.

### 3. Methodology

The study adopted survey design. The targeted area of the study was employee relation practices and organizational performance in hospitality firms in Calabar. The targeted population comprised of employees and management of the selected hotels in Calabar municipal and Calabar South, Calabar, Cross River State. The primary data were sourced with the aid of structured questionnaire. Simple regression statistical tool was used in the study.

### 4. Results

#### Hypothesis one

H<sub>0</sub>: Hiring and selection has no significant effect on performance of hospitality firms in the selected hotels in Calabar, Cross River State.

Independent variable: Hiring and selection

Dependent variable: performance

Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.929, which implies that 92.9 percent of the response variation in the dependent variable was explained or caused by the explanatory variable, while 8 percent was unexplained. Thus, remaining 8 percent unexplained response could be caused by other factors or variables outside the model. Also, the value of R-square was high enough to indicate a good relationship between the dependent and independent variable. The Durbin Watson value was 0.197 which implies that the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 4578.83 far greater than the tabulated value of f-statistic of 3.84 at  $df_1 = 1$  and  $df_2 = 195$ . Also, as confirmation, the calculated t-statistics of 67.667 was greater than the critical value of 1.64. It was then concluded that hiring and selection has a significant effect on performance.

Table 1. Least square regression result of hiring and selection on organizational performance

#### Dependent variable — profits

Variable	B	Standard error	B	T	Sig
Constant	.420	.050		8.440	.009
HS	.893	.013	.964	67.667	.000
R	R <sup>2</sup>	Adj. R <sup>2</sup>	Std. error	DW	Cal. F*
.964	.929	.911	.323	.197	4578.83
					Cri. F*
					3.84
					df <sub>1</sub>
					df <sub>2</sub>
					Sig.
					P<0,05

Source: SPSS output, version 21.

#### Hypothesis two

H<sub>0</sub>: Training and development has no significant effect on performance of hospitality firms in the selected hotels in Calabar, Cross River State.

Independent variable: Training and development

Dependent variable: performance

Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.843, which implies that 84 percent of the response variation in the dependent variable was explained or caused by the explanatory variable; while 16 percent was unexplained. Thus, remaining 16 percent unexplained response could be caused by other factors or variables outside the model. The value of R-square was high enough to indicate a good relationship between the dependent and independent variable. The Durbin Watson value was 0.111 which implies that, the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve.

In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 1871 far greater than the tabulated value of f-statistic of 3.84 at  $df_1 = 1$  and  $df_2 = 195$ . Also, as confirmation, the calculated t-statistics of 43.262 was greater than the critical value of 1.64. With these it is concluded that training and development has a significant effect on performance.

Table 2. Least square regression result of effect of training and development organizational performance

**Dependent variable — performance**

Variable				B		Standard error		B		T		Sig	
Constant				.914		.107				-8.538		.000	
TD				1.121		.026		.918		43.262		.000	
R	R <sup>2</sup>	Adj. R <sup>2</sup>	Std. error	DW	Cal. F*	Cri. F*	df <sub>1</sub>		df <sub>2</sub>	Sig.			
.918	.843	.817	.482	.111	1871.595	3.84	1		195	P<0,05			

Source: SPSS output, version 21.

**Hypothesis three**

H<sub>0</sub>: Salaries and benefit has no significant effect on performance of hospitality firms in the selected hotels in Calabar, Cross River State.

Independent variable: Salaries and Benefit

Dependent variable: performance

Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.848, which implies that 85 percent of the response variation in the dependent variable was explained or caused by the explanatory variable; while 15 percent was unexplained. Thus, remaining 15 percent unexplained response could be caused by other factors or variables outside the model. The value of R-square was high enough to indicate a good relationship between the dependent and independent variable. The Durbin Watson value was 0.196 which implies that, the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 1941.5 far greater than the tabulated value of f-statistic of 3.84 at  $df_1 = 1$  and  $df_2 = 195$ . Also, as confirmation, the calculated t-statistics of 44.06 was greater than the critical value of 1.64. With these, it was then concluded that salaries and benefit has a significant relationship on performance. Salaries and benefits have a significant effect on performance of hospitality firms in Calabar.

Table 3. Least square regression result of salaries and benefits on organizational performance

**Dependent variable — performance**

Model Summary									
Variable		B		Standard error		B		T	Sig
Constant		.558		.073				7.631	.000
SB		.937		.021		.921		44.063	.000
R	R <sup>2</sup>	Adj. R <sup>2</sup>	Std. error	DW	Cal. F*	Cri. F*	df <sub>1</sub>	df <sub>2</sub>	Sig.
.921	.848	.801	.474	..0196	1941.539	3.84	1	195	P<0,05

Source: SPSS output, version 21.

## 5. Conclusion

The study examined the effect of employee relations practices on organizational performance in the hospitality firms in Calabar, Cross River State. The study revealed that Hiring and selection, training and development, salaries and benefit, have a significant effect on organizational performance. Employee relations practices are one of the key fundamental elements of organizational performance, prosperity and sustainability. Good employee relations result in highly committed, motivated and loyal employees in the organizations. Employee relations refer to the relationship between employer and employee. It involves taking into account all potential interactions within an organization and implementing policies so that the relationship between an organization, and people are managed through fair and transparent practices. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). This shows whether organization is making profit or making loss. It is a broad construct which captures what organizations do, produce, and accomplish for the various constituencies with which they interact. (A high organizational performance is a result on good employee relation practice).

## 6. Recommendations

In line with the findings, the following recommendations are made.

- 1) Hospitality firms should focus more on implementing fair labor practices and building effective and sustainable employee relations that will ensure their growth and survival.
- 2) Management should devise other measures in which the employees could be effective in order to achieve effective performance.

Management should maintain good employee relations and correct remedial actions taken to minimize poor employee relations in the organization.

## References

- Ackon, A. A., (2018). Employee relations and productivity: A study of selected publishing firms in the Accra metropolis. A dissertation submitted to the Department of Management, School of Business, College of Humanities and Legal Studies, University of Cape Coast for the award of Master of Business Administration.
- Al-khozonder, S., (2015). The role of employee relations practices on performance of Banking sector. *Journal of Economics*, 1(3), 25-32.
- Armstrong, M., (2005). *Armstrong's Handbook of Management and Leadership: Approaches to HRM*. London: Kogan page Limited Publishing.
- Bulińska-Stangrecka, H. & Bagieńska, A., (2021). The role of employee relations in shaping job satisfaction as an element promoting positive mental health at work in the era of COVID-19. *International Journal of Environmental Research and Public Health*. IZA Discussion Papers.
- Charlen-Ivy, M. B & Hadge, A. E., (2017). Effect of employee's relations to job performance in engineering, construction and manufacturing company. *Asia Pacific Journal of Education, Arts and Sciences*, 4(2), 103-111.
- Clarke, K. F., (2001). What businesses are doing to attract and retain employee-becoming an employer of choice. *Employee Benefits Journal*, 9(7), 34-37.
- Foot, M., & Hook, C., (2008). *Introducing Human Resource Management* (5th ed.). London: (Essex). Prentice Hall.
- Gennard, J., & Judge, G., (2012). *Employee Relations*. London. (CIPD).
- George, J. M. and Jones, G. R., (2008). *Understanding and Managing Organizational behavior* (5th Ed.). Pearson/Prentice Hall, New Jersey.
- Kaliski, B. S., (2017). *Encyclopedia of Business and Finance* (2nd ed.). London.
- Kuzu, H. O., & Derya, O., (2014). The effect of employee relationships and knowledge sharing on employees' performance. An empirical research on service industry. *Procedia Social and Behavioral Sciences*, 109(1), 1370-1374.
- Lewis, P., Thornhill, A., & Saunders, M., (2013). *Employee Relations: Understanding the employment relationship*. Financial Times Prentice Hall.
- Mayhew, R., (2015). *Important Things to Know about Human Resource Labor Relations*. MCHill Book Company.
- Mano, E., (2019). *The human problems of an industrial civilization*. New York: The Macmillan Company.

- Melville, N., (2004). Information technology and organizational performance: an integrative model of IT business value. *MIS Quarterly*, 28(2), 283-322.
- Onwu, N. F., (2022). Effects of labour management relations on workers performance in an organization: A case study of Power Holding Company of Nigeria: A dissertation submitted to the Department of Management, Faculty of Business Administration, University of Nigeria, Enugu campus for the award of MBA.
- Rai, A. K., (2013). *Customer Relationship Management: Concepts and Cases*. New Delhi: PHI Learning Pvt. Ltd.
- Samwel, J. O., (2018) Effect of employee relations on employee performance and organizational performance-study of small organizations in Tanzania. *Global Journal of Management and Business Research: Administration and Management*, 18(8), 26-41.
- Sinha, S., & Bajaj, R., (2013). Successful Human Resource Management Determinants to Build Good Employee Relations. *IJHRMR*, 3(2), 31-36.
- Torrington., & Hall, (2018). *Human Resource management* (4<sup>th</sup> ed.). Europe Prentice Hall.
- Tsai, W & Tang, L., (2011). A model of the adoption of radio frequency identification technology: The case of logistics service firms. *Journal of Engineering and Technology Management*, 29(1), 131-151.
- Walton, R. E., (1985). From Control to commitment in the workplace. *Harvard Business Review*, 63(2), 77-84.

### Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).