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SCHOOL OF GRADUATE STUDIES

MBA Distance – PROGRAM

The Effect of Employee Relationship Management on Organizational Performance in the Public Sector: The Case of Addis Ababa City Land Development and Administration Bureau.

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June, 2025

Addis Ababa, Ethiopia

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Organizational Performance in the Public Sector: The Case of Addis
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**“A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION”**

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Addis Ababa, Ethiopia

Declaration

I, the undersigned, verify that this thesis is my own original work and was created with the assistance of Dr. Meba Tadess. All information source used in the thesis have been correctly referenced. Additionally, I certify that the thesis has not been submitted in full or in part to another higher education institution of with the intention of acquiring a diploma/degree.

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Endorsement

This thesis has been submitted to the School of Graduate Studies at Addis Ababa University for review with my permission as academic advisor.

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Approval Sheet

THE EFFECT OF EMPLOYEE RELATIONSHIP MANAGEMENT ON ORGANIZATIONAL PERFORMANCE.


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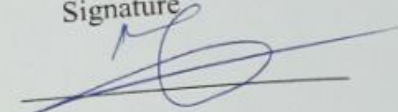
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List of Acronyms

ANOVA	Analysis of Variance
ERM	Employee relationship management
HR	Human Resource
HRP	Human Resource Practices
LDAB	Land Development and Administration Bureau
LDR	Leadership
NPP	Normal Probability Plot
OP	Organizational Performance
OT	Organizational Trust
RSS	Residual Sum squares
SD	Standard Deviation
SPSS	Statistical Package for Social Science
TSS	Total Sum of Squares
VIF:	Variance Inflation Factor
α :	Alpha Coefficient of an equation
β :	Beta Coefficient of an equation
ε :	Error

Abstract

The purpose of this study is to identify the effect of employee relationship management on organizational performance at the Addis Ababa Land Development and Administration Bureau. It considers key ERM variables including HR practices, leadership style, communication, conflict management, and trust. A mixed-methods approach was employed, incorporating both qualitative and quantitative techniques. Quantitative data were collected through structured questionnaires distributed to 177 employees selected from a total population of 318 using random sampling. In the initial phase, purposive sampling was utilized to select key informants relevant to the research. Qualitative data were gathered through document analysis to complement the quantitative findings. Data analysis was carried out using SPSS version 26, employing descriptive statistics (measures of central tendency) and inferential analysis through Pearson correlation and multiple regression models. The findings revealed that ERM has a significant impact on organizational performance at AALDAB. Descriptive results indicated that most respondents agreed with the positive influence of ERM dimensions. Inferential analysis confirmed a strong, positive, and statistically significant relationship between ERM and organizational performance. Moreover, the regression model demonstrated that ERM variables account for 66.2% of the variation in performance outcomes. The study concludes that effective employee relationship management is essential for enhancing organizational outcomes and sustaining long-term success.

Key Words: Employee Relationship Management, organizational performance, HR practices, leadership style, communication, trust, conflict management

Chapter 1: **INTRODUCTION**

1.1. Background of the study

In Ethiopia's public sector, the performance of service institutions is increasingly challenged by weak employee engagement, bureaucratic culture, and poor internal communication. The Addis Ababa City Land Development and Administration Bureau (LDAB), a key agency responsible for urban land management, faces growing pressure to deliver efficient services amid rapid urbanization and population growth. These challenges highlight the need for strategic human resource practices that strengthen internal communication, build trust, and enhance employee commitment.

One such strategy is Employee Relationship Management (ERM), which plays a pivotal role in shaping organizational outcomes by improving staff motivation, communication, and productivity. According to Armstrong (2009), ERM is a systematic and strategic approach to fostering strong, productive relationships between employers and employees. Research shows that effective ERM contributes significantly to organizational performance, especially in public institutions constrained by regulatory oversight and limited resources (Ugoani, 2020; Kumari et al., 2024).

However, weak ERM practices can result in low morale, high staff turnover, and diminished productivity, all of which hinder service delivery and reduce public trust. Research suggests that effective ERM strengthens job satisfaction, reduces turnover, and enhances performance by enabling employees to contribute more effectively to organizational objectives (Bulińska-Stangrecka & Bagieńska, 2021).

Communication and collaboration between employees and management are vital across all stages of employment, from recruitment to post-employment transitions (Samwel, 2018). Organizations that prioritize open dialogue and fair treatment tend to experience stronger employee engagement and higher performance levels. As Ugoani (2020) highlights, positive employee relations influence key organizational outcomes, including employee and customer satisfaction, which are reflected in performance indicators such as productivity and institutional credibility.

Public institutions like LDAB must manage not only internal operational challenges but also external pressures related to urban land demand. As land becomes increasingly scarce in Addis Ababa, the Bureau's role in equitable and efficient land allocation grows in importance. Meeting these expectations requires a well-coordinated and motivated workforce. In this context, the quality of employee-management relationships has a direct impact on how effectively LDAB fulfills its mandate.

Despite the recognized importance of ERM, limited empirical research has explored its impact on organizational performance in the Ethiopian public sector. This is especially true for institutions involved in land management, where employee performance is closely linked to service efficiency. Therefore, this study seeks to examine how ERM practices influence organizational performance in the Addis Ababa City Land Development and Administration Bureau, to identify strategies that can improve institutional effectiveness and public service outcomes.

1.2. Statement of the Problem

Organizational performance in the public sector depends significantly on how well employee relationships are managed. In recent years, the Addis Ababa City Land Development and Administration Bureau has faced increasing service demands, but employee dissatisfaction and weak internal relations have hampered performance.

In many public sector institutions, including Ethiopia's Addis Ababa City Land Development and Administration Bureau, poor employee relationship management has contributed to low productivity, poor service delivery, and decreased organizational performance (Alemie, 2021; Armstrong & Taylor, 2020). Rapid urbanization in Addis Ababa has increased the demand for land services, yet ineffective communication, lack of trust, excessive bureaucracy, and weak leadership have led to high employee turnover, low morale, and dissatisfaction, all of which negatively affect service quality and public trust (Boxall et al., 2019; Alemie, 2021). These issues hinder the achievement of strategic goals and overall institutional effectiveness.

As noted by Hagenimana et al. (2018), employee relations and their influence on organizational performance have not received adequate attention from management. In many districts, employees fail to perform optimally due to unhealthy relationships with their employers. When employees lack satisfaction, they are unlikely to deliver quality

service to clients. Therefore, the management needs to prioritize and maintain positive relationships with employees. Previous studies have focused on human resource development or only human resource management practices (Amanuel, 2020; Daniel & Mekonen, 2020).

Despite research suggesting that strong employee relationships can improve motivation, decision-making, and employee engagement (Hagenimana et al., 2018), existing studies mainly focus on the private sector, leaving a gap in understanding how employee relationship management (ERM) impacts performance in public sector institutions (Ohemeng & McCall-Thomas, 2013). In addition, challenges such as regulatory constraints, hierarchical organizational structures, and inadequate HR policies have not been adequately addressed in the context of public institutions.

Given these challenges, there is a pressing need to examine how employee relationship management influences organizational performance in Ethiopia's public sector. Therefore, this study seeks to assess the effects of ERM practices—such as leadership style, communication, conflict management, trust, and HR practices—on organizational performance. This directly relates to the research questions, which aim to determine the extent to which these ERM components contribute to performance outcomes in the Addis Ababa City Land Development and Administration Bureau.

1.3. Objectives of the Study

1.3.1. General Objective of the Study

The general objective of this research is to examine the influence of employee relationship management (ERM) on organizational performance and provide suggestions on how to improve employee relations, focusing on the Addis Ababa City Land Development and Administration Bureau.

1.1.2. Specific Objectives

Under the overall framework of the general objective, this research paper also has the following specific objectives:

1. To assess the contribution of communication in enhancing organizational performance within the Addis Ababa City Land Development and Administration Bureau.

2. To determine the effect of workplace conflict on organizational performance in the bureau.
3. To evaluate the extent to which HR practices influence organizational performance.
4. To examine the influence of leadership style on organizational performance.
5. To explore the effect of trust on organizational performance.

1.4. Research Questions

1.4.1. Main Research Question

How does Employee Relationship Management affect organizational performance in the Addis Ababa City Land Development and Administration Bureau?

1.1.2. Specific Research Questions

The following are the specific research questions:

1. How does the quality of communication between employees and management affect organizational performance in the Addis Ababa City Land Development and Administration Bureau?
2. How do current conflict resolution practices within the Addis Ababa City Land Development and Administration Bureau impact employee morale and productivity?
3. How do HR practices relate to employee welfare, influence job satisfaction, and productivity within the Addis Ababa City Land Development and Administration Bureau?
4. To what extent does leadership style contribute to the organizational performance of the Addis Ababa City Land Development and Administration Bureau?
5. How important is employee-management trust in improving organizational performance in the Addis Ababa City Land Development and Administration Bureau?

1.5. Significance of the Study

The findings of this study hold considerable importance for several key stakeholders. First, by examining the ERM within the Addis Ababa Land Development and Administration Bureau, this research provides insights for both top and lower-level

management. These insights can guide the bureau in developing strategic ERM practices to enhance organizational performance, specifically within Ethiopia's public service sector.

This study emphasized to workers the value of positive interactions within the company. It provides advice on how to increase more effective relationships, which can lower stress levels at work, boost morale, and promote more productive and efficient work procedures. The bureau can also determine what aspects of its current ERM policies are strong and what needs to be improved, thanks to this research. The bureau can better match its procedures with the needs of its staff and promote a more collaborative and effective work environment by identifying possible policy changes.

By expanding the existing understanding of how ERM affects organizational performance, the study also advances academic literature. Furthermore, it provides fundamental information and insights for further research in this field.

1.6. Scope of the Study

This study has focused on the employee relationship strategies employed within the Addis Ababa City Land Development and Administration Bureau and their effect on organizational performance. Although the city is administratively structured into 11 sub-cities and 121 districts (Woredas), the research was limited to three sectors located at the Bureau's central office due to time and budget constraints. This approach allowed for convenience and cost efficiency while still addressing the study objectives.

The research examined five key variables: HR practices, communication, conflict resolution, leadership style, and trust. These variables have been selected as they are fundamental to employee relations and have a direct influence on organizational performance. Including all employee relations strategies in one study would be impractical, so the study concentrated on these five factors.

The sample comprised employees from various management levels, including top management, middle management, and lower-level management within the organization. These participants provided valuable insights into the existing employee relations and their effect on organizational performance.

An explanatory research design was employed to explore the causal relationships between ERM strategies and organizational performance. In addition, a descriptive research design was used to document and describe the prevailing practices of employee relationships and human resource management within the Bureau.

1.7. Limitation of the Study

This study limited to the headquarters of the Addis Ababa City Land Development and Administration Bureau and did not include the 11 sub-cities. As such, the findings were not representative of the broader public sector or other regions of Ethiopia. Consequently, the results were not generalizable to other public sector organizations or regions.

Additionally, the study was conducted within a specific time frame, which limited the ability to capture long-term trends or changes in employee relations practices and their effect on organizational performance. Organizational dynamics may have evolved, and the findings might not reflect future shifts or developments.

The study used self-reported data from employees and management, which implied the possibility of bias. The accuracy and reliability of the finding may have been compromised by employees reporting either fewer negative experiences or more positive perceptions. Moreover, the evaluation of Employee Relationship Management (ERM) factors was limited to certain areas due to an insufficient ability to account for every possible variable that could have affected organizational effectiveness. The study's results were determined by the understanding that other factors may have had an impact on organizational performance and employee relations, which were not explicitly identified in this investigation.

Access to certain organizational data or candid employee responses was challenging due to confidentiality concerns and administrative barriers typically encountered in public sector organizations. These limitations may have affected the overall comprehensiveness and reliability of the data collected.

1.9. Definition of Terms

Communication is important in an organization. It serves as the coordination link between people and organizational functions; ongoing, frequent two-way communication is one of the most important components of a comprehensive employee relations strategy (Naliaka & Kiiru, 2019).

Conflict arises from two groups pulling in different directions. While it can be disruptive and uncomfortable, it is not unhealthy or necessarily bad. Conflict is always present in leadership situations and can often lead to positive change (Hagenimana et al., 2018).

Employee: is an individual who is hired by a person or organization to carry out specific tasks or services. They are paid for their contributions, which help support the growth and sustainability of the business. Usually, employees have a set wage and either a formal or informal agreement regarding their job (Indeed, 2024).

Employee relationship is the interaction between the management and their staff, guided by principles of organizational justice consisting of organizational culture and management style as well as rules and procedural sequence for grievances and conflict management (Aruna Kumari et al., 2024).

Employee Relationship Management (ERM) is a strategic approach within human resources that focuses on developing and managing positive relationships between employers and employees. It encompasses the implementation of policies and practices aimed at enhancing communication, resolving workplace issues, and fostering a collaborative environment to boost employee satisfaction and organizational performance (Anusha, 2020).

HR Practices is a critical function of Human Resource Management which can bring change status of ERM in the organization, as this function could be quantified and result in statistical data to prove its importance in enhancing ERM status in the organization (Tadesse Tulu & Gulilat, 2020).

Leadership style describes the method leaders use to inspire, direct, and engage their employees, which has a direct effect on both organizational effectiveness and employee morale. Successful leadership involves strong communication, adaptability, teamwork,

and the ability to motivate staff, all of which contribute to a supportive work atmosphere and improved productivity (Loang, 2023).

Organizational performance is a function of employee performance. Organization effectiveness depends on constantly improving the performance of organization members and maintaining the human potential that serves as the backbone of the organization (Aruna Kumari et al., 2024).

Trust: refers to employees' faith in organizational leaders and belief that organizational decisions and actions will ultimately serve their best interest. It is essential to form constructive relationships in the workplace, and it is the foundation for cooperation between groups. When there is a high level of trust within an organization, there is also a high level of commitment from employees (Ghimire, 2019).

1.10. Organization of the Study

The study is organized into five chapters. Chapter one consists of the Introduction, Background of the Study, Statement of the Problem, Objectives of the Study (including both General and Specific objectives), Research Questions, Significance of the Study, and the Scope and Limitations of the Study. It also includes the Organization of the Paper. Chapter two assesses both the Theoretical Literature and Empirical Literature relevant to the study, identifies the Research Gap, and presents the Conceptual Framework guiding the research. Chapter three describes the Research Methodology, including explaining the Study Area, Research Design and Approach, Types and Sources of Data, Sample Size and Sampling Technique, and Data Collection Tools. It also discusses the Pre-Test, including the Validity Test and the Reliability Test, as well as the procedures for Data Processing and Analysis. Chapter four focuses on the Data Analysis and the interpretation of the data collected using the methodology outlined in Chapter three. Finally, chapter five presents the Summary of the findings, draws Conclusions based on the analysis, and offers Recommendations for future practice or research.

Chapter 2: **LITERATURE REVIEW**

2.1. Introduction

This chapter presents a detailed exploration of the knowledge and insights related to the effect of Employee Relationship Management (ERM) on organizational performance. It includes examination of theoretical literature, empirical studies, research gaps, and a conceptual framework. The focus is on understanding the role of ERM in improving organizational performance by examining its theoretical foundations and practical applications across various dimensions.

2.2. Theoretical literature

2.1.1. Concept of Employee Relation management

Employee Relationship Management (ERM) has evolved from the traditional concept of industrial relations. Unlike the earlier focus on union-management interactions, ERM emphasizes the mutual duties, rights, and interests of both management and employees in a collaborative work environment. Ghimire (2019) describes employee relationships as a specialized form of interpersonal interaction that focuses on building trust and commitment through effective organizational systems and shared responsibilities.

ERM, a subset of human resource management, involves implementing various strategies and techniques to manage relationships between the organization and its employees, as well as among employees themselves (Hagenimana et al., 2018). It fosters cooperation, promotes mutual respect, and aligns employee efforts with organizational goals.

According to Al-Zahmi and Al-Shidhani (2023), as published in the *Global Scientific Journal*, modern employee relations are grounded in trust, mutual respect, and active participation. This approach contrasts with traditional industrial relations, which often emphasized hierarchical control and union negotiations. The current perspective focuses on building productive and collaborative relationships across all levels of the organization.

Aruna Kumari et al. (2024) categorize employee relations into three main types based on the degree of interaction:

1. **Peer relationships** – Communication and collaboration between employees at similar levels.
2. **Supervisor-subordinate relationships** – Interactions involving task delegation, performance feedback, and guidance.
3. **Cross-functional relationships** – Cooperation among individuals or teams from different departments to achieve common goals.

ERM initiatives help create a positive work culture that enhances employee commitment, minimizes conflict, and strengthens organizational performance. These efforts contribute to increased job satisfaction and a more unified pursuit of company objectives (Aruna Kumari et al., 2024).

Effective human relations strategies are becoming increasingly vital in today's competitive work environment. Christen et al. (2006) highlight that job satisfaction and performance are closely linked to supportive and respectful management practices. When managers demonstrate genuine concern for employee needs, it fosters a sense of belonging and engagement, leading to better individual and organizational outcomes.

According to Das et al. (2019), a healthy employee-management relationship contributes significantly to employee performance. Balancing employee autonomy with managerial oversight encourages motivation, loyalty, and job satisfaction—factors essential to sustaining organizational growth and operational success.

Mahesh and Saravanakumar (2020) emphasize that ERM practices such as open communication, employee engagement, and motivation are critical for minimizing workplace conflicts and enhancing collaboration. These practices not only improve the work environment but also support long-term productivity and organizational excellence.

2.2.2. ORGANIZATIONAL PERFORMANCE

The concept of organizational performance has evolved significantly over time, reflecting changes in management priorities and practices. In the 1950s, performance

was primarily understood as the extent to which organizations achieved their stated goals. During the 1960s and 1970s, the definition expanded to include an organization's ability to interact with and adapt to its environment by acquiring and utilizing limited resources. By the 1980s and 1990s, the focus shifted toward balancing effectiveness achieving organizational goals with efficiency, meaning the achievement of those goals with minimal resource use (Obeidat, 2016).

According to Al-Zahmi and Al-Shidhani (2023), organizational performance is an organization's ability to turn inputs into outputs efficiently while working to meet its goals. It shows the organization's strengths by measuring how well it meets objectives, adapts to change, and delivers good results.

Performance measurement involves evaluating how well an organization is achieving its goals. This evaluation is important for identifying areas that need improvement and for strengthening the overall approach. Traditionally, businesses have relied on quantitative measures to assess performance. However, these numerical metrics have been criticized because they often fail to differentiate between firms and make it difficult to gather information about ongoing improvement and innovation. These limitations can sometimes conflict with the broader goals that companies aim to achieve (Obeidat, 2016).

Both internal and external factors influence organizational performance. Internal factors, such as employee engagement and effectiveness, and external factors, like the operational environment, play critical roles in determining outcomes (Kaplan & Norton, 2004). The achievement of strategic goals remains a central indicator of organizational effectiveness.

Agubata et al. (2024) emphasize the value of performance management systems in helping organizations monitor employee performance, communicate expectations, and ensure alignment with organizational goals. This process is essential to continuously improving performance by engaging all members in the pursuit of the organization's mission and strategic direction.

2.2.3. Related Theories

This section covers several key theories that form the basis of this study, including Human Theory, Social Exchange Theory, Systems Theory, Pluralist Theory, Unitary Theory, and Process Theory. These theories together provide a well-rounded framework for understanding how managing employee relationships affects organizational performance.

2.2.3.1. Human Theory

Hagenimana et al. (2018) emphasize that Human Relations Theory, which emerged from the human relations school of thought, focuses on satisfying employees' psychological and social needs to improve productivity and performance. This theory views workers as more than just resources and highlights the importance of autonomy, participation, and emotional engagement in the workplace. Managers are encouraged to involve employees in decision-making, support their growth, and build a sense of belonging. According to Folger and Cropanzano (2012) and Robbins and Judge (2022), such human-centric practices reduce workplace conflict, strengthen emotional connections, and align employee goals with organizational objectives. This theory directly supports ERM by prioritizing employee well-being and motivation through strong relational management.

2.2.3.2. Social Exchange Theory

Originally introduced by Homans (1958), Social Exchange Theory posits that people engage in and sustain relationships when they perceive mutual benefits. In the workplace, this translates into reciprocal relationships between employees and management built on trust, respect, and fairness. Aruna Kumari et al. (2024) argue that organizations fostering such climates of reciprocity enhance collaboration, innovation, and organizational citizenship behaviors. The core ERM practices of recognition, open communication, and employee support are rooted in this theory, which explains how positive social exchanges strengthen employee commitment and performance.

2.2.3.3. System Theory

According to Naliaka and Kiiru (2019), Pluralist Theory views the workplace as comprising multiple groups with different, and sometimes conflicting, interests. Unlike the unitary perspective, which sees conflict as abnormal, pluralism accepts conflict as

inevitable and emphasizes the importance of mechanisms—such as trade unions, collective bargaining, and employee voice—for its management. Aborisade (2008) supports this by suggesting that organizations should facilitate employee participation and open communication to reduce workplace tension. ERM is closely linked to Pluralist Theory, as it seeks to manage diverse interests by promoting mutual understanding, participation, and equitable treatment.

2.2.3.4. Pluralist Theory

Pluralism theory, as explained by Naliaka & Kiiru (2019), asserts that a workplace is not governed by a single source of authority, but by multiple sources, with decisions often made through collective effort rather than a top-down approach. This theory focuses on the coexistence of diverse individual goals within an organization and supports the role of trade unions in representing employees' interests. Unlike unitary, which views workplace conflict as abnormal, pluralism assumes that conflict is inevitable due to the different values and objectives held by management and employees. These groups, inherently in opposition due to the nature of the workplace, experience conflicts over work tasks and reward distribution. Pluralism recognizes the social system as a coalition of various groups, each with their own interests and perceptions (Aborisade, 2008). This theory highlights the importance of employee voice, whether directly or through trade unions, fostering good communication, employee participation, and building trust and commitment within the organization.

2.2.3.5. Relational Coordination Theory

According to Aruna Kumari et al.(2024), Relational Coordination Theory emphasizes the importance of clear communication, shared goals, and mutual respect in building strong teamwork within organizations (Gittell, 2002). The theory explains that when employees communicate openly and often while working toward common goals with respect for each other, it helps them share information, solve problems, and make decisions more effectively. This way of working together boosts organizational performance, flexibility, and responsiveness. By following these principles, organizations can simplify their processes, encourage collaboration, and become more effective and adaptable in a constantly changing business world (Gittell, 2002).

2.2.3.6. Management Theory Perspectives

According to Aruna Kumari et al. (2024), there are three management theory practices that provide insights into understanding employee relationship management and its influence on organizational performance.

- a) **Human Resource Management (HRM) Theory:** emphasizes the strategic role of human capital in achieving organizational goals (Boxall & Purcell, 2003). Building and maintaining strong relationships with employees is central to attracting, developing, and retaining talent. Organizations that adopt HRM principles invest in employee development, promote engagement, and ensure mutual respect, thereby fostering a motivated and high-performing workforce (Armstrong & Taylor, 2014). This aligns directly with ERM by focusing on trust-building, empowerment, and mutual growth.
- b) **Transformational Leadership Theory:** This theory underscores the power of inspirational leadership in driving change and improving performance (Bass & Riggio, 2006). Transformational leaders actively build positive relationships with their teams by encouraging open communication, trust, and shared vision. Northouse (2018) explains that such leadership fosters higher levels of motivation, engagement, and organizational alignment—all of which are core outcomes of effective ERM.
- c) **Organizational Culture Theory:** developed by Schein (2010), highlights how shared values, norms, and beliefs shape employee behavior and organizational outcomes. Positive relationships among employees promote inclusivity and unity, which in turn encourage alignment, teamwork, and commitment. By fostering common cultural elements, organizations improve their adaptability, sustainability, and overall effectiveness.

2.2.3.7. Summary

The theories explored provide valuable insights into how employee relationships influence organizational performance. Human Relations Theory stresses the need to address workers' psychological and social needs, suggesting that management should foster a participative environment to enhance employee satisfaction and productivity. Social Exchange Theory highlights the importance of trust and reciprocity in building positive relationships, which improve collaboration, innovation, and overall performance (Mitchell, 2005). Systems Theory emphasizes the need for structured yet

flexible rules to ensure fairness and consistency, promoting effective conflict resolution and workplace harmony (Naliaka & Kiiru, 2019).

Pluralist Theory recognizes the inevitability of conflict due to differing values between management and employees, advocating for employee voice and participation in decision-making (Naliaka & Kiiru, 2019). Relational Coordination Theory emphasizes the role of communication, shared goals, and mutual respect in fostering collaboration and improving organizational performance (Gittell, 2002). Finally, Process Theory focuses on psychological factors that affect motivation, highlighting the importance of fair compensation, promotion opportunities, and participative management in enhancing job satisfaction and employee performance (Sahedur & Rabeya, 2017). Together, these theories underscore the significance of effective employee relations in achieving organizational success. The integration of HRM, Transformational Leadership, and Organizational Culture theories demonstrates the multifaceted influence of positive employee relationships on organizational success.

2.2.4. Individual Variables Affecting Employee Relationship Management

2.2.4.1. HR Practices

Effective human resource practices are essential for strengthening ERM by creating a supportive and engaging work environment. Activities such as training, job rotation, employee involvement in decision-making, performance appraisal, and career planning align employee development with organizational goals. These practices improve employee skills, motivation, and job satisfaction, thereby enhancing commitment and reducing turnover. Bajaj and Sinha (2013) highlight that inclusive HR strategies promote teamwork and a sense of belonging, while structured development programs ensure alignment with company objectives. Thus, effective HR practices serve as a foundation for improved employee relationships and overall organizational performance.

2.2.4.2. Leadership Style

Leadership style significantly impacts how employee relationships are managed within organizations. According to Sahedur and Rabeya (2017), and Wang et al. (2005), leadership influences not only organizational performance but also employee

engagement and satisfaction. Transformational, democratic, and even autocratic styles can positively influence ERM by fostering motivation and guiding employee behavior. Conversely, charismatic and transactional styles may limit employee autonomy and reduce engagement. Effective leaders foster trust, clarity, and empowerment, which are critical elements in building strong relationships with employees and achieving shared goals.

2.2.4.3 Communication

Communication is central to ERM, enabling collaboration and alignment among employees and between departments. Daniel (2003) and Chinomona and Sandada (2013) argue that regular, two-way communication strengthens trust, enhances employees' sense of inclusion, and builds unity across the organization. Noordin et al. (2010) add that when employees are well-informed, they are more capable of exchanging innovative ideas and contributing meaningfully to team goals. Utilizing various communication channels—such as face-to-face meetings, email, and phone—supports transparency and enhances teamwork, which in turn strengthens employee relationships and performance.

2.2.4.4. Trust

Trust is a foundational element of ERM, shaping the quality of interactions between employees and management. Sahedur and Rabeya (2017) describe trust as a dynamic component of relationships that can develop or erode over time, depending on integrity and reliability. Herington et al. (2009) compare trust to oxygen, essential for sustaining organizational health. When mutual trust is present, employees feel safe sharing concerns, contributing ideas, and committing to shared objectives. A lack of trust, on the other hand, becomes a barrier to effective communication and collaboration, undermining both employee development and organizational success (Daniel, 2003).

2.2.4.5. Conflict Management

Conflict management is closely tied to ERM because unresolved disputes can damage working relationships and reduce performance. According to Buchele and Christiansen (1999), managing conflict constructively supports both employee satisfaction and organizational effectiveness. Rahim (2005) emphasizes that effective conflict resolution strategies promote open communication, respect, and trust, contributing to a

peaceful and cooperative work environment. De Dreu and Weingart (2003) found that good conflict management improves decision-making and teamwork. Techniques like mediation, negotiation, and collaborative problem-solving enhance ERM by increasing engagement and aligning employee efforts with organizational goals (Jehn & Bendersky, 2003).

2.3. Empirical Literature Review

2.3.1. Leadership Style

Hasan et al. (2018) examined the impact of different leadership styles on organizational performance by surveying employees in 20 randomly selected organizations across various industries. The results indicated that transformational, autocratic, and democratic leadership styles positively influence performance, while transactional, charismatic, and bureaucratic styles had negative effects. The study recommended promoting transformational and democratic leadership to enhance motivation, innovation, teamwork, and overall performance.

Similarly, Shafiu et al. (2019) conducted a survey among academic staff in Nigerian universities, using both probability and non-probability sampling techniques. Out of 350 distributed questionnaires, 300 valid responses were obtained. Their findings underscored the importance of adopting leadership styles that align with performance goals. They also recommended periodically reviewing leadership approaches to sustain performance and effectiveness.

In line with these findings, Akparep et al. (2019) observed that transformational leadership was strongly associated with improved organizational outcomes, particularly in areas of employee motivation and productivity. In contrast, transactional leadership contributed to only short-term gains, lacking sustainable impact. The researchers advocated for transformational leadership practices to support long-term organizational success.

2.3.2. HR Practices

Sweis et al. (2020) investigated how human resource management (HRM) practices influence organizational performance in the Jordanian construction sector. Using structured questionnaires distributed among employees at all levels in 16 firms, the

study found that training, development, and performance appraisals had a significant positive impact. In contrast, recruitment, selection, and compensation practices showed minimal influence. The researchers recommended refining recruitment and compensation systems to better align with performance objectives.

Supporting this view, Jashari and Kutllovci (2020) emphasized that employee participation, performance reviews, and training contribute meaningfully to improving organizational outcomes.

Contrarily, Mandal and Chanodkar (2020) highlighted recruitment and selection as the most critical HR practices influencing performance. Based on responses from 100 managers across public and private sectors, their findings stress the need for transparent and strategic hiring alongside continuous training to maintain competitiveness and efficiency.

2.3.3. Communication

Mwale and Shaju (2022), in a mixed-methods study conducted in three government secondary schools in Zambia, found that effective communication significantly improves morale, trust, and performance. Using a cross-sectional design and random plus purposive sampling, they gathered data from 95 respondents, including managerial staff and teachers. The study emphasized the role of feedback mechanisms and participatory communication in enhancing organizational success. It is recommended to implement structured communication policies to ensure clarity and engagement among stakeholders.

Likewise, Hussain (2020) discovered a strong positive relationship between effective communication and organizational performance. However, the study also noted that this relationship weakens in the absence of a supportive organizational culture. The author suggested cultivating openness and transparency to maximize the benefits of communication.

2.3.4. Conflict management

Agbo (2020) examined the link between conflict management and organizational performance using data from 85 randomly selected employees. The findings indicated

that effective conflict resolution improves employee attitudes, reduces disputes, and enhances productivity. The study suggested establishing robust conflict management systems and regularly educating employees on conflict resolution processes.

Shabani et al. (2022) investigated conflict management styles in the private and public sectors. Their findings revealed that the compromising style is most effective in the private sector, while the dominating style is prevalent in the public sector. They recommended tailoring conflict resolution strategies to specific organizational contexts to improve outcomes and create a more harmonious work environment.

2.3.5.Trust

Ali et al. (2023), in their study on higher education institutions in Khyber Pakhtunkhwa, Pakistan, explored the relationship between organizational trust and performance. Using a cross-sectional design and a sample of 313 faculty members, they found a strong positive correlation and a causal link between trust and performance. The study recommended that institutions adopt trust-building strategies to improve faculty output and organizational efficiency.

Vanhala and Tzafirir (2021) conducted a comparative study in Finland's ICT and forestry industries, analyzing the effects of interpersonal and impersonal trust on performance. Their quantitative findings, based on 715 respondents, highlighted that competence-based trust is particularly crucial. The study emphasized the need for organizations to develop both individual-level and system-level trust, tailored to their industry context, to enhance performance.

2.4. Research Gap

Most studies on Employee Relationship Management (ERM) and organizational performance rely heavily on quantitative methods. While such methods are valuable for establishing statistical associations, they often fail to capture the nuanced interpersonal and cultural dynamics central to ERM. For instance, Hagenimana et al. (2018) found a positive correlation between employee interaction and organizational performance; however, their research focused solely on quantitative data, omitting qualitative insights into how these relationships function across diverse cultural contexts.

Moreover, much of the existing research is centered on industrialized countries or specific sectors, resulting in a significant gap in understanding how ERM impacts organizational performance in developing economies and public sector institutions—particularly in countries like Ethiopia. For example, a study published in the *Global Scientific Journal* (2023) provided valuable insights into the banking sector in Oman, yet it highlighted the need for broader comparative studies across industries and cultures to determine the wider applicability of employee relations strategies.

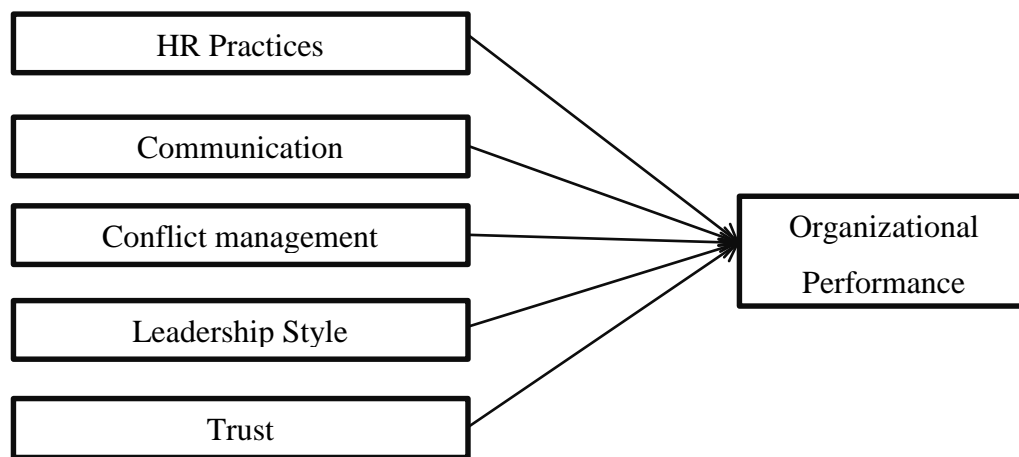
Although many studies report a positive relationship between ERM and organizational performance, findings remain mixed regarding the strength and sustainability of this effect. Jashari and Kutllovci (2020), for instance, emphasized the importance of HRM practices such as recruitment and selection in influencing performance. Conversely, Sweis et al. (2020) reported that training, development, and performance appraisal had a significant positive impact, whereas recruitment, selection, and compensation did not. Similarly, Hagenimana et al. (2018) focused only on employee participation and communication, finding a positive link with performance, but failed to examine other influential variables such as leadership style, organizational trust, and employee welfare.

Addressing these research gaps is essential for gaining a more comprehensive understanding of how ERM practices influence organizational outcomes, particularly in under-researched public institutions in Ethiopia. Accordingly, this study aims to fill these gaps by investigating the Addis Ababa City Land Development and Administration Bureau through a mixed-methods approach, integrating both quantitative and qualitative data to explore the complex relationship between ERM and organizational performance.

2.5. Conceptual Framework

The conceptual framework shows how employee relationship management relates to organizational performance. It looks at how factors like HR practices, leadership styles, communication, conflict management, and trust influence organizational performance. Based on the work of Wangila (2019), which mainly focused on communication, this framework adds more elements to give a clearer picture of how these factors connect, both in theory and in a diagram. It forms the foundation for studying employee

relationship management at the Addis Ababa City Land Development and Administration Bureau.



As adapted from Wangila (2019)

Figure 1: Conceptual Framework

Accordingly, five hypotheses have been formulated to examine the impact of Employee Relationship Management on Organizational Performance.

- **Hypothesis 1:** HR Practices have a positive and significant effect on organizational performance.
- **Hypothesis 2:** Leadership style has a positive and significant effect on organizational performance.
- **Hypothesis 3:** Communication has a positive and significant effect on organizational performance.
- **Hypothesis 4:** Conflict management has a positive and significant effect on organizational performance.
- **Hypothesis 5:** Trust has a positive and significant effect on organizational performance.

Chapter 3: **RESEARCH METHODOLOGY**

3.1. Introduction

The discussion in this chapter is about research design and methodology, the area of study, and the research approach. Additionally, it describes the data sources, data collection procedures, target population and sampling techniques, methods of data analysis, processes for ensuring reliability and validity, and ethical considerations. These components ensure an organized and valid manner in dealing with the research questions and fulfilling the aim of the study.

3.2. Description of Study Area

The study was conducted in the Addis Ababa City Administration, which spans a land area of 540 km² and is surrounded by a mountainous landscape. As the diplomatic hub of Africa, Addis Ababa hosts several international organizations, including the headquarters of the African Union (AU) and the United Nations Economic Commission for Africa (UNECA) (Weldegebriel et al., 2023). Geographically, the city is located between 8°49'55" and 9°5'53" North latitude, and 38°38'16" and 38°54'19" East longitude.

The city is governed by the Addis Ababa City Administration, which coordinates various executive entities responsible for delivering municipal and governmental services to urban residents. Among these entities is the Land Development and Administration Bureau, which oversees services related to land management and development. The Bureau comprises three main sectors: the Land Preparation and Transfer Sector, the Ownership Creation and Tenure Service Sector, and the Service Improvement and Land Information Sector. It operates across all 11 sub-cities and Woredas, offering a wide range of land-related services, including geographic and administrative boundary information, road network data, physical feature elevation, current land use, local development plans (LDPs), and parcelization at the Woreda level.

3.3. Research Approach and Design

The three major types of research approaches are quantitative, qualitative, and mixed methods (Creswell, 2009). A mixed-methods approach was employed in this study to provide a comprehensive understanding of the topic. Quantitative methods were used to examine the relationship between the independent variables—HR practices, communication, leadership styles, conflict management, and trust—and the dependent variable, organizational performance. Meanwhile, qualitative methods were employed to explore the meanings and dynamics of employee relationship management (ERM) and organizational performance. This comprehensive dual strategy ensures both numerical precision and in-depth conceptual analysis.

According to Creswell (2009), research approaches encompass the strategies and procedures that guide the progression from broad assumptions to specific methods of data collection, analysis, and interpretation. This study adopted both descriptive and explanatory research designs. The descriptive design aimed to provide an overall picture of the current situation, including population characteristics and relevant variables (Pawar, 2020). The explanatory design was used to identify cause-and-effect relationships and present evidence supporting explanations or predictions. Together, these designs were applied to analyze the relationship between the dependent variable (organizational performance) and the independent variables (HR practices, communication, leadership styles, conflict resolution, and trust).

3.4. Data Sources and Methods of Data Collection

3.4.1. Data Sources

Primary and secondary data were utilized in this study, with the Addis Ababa Land Management Bureau serving as the primary source. Primary data were collected through structured questionnaires and direct observation of respondents. The questionnaires were designed to gather quantitative information on the relationship between employee relationship management (ERM) and organizational performance.

Secondary data were obtained from both published and unpublished materials, including books, magazines, annual reports, manuals, directives, and the Bureau's official website (<https://www.aalb.gov.et/>). These sources provided contextual

background and helped to validate and enrich the findings obtained through primary data collection.

3.4.2. Data Collection Tools

3.4.2.1. Questionnaire

Structured questionnaires were designed and distributed to employees and management staff of the Addis Ababa City Land Development and Administration Bureau. The questionnaire was adapted from several validated sources: Mayer et al. (1995) for conflict management and trust; Naliaka and Kiiru (2019) for communication and other employee relationship variables; and Ngui et al. (2016) for performance measures. It included both demographic questions and five-point Likert scale items. The demographic section captures information about respondents' personal and professional characteristics. The Likert scale items, ranging from (1) Strongly Disagree to (5) Strongly Agree, are designed to measure the influence of the independent variables on the dependent variable.

3.4.2.2. Document Review

Document review is a method that enables researchers to obtain readily available data and information by examining various documents related to the topic under study. In this research, organizational records, reports, and policy documents of the Land Development and Administration Bureau (LDMB) were reviewed. This method contributed to a better understanding of existing employee relationship management (ERM) practices and their alignment with organizational performance.

The use of document review in this study allowed the researcher to efficiently gather a wide range of information from documents, records, and publications within a short period and at a lower cost.

3.5. Population and Sampling

3.5.1. Study Population

The target population for this study includes all employees at the headquarters of the Addis Ababa City Land Development and Administration Bureau. According to the HR department, the headquarters has a total of 318 employees.

3.5.2. Sample Size and Sample Technique

To conduct this study, both probability and non-probability sampling methods were employed to ensure comprehensive data collection. The sampling process was carried out in two steps. In the first step, a purposive (judgmental) sampling technique was used to select management-level employees due to their relevant expertise and involvement in decision-making. The selection criteria included professional experience and exposure to employee relationship management (ERM) practices. This approach offered practical advantages, such as saving time and resources.

In the second step, random sampling was applied to select a representative sample from the broader population of employees. The study population consisted of 318 employees of the Addis Ababa City Land Development and Administration Bureau. To determine the appropriate sample size, Israel, G. D. (1992) was used with a 5% margin of error:

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{318}{1 + 318(0.05)^2}$$
$$n = 177$$

Where : n= sample size required
 N = number of people in the population
 e = allowable error (%)

Thus, the sample size was **177 respondents** selected through **stratified random sampling**.

3.6. Methods of Data Analysis

The purpose of data analysis was to simplify the accumulated data by reducing it to a practical scale, developing meaningful summaries, identifying patterns, and applying relevant statistical techniques to conclude (Cooper & Schindler, 2014). The validity, reliability, and alignment of the research findings with the study's objectives were guaranteed by this procedure.

The collected data was processed using methods of editing, coding, classifying, and tabulating data. And it was used for descriptive analysis, multiple regression analysis, and Pearson correlation analysis. The basic characteristics, such as distribution, central tendency, and variability, were described using descriptive analysis. The applied descriptive statistics were analyzed with frequencies, percentages, means, variance, and standard deviation with the assistance of the Statistical Package for Social Science (SPSS) version 26.

Pearson's correlation analysis was used to measure the degree of relationship between variables. It is a test statistic that is used to measure the statistical relationship between two continuous variables. A correlation coefficient shows the magnitude and direction of the linear relationship. In this study, the correlation analysis was done to demonstrate the relationship between employee relationship management and organizational performance.

3.7. Model specification

Multiple regression analysis examines the interaction between a single dependent variable (Organizational Performance) and several independent variables (ERM factors). This method is used to assess how ERM practices collectively influence organizational performance. The study's multiple linear regression model is formulated based on the following theoretical regression equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where:

Y = Organizational performance

β_0 = the constant.

X_1 – HR practices

β_1 = the regression coefficient of HR practices

X_2 - Leadership Style

β_2 = the regression coefficient of Leadership style

X_3 - Communication

β_3 = the regression coefficient of Communication

X_4 – Trust

β_4 = the regression coefficient of trust

X_5 – Conflict management

β_5 = the regression coefficient of Conflict management

e = error term.

3.8. Reliability and Validity Tests

To ensure the accuracy and consistency of the research findings, both reliability and validity tests were conducted.

3.8.1. Reliability Test

Reliability refers to how consistently and dependably a measurement tool produces results. It guarantees that the research instrument yields consistent outcomes when used with various groups or in various contexts. Using Cronbach's Alpha, reliability was evaluated in this study to measure the internal consistency of the questionnaire.

The reliability test was applied to each variable in the questionnaire. The data was analyzed using **SPSS software**, and the Cronbach's Alpha score was also calculated for each variable.

3.8.2. Validity Test

Validity ensured that the research instrument accurately measured what it was intended to measure. In this study, validity was established through content validity and construct validity. Content validity was achieved by consulting subject matter experts and gathering feedback from academic advisors and professionals in employee relationship management. This process ensured that the questionnaire comprehensively covered the dimensions of ERM and organizational performance.

Construct validity focused on verifying that the questionnaire items supports the theoretical constructs of ERM and organizational performance. This was accomplished by linking the items to the literature review and conceptual framework and by adopting validated scales from previous studies, including (Mayer et al., 2014; Naliaka & Kiiru, 2019).

3.9. Ethical Consideration

In conducting this research, all necessary ethical obligations were kept. Proper acknowledgment was given to the authors of referenced articles, books, and other sources through appropriate citations and quotations. Respondents were fully informed about the objective of the study, and their participation was entirely voluntary, with the option to decline filling out the questionnaire if they chose. The confidentiality of the respondents' information was strictly maintained, ensuring that all data collected was used solely for academic purposes. Additionally, the anonymity of participants was preserved to uphold ethical standards in research. These measures aimed to protect the rights and privacy of all participants and ensured the study complied with ethical research practices.

Chapter 4: Data Analysis and Interpretation

This chapter deals with analyzing the data that was collected. The data were collected from respondents through a questionnaire and observation. It is then analyzed and presented in the form of a table. This chapter consists of the response rate of the respondents, the demographic characteristics of the respondents, and the analysis and interpretation of the data.

4.1. Response Rate of Respondents

Table 1: Respondents' response rate

Questionnaire distributed	Questionnaire returned	Percentage
177	155	87.6%

As shown in the table above, 177 questionnaires were distributed to respondents, and 155 of them were fully completed and returned. Based on the data collected, the following analysis was conducted.

4.2. Descriptive Analysis

Descriptive statistics were used to measure the participants' responses using statistical tools such as mean, standard deviation, frequency, and percentage. Except for demographic information, all questionnaires were scored using the Likert scale, which included a scale of (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree.

4.2.1. Demographic Characteristics

The respondents were asked to complete a questionnaire consisting of two sections: one capturing their demographic profile and the other addressing the influence of Employee Relationship Management (ERM) on organizational performance. The demographic section collected information such as gender, age, years of work experience, monthly income, and educational level. The data were analyzed using descriptive statistics to summarize and present the demographic characteristics and general findings. This

approach helped illustrate the distribution of responses and highlighted key data trends clearly and concisely.

Table 2: Demographic Characteristics of Respondents

No.	Factors	Distribution	Frequency	Percentage
1	Gender	Male	112	72.3
		Female	43	27.7
		Total	155	100
2	Age	18-28	31	20.0
		29-38	62	40.0
		39-48	35	22.6
		49-58	25	16.1
		Above 58	2	1.3
		Total	155	100
3	Level of Education	High school and below	0	0
		Diploma	7	4.5
		Degree	105	65.2
		Masters	45	30.3
		PhD	0	0
		Total	155	100
4	Monthly Income	Below 5000 ETB	5	3.2
		5001-8000 ETB	35	22.6
		8001-11000 ETB	52	33.5
		Above 11000 ETB	63	40.6
5	Years of Experience	Less than 2	13	8.4
		2-3 Years	28	18.1
		3-4 Years	63	40.6
		More than 5	51	32.9

Source: Survey result (2025)

Based on the analysis of gender, the distribution shows a lower number of female respondents, 43 (27.7%), compared to male respondents, 112 (72.3%). This indicates that the majority of the respondents working in the Land Development and Administration Bureau are male.

The age of the respondents shows that 31 (20.0%) are in the range of 18–28, 62 (40.0%) are in the range of 29–38, 35 (22.6%) are in the range of 39–48, 25 (16.1%) are in the range of 49–58, and 2 (1.3%) are above 58 years old. This data indicates that most of the employees of the Land Development and Administration Bureau are in their middle-aged group. Since these employees are considered more stable, it helps the bureau to build a strong career path, which in turn increases their likelihood of staying longer in the organization.

Respondents' years of experience indicate that 13 (8.4%) have less than 2 years of experience, 28 (18.1%) have 2–3 years of experience, 63 (40.6%) have 3–4 years of experience, and 51 (32.9%) have more than 5 years of experience. From this, we can see that the majority of employees have 3 or more years of experience. This implies that employees have a higher chance of staying in the bureau, and they tend to adjust themselves to the changes taking place in the organization rather than resigning.

As indicated in the table, 105 (65.2%) of the respondents are graduates with a Bachelor's degree, 45 (30.3%) hold a Master's degree, and 7 (4.5%) are Diploma holders. This implies that the employees of the bureau are highly educated, with the majority holding at least a Bachelor's degree. This high level of education helps in enhancing the performance and value of the Bureau.

Regarding monthly income, 5 (3.2%) of the respondents earn below 5,000 ETB, 35 (22.6%) earn between 5,001–8,000 ETB, 52 (33.5%) earn between 8,001–11,000 ETB, and 63 (40.6%) earn above 11,000 ETB. This indicates that a large number of employees receive relatively higher income, which may contribute to job satisfaction and retention.

4.1.2. Descriptive statistics of variables

The following descriptive analysis explains how respondents provided their answers and agreement to each variable of the study, and how the researcher summarized the response agreement with their mean value and standard deviations. A summary, interpretation, and comparison of the results were performed to assign meaning to statistical figures.

Table 3 Descriptive analysis of HR Practices

HR Practices	N	Mean	Std
My organization provides me with adequate training and development opportunities.	155	3.33	1.15
I believe that compensation in my organization is done fairly.	155	3.29	1.04
Appointment in My organization is based on performance	155	3.28	1.12
Recruitment and selection practices are based on merit.	155	3.36	1.15
My organization pays me a good salary and wages.	155	3.20	1.14
The performance appraisal system in my organization is fair and transparent.	155	3.36	1.20
Average mean		3.3	1.13

Source: Survey result (2025)

Table 4.3 show that the statement “My organization provides me with adequate training and development opportunities” had a mean value of 3.33 (SD=1.15), indicating that most employees believe the organization supports their professional growth through adequate training initiatives. This was followed by the statement “I believe that compensation in my organization is done fairly” (mean=3.29, SD=1.04), suggesting that while many perceive compensation as fair, the number of neutral and disagreeing responses points to a need for more transparent and performance-aligned pay systems.

The third highest-rated statement was “Recruitment and selection practices are based on merit” with a mean score of 3.36 (SD=1.15), showing a generally favorable perception toward hiring processes and suggesting that LDAB emphasizes qualifications and competencies during recruitment. The fourth statement, “Appointment in my organization is based on performance” (mean=3.28, SD=1.12), reflects moderate agreement among employees, though lingering skepticism points to the need for reinforcing merit-based promotion practices.

The fifth-ranked statement was “My organization pays me a good salary and wages” with a mean of 3.20 (SD=1.14). This lower score indicates that although some employees are satisfied with their compensation, others perceive it as insufficient, signaling a potential area for improvement in salary structure and equity. The last in the ranking was “The performance appraisal system in my organization is fair and transparent” (mean=3.36, SD=1.20), which, despite being the highest in mean, is included here last for flow; it suggests that employees generally trust the appraisal system, although the organization can still enhance its fairness and transparency.

An overall average mean score of 3.3 with a standard deviation of 1.13 demonstrates that people generally have a positive view of human resource practices at LDAB. Recruitment based on merit and fair performance evaluations scored the highest, indicating these are strong points. However, lower scores for salary satisfaction and performance-based promotions suggest that LDAB needs to improve fairness and transparency in pay and career growth.

Table 4: Descriptive analysis of Leadership Style

Leadership Style	N	Mean	Std
Managers in this organization promote teamwork and collaboration.	155	3.45	1.21
My managers involve me in decision-making processes.	155	3.36	1.19
Managers in this organization promote a positive working environment.	155	3.35	1.23
The management encourages innovation and creativity among employees.	155	3.45	1.14

The leadership style in my organization enhances my performance.	155	3.41	1.17
My Manager provide me with clear guidance and support.	155	3.55	1.19
Average mean		3.43	1.18

Source: Survey result (2025)

Table 4.4 shows that the statement “My manager provides me with clear guidance and support” had the highest mean score among leadership items at 3.55 (SD=1.19), reflecting strong perceptions of managerial clarity and support that positively influence employee effectiveness. This was followed by the statement “Managers in this organization promote teamwork and collaboration” with a mean of 3.45 (SD=1.21), indicating that most employees believe their managers foster teamwork, contributing to a collaborative and cooperative work culture.

The third highest-rated statement was “The management encourages innovation and creativity among employees” (mean=3.45, SD=1.14). This suggests that while LDAB moderately promotes innovation, there is room for further encouragement to strengthen creativity and adaptability. The fourth statement, “The leadership style in my organization enhances my performance” (mean=3.41, SD=1.17), shows that many employees find the leadership supportive of their performance, though a portion of staff remains less convinced.

The fifth in order was “My managers involve me in decision-making processes” (mean=3.36, SD=1.19), reflecting a moderate level of inclusion. While many feel involved, a significant number of employees still experience limited participation, pointing to the need for more inclusive leadership practices. The last ranked statement was “Managers in this organization promote a positive working environment” with a mean of 3.35 (SD=1.23), which, although relatively positive, indicates that the work atmosphere could be further improved.

An overall average mean score of 3.43 with a standard deviation of 1.18 reflects a generally positive perception of leadership practices within LDAB. The highest-rated item emphasizes the importance of clear communication and managerial support, while

the lower-rated items highlight areas where leadership can focus on building more inclusive, innovative, and motivating environments for employees.

Table 5 Descriptive analysis of Communication

Communication	N	Mean	Std
There is open and transparent communication between management and employees.	155	3.38	1.197
Communication channels within My organization are effective.	155	3.41	1.092
Communication within my department is efficient.	155	3.43	1.157
There is a feedback mechanism that allows me to share my ideas.	155	3.34	1.124
I am informed about changes in working procedures in a timely manner.	155	3.37	1.223
My manager communicates with me about my performance on a regular basis .	155	3.57	1.032
Average mean		3.42	1.14

Source: Survey result (2025)

Table 4.5 shows that the statement “My manager communicates with me about my performance on a regular basis” recorded the highest mean score among the communication-related items, at 3.57 (SD=1.03). This indicates that most employees feel they receive consistent and helpful feedback from their managers, which is essential for performance improvement, motivation, and accountability. This was followed by the statement “Communication within my department is efficient” with a mean of 3.43 (SD=1.16), suggesting that internal communication is well-coordinated and supports departmental collaboration and productivity.

The third highest-rated statement was “Communication channels within my organization are effective,” which had a mean score of 3.41 (SD=1.09). This implies that communication across the organization is functioning moderately well, enabling the exchange of information and smooth interdepartmental coordination. The fourth in order was “There is open and transparent communication between management and

employees” (mean=3.38, SD=1.20), reflecting the presence of a communicative culture grounded in trust and mutual understanding, though improvements may still be needed for full transparency.

The fifth statement, “I am informed about changes in working procedures in a timely manner,” had a mean value of 3.37 (SD=1.22). This indicates that while many employees feel informed about changes, others remain neutral or uncertain, pointing to a potential area for increasing communication timeliness during procedural updates. The last in the ranking was “There is a feedback mechanism that allows me to share my ideas,” with a mean score of 3.34 (SD=1.12). While many employees agree they can express their ideas, the relatively high neutral responses suggest further development of two-way feedback systems is necessary.

An overall mean score of 3.42 with a standard deviation of 1.14 reflects a positive perception of communication practices within the bureau. The highest-rated item highlights the value of consistent communication between managers and employees regarding performance. Overall, effective communication remains a key element of Employee Relationship Management, significantly supporting employee engagement, awareness, and overall organizational performance.

Table 6 Descriptive analysis of Organizational Trust

Organizational Trust	N	Mean	Std
I trust the management to act in my best interest.	155	3.72	1.102
I trust that information shared by the organization is accurate.	155	3.47	1.213
I can rely on my organization to keep its promises	155	3.46	1.197
I feel secure sharing concerns without fear of retaliation.	155	3.46	1.255
There is mutual trust among employees in my organization.	155	3.35	1.278
I believe that decisions made by management are fair.	155	3.67	1.239

Average mean	3.5	3.5
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Source: Survey result (2025)

Table 4.6 shows that the statement “I trust the management to act in my best interest” had the highest mean score among trust-related items at 3.72 (SD=1.10). This indicates a relatively high level of trust in leadership, with the majority of employees expressing agreement or strong agreement that management prioritizes their well-being. This was followed by the statement “I believe that decisions made by management are fair,” which received a mean score of 3.67 (SD=1.24), suggesting that many employees perceive fairness in managerial decision-making—an essential factor in fostering organizational trust and integrity.

The third highest-rated statement was “I trust that information shared by the organization is accurate,” with a mean score of 3.47 (SD=1.21). This suggests a moderate level of confidence in organizational communication, though a noticeable proportion of respondents remained neutral or skeptical. The fourth statement, “I can rely on my organization to keep its promises,” scored a mean of 3.46 (SD=1.20), indicating that while many employees believe the organization is dependable, some doubt its consistency in fulfilling commitments.

The fifth item, “I feel secure sharing concerns without fear of retaliation,” had a mean score of 3.46 (SD=1.26). Although this reflects a reasonably open and safe environment, the relatively high number of neutral and disagreeing responses signals a need for stronger psychological safety and protections for honest feedback. The last-ranked item was “There is mutual trust among employees in my organization,” with a mean score of 3.35 (SD=1.28). This lower score suggests that trust among peers is somewhat weaker compared to trust in management, pointing to possible interdepartmental or interpersonal gaps that may hinder team cohesion.

Descriptive analysis for trust-related items reveals an overall mean score of 3.5 with a standard deviation of 1.2. This reflects a generally positive level of trust between employees, management, and peers within the organization. The highest score, associated with trust in management, underscores the importance of leadership credibility in maintaining employee satisfaction and organizational commitment.

However, the slightly lower scores for peer trust and openness to share concerns indicate that efforts are still needed to strengthen internal relationships and cultivate a more supportive and transparent organizational culture.

Table 7 Descriptive analysis of Conflict management

Conflict management	N	Mean	Std
My organization has clear procedures for resolving conflicts.	155	3.19	1.338
My organization provides workplace conflict management training.	155	3.35	1.231
I have the power to negotiate and bargain during conflict resolution.	155	3.25	1.417
Conflicts are addressed in a timely manner within my organization.	155	3.28	1.297
The management remains neutral and fair in handling conflicts.	155	3.23	1.318
The organization promotes a culture of conflict resolution.	155	3.43	1.391
Average mean		3.2	1.3

Source: Survey result (2025)

Table 4.7 shows that the statement “The organization promotes a culture of conflict resolution” received the highest mean score among conflict management-related items, at 3.43 (SD=1.39). This reflects a relatively positive perception, indicating that many employees believe the organization encourages and values conflict resolution as part of a constructive work culture. This was followed by the statement “My organization provides workplace conflict management training” with a mean score of 3.35 (SD=1.23), suggesting that such training is available, though the significant number of neutral responses may reflect inconsistency in how it is delivered or accessed across departments.

The third highest-rated statement was “Conflicts are addressed in a timely manner within my organization,” with a mean score of 3.28 (SD=1.30). This indicates that perceptions are mixed—while some employees agree, others remain neutral or

disagree, suggesting the need for more consistent procedures in timely conflict resolution. The fourth in order was “I have the power to negotiate and bargain during conflict resolution” (mean=3.25, SD=1.42), reflecting a moderate sense of empowerment, but also showing that many employees do not feel fully involved in the resolution process.

The fifth statement was “The management remains neutral and fair in handling conflicts,” with a mean of 3.23 (SD=1.32). Although a portion of respondents agreed, the presence of skepticism suggests that management's impartiality during conflict resolution may not be consistently demonstrated or perceived. The last in the ranking was “My organization has clear procedures for resolving conflicts,” which had a mean score of 3.19 (SD=1.34). This lower score indicates that many employees are either unaware of or do not fully understand the conflict resolution procedures, pointing to a gap in communication or implementation.

Descriptive analysis for conflict management-related items reveals an overall mean score of 3.2 with a standard deviation of 1.3. This suggests a moderate and somewhat positive perception of conflict management practices within the organization. The highest score was for the promotion of a conflict-resolving culture, signaling organizational effort in fostering healthy relationships. However, the lower scores on clarity of procedures and timely resolution emphasize areas where LDAB should strengthen communication, training, and fairness to improve overall effectiveness in managing workplace conflict.

Table 8 Descriptive analysis of Organizational Performance

Organizational Performance	N	Mean	Std
The quality of services provided by my organization has improved.	155	3.45	1.338
My organization is effective at meeting the needs of the public.	155	3.35	1.231
It is important for me to be recognized by this organization for a job well done.	155	3.25	1.417
My organization actively innovates to improve service delivery.	155	3.6	1.297

My organization consistently achieves its goals and objectives.	155	3.46	1.255
My organization functions smoothly with minimal internal conflict.	155	3.74	1.278
The organization's resources (financial, human, technological) are utilized efficiently.	155	3.67	1.239
The organization effectively implements its strategic plans.	155	3.54	1.318
Customers are satisfied with the policies and working conditions of this organization.	155	3.63	1.391
Average mean		3.54	1.3

Source: Survey result (2025)

Table 4.8 shows that the statement “My organization actively innovates to improve service delivery” recorded the highest mean score at 3.60 (SD=1.30), reflecting a mixed perception where some employees recognize efforts in innovation, but a substantial portion remain neutral or disagree. This was followed by “My organization functions smoothly with minimal internal conflict,” which received a mean score of 3.74 (SD=1.28), indicating that many employees perceive a stable and collaborative work environment, making internal harmony one of the organization’s strengths.

The third highest-rated statement was “The organization’s resources (financial, human, technological) are utilized efficiently,” with a mean score of 3.67 (SD=1.24), showing strong confidence in resource management and operational planning. The fourth statement, “Customers are satisfied with the policies and working conditions of this organization,” had a mean of 3.63 (SD=1.39), suggesting that while a majority believe customers are satisfied, some skepticism exists due to varied experiences or unmet expectations.

The fifth statement, “The organization effectively implements its strategic plans,” scored 3.54 (SD=1.32), revealing a moderate level of confidence tempered by a significant proportion of neutral or disagreeing responses, which may indicate gaps in communication or inconsistencies in execution. The sixth, “The quality of services provided by my organization has improved,” had a mean of 3.45 (SD=1.34), indicating

that while most employees perceive service quality improvements, continued effort is needed to ensure consistency and wider recognition.

The seventh statement, “My organization is effective at meeting the needs of the public,” had a mean score of 3.35 (SD=1.23), reflecting moderate satisfaction but also highlighting opportunities to enhance public responsiveness. The last two statements, “My organization consistently achieves its goals and objectives” (mean=3.46, SD=1.26) and “It is important for me to be recognized by this organization for a job well done” (mean=3.25, SD=1.42), show that while goal achievement is generally viewed positively, recognition practices may need improvement to better motivate employees.

Descriptive analysis of organizational performance-related items reveals an overall mean score of 3.54 with a standard deviation of 1.3. This reflects a moderately positive perception of organizational performance among employees. Internal harmony and resource utilization appear as key strengths, while areas such as innovation visibility, strategic plan implementation, and employee recognition highlight opportunities for targeted improvement to further enhance performance and employee engagement.

4.3. The relationship between Employee Relationship Management and Organizational Performance in the case of LDAB

The Pearson Correlation Analysis was performed to analyze the relationship between employee relationship management and organizational performance. This study aims to analyze the strength and direction of the linear relationships between pairs of variables.

Table 9: Correlation range table

Coefficient range	Interpretation
0.00- 0.10	Negligible Correlation
0.11 – 0.39	Weak Correlation
0.40 – 0.69	Moderate Correlation
0.70 – 0.89	Strong Correlation
0.90 – 1.0	Very strong Correlation

Source: Schober & Boer (2018)

Table 10: Relationship between Employee Relationship Management and Organizational Performance

Correlations

		Correlations					
		Hr parcties	Leadership	Comunication	TurlD	Confilict	Organization
Hr parcties	Pearson Correlation	1	.082	.104	.068	.080	.543**
	Sig. (2-tailed)		.309	.200	.398	.325	.000
	N	155	155	155	155	155	155
Leadership	Pearson Correlation	.082	1	.105	.070	.097	.377**
	Sig. (2-tailed)	.309		.192	.385	.228	.000
	N	155	155	155	155	155	155
Comunication	Pearson Correlation	.104	.105	1	.072	.099	.511**
	Sig. (2-tailed)	.200	.192		.375	.222	.000
	N	155	155	155	155	155	155
TurlD	Pearson Correlation	.068	.070	.072	1	.087	.333**
	Sig. (2-tailed)	.398	.385	.375		.281	.000
	N	155	155	155	155	155	155
Confilict	Pearson Correlation	.080	.097	.099	.087	1	.333**
	Sig. (2-tailed)	.325	.228	.222	.281		.000
	N	155	155	155	155	155	155
Organization	Pearson Correlation	.543**	.377**	.511**	.333**	.333**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	155	155	155	155	155	155

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS v 26 output

Correlation between Employee Relationship Management Dimensions and Organizational Performance

From Table 4.10, the Pearson correlation analysis was conducted to examine the relationship between the various dimensions of Employee Relationship Management (ERM) — such as HR practices, leadership, communication, organizational trust, and conflict management — and organizational performance.

HR Practices: The Pearson correlation between HR practices and organizational performance was found to be **positive, moderate, and statistically significant** ($r = .543$, $p < 0.01$). According to Schober & Boer (2018), a coefficient in the range of 0.40–0.69 reflects a moderate correlation. This result suggests that better HR practices are moderately associated with improved organizational performance. The findings indicate that LDAB utilizes HR practices such as transparent recruitment, employee development programs, and fair evaluations, which contribute meaningfully to its performance.

Leadership: The correlation between leadership and organizational performance was **positive, weak, and statistically significant** ($r = .377$, $p < 0.01$). Based on the interpretation range, this value reflects a weak but meaningful relationship. This implies that effective leadership—through support, involvement, and vision—has a positive influence on organizational performance, even though the strength of the relationship is limited.

Communication: The Pearson correlation between communication and organizational performance was found to be **positive, moderate, and statistically significant** ($r = .511$, $p < 0.01$), suggesting that improvements in internal communication are moderately linked to enhanced performance. This highlights that LDAB's emphasis on open and accurate communication enables employees to collaborate efficiently and fulfill their responsibilities effectively.

Organizational Trust: The relationship between organizational trust and organizational performance was found to be **positive, weak, and statistically significant** ($r = .333$, $p < 0.01$). This indicates that a higher level of trust within the organization is weakly associated with better performance outcomes. It reflects LDAB's effort to promote a trustworthy environment where employees feel valued and secure, even though the relationship strength is relatively low.

Conflict Management: The Pearson correlation between conflict management and organizational performance was also **positive, weak, and statistically significant** ($r = .333$, $p < 0.01$), indicating that better conflict resolution practices have a weak but significant effect on performance. This implies that LDAB encourages timely and fair handling of disputes, fostering a harmonious work atmosphere that supports the bureau's goals.

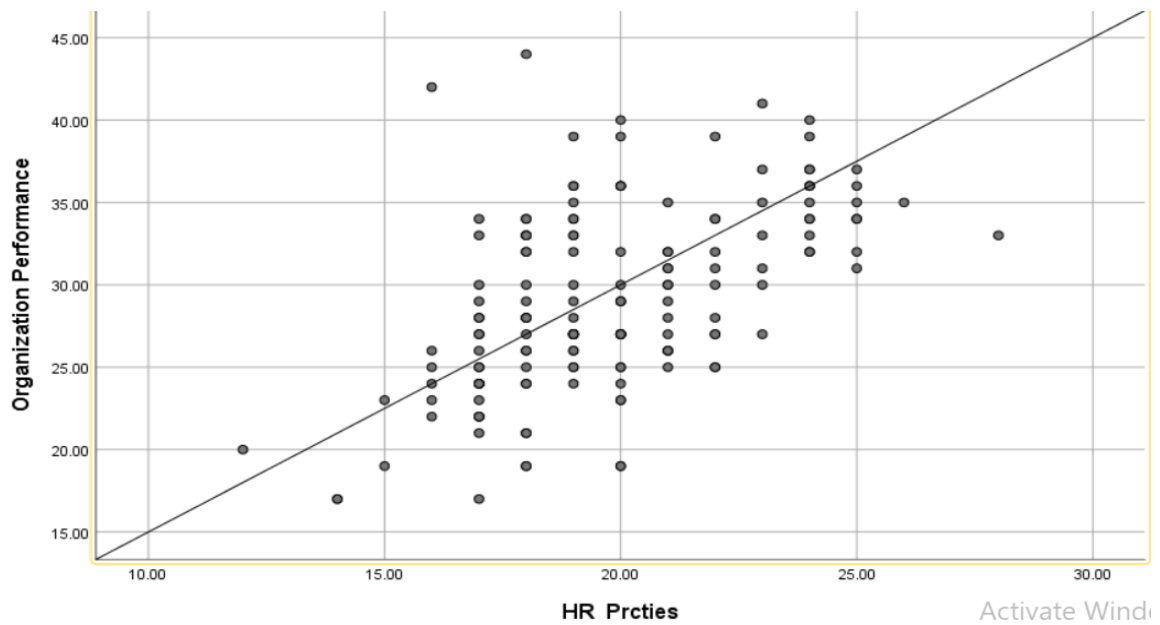
4.4. The Effect of Employee Relationship Management on Organizational Performance in case of LDAB

4.4.1. Assumption of multiple regression

Assumption 1- Linear relationship between each independent variables and the dependent variable.

Multiple regression assumes the relationship between the dependent variable and the independent variable to be linear.

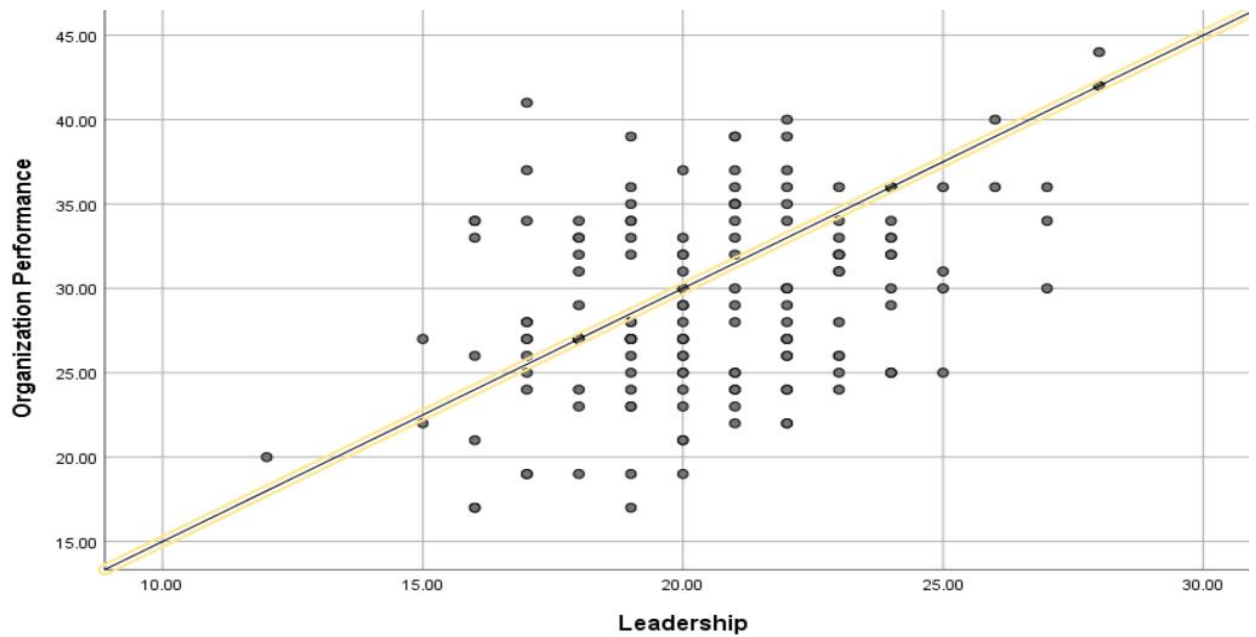
Figure 2 Scatter plot of HR practices with Organizational performance



Source: SPSS v 26 output

This shows that as the dependent variable (Organization Performance) increases, the independent variable (HR Practices) also increases.

Figure 3 Scatter plot of Leadership Style with Organizational performance

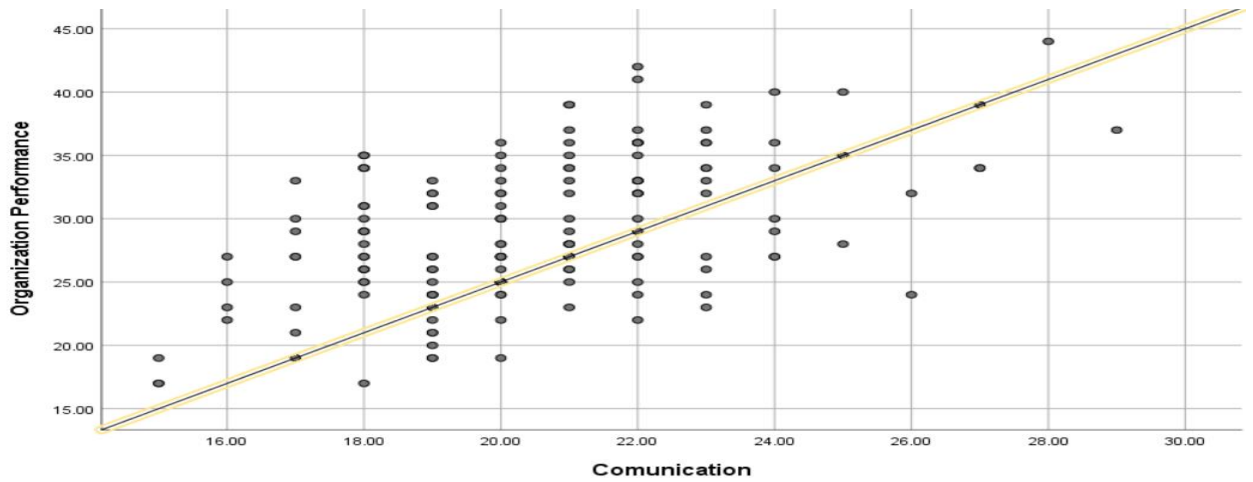


Source: SPSS v 26 output

This shows that as the dependent variable (Organization Performance) increases, the independent variable (Communication) increases, the

Figure

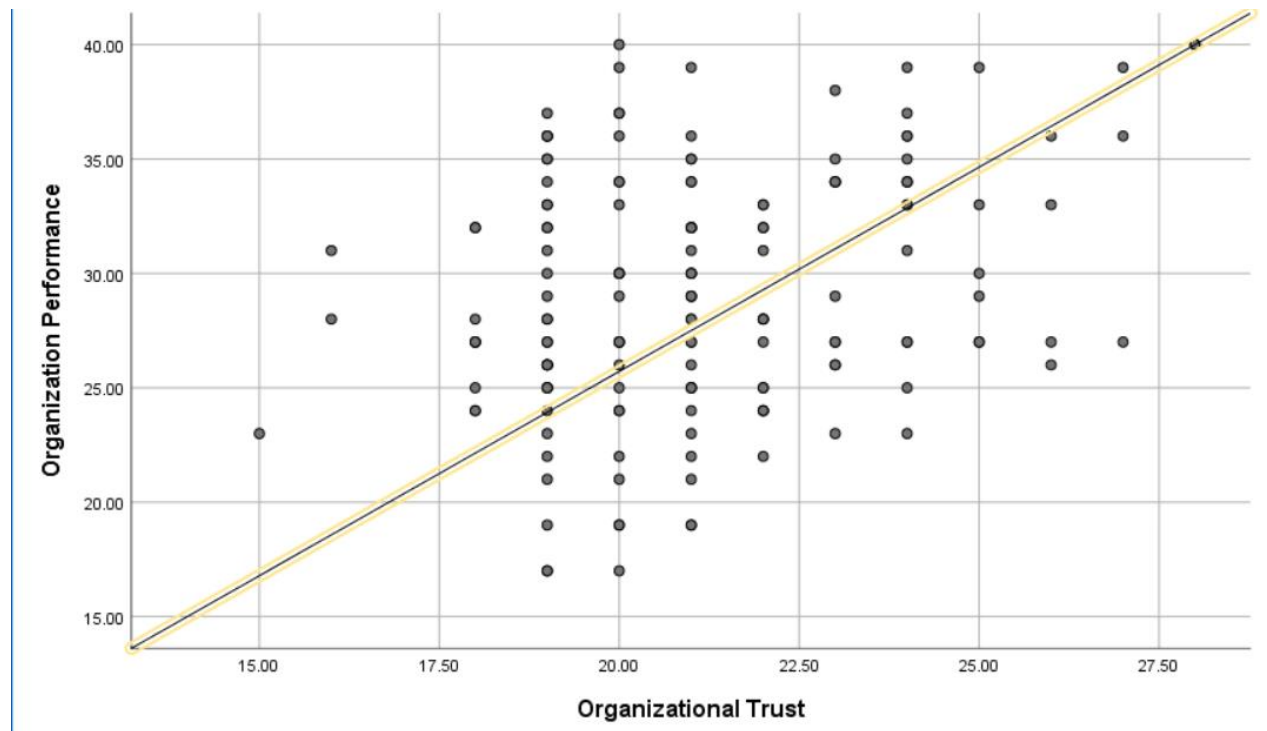
4.3



Source: SPSS v 26 output

The above plot demonstrates that as communication scores increase, organizational performance scores tend to increase, indicating a positive linear relationship between the two variables. The regression line provides a model for this trend, but the scatter of the data points suggests that communication is not the sole determinant of organizational performance.

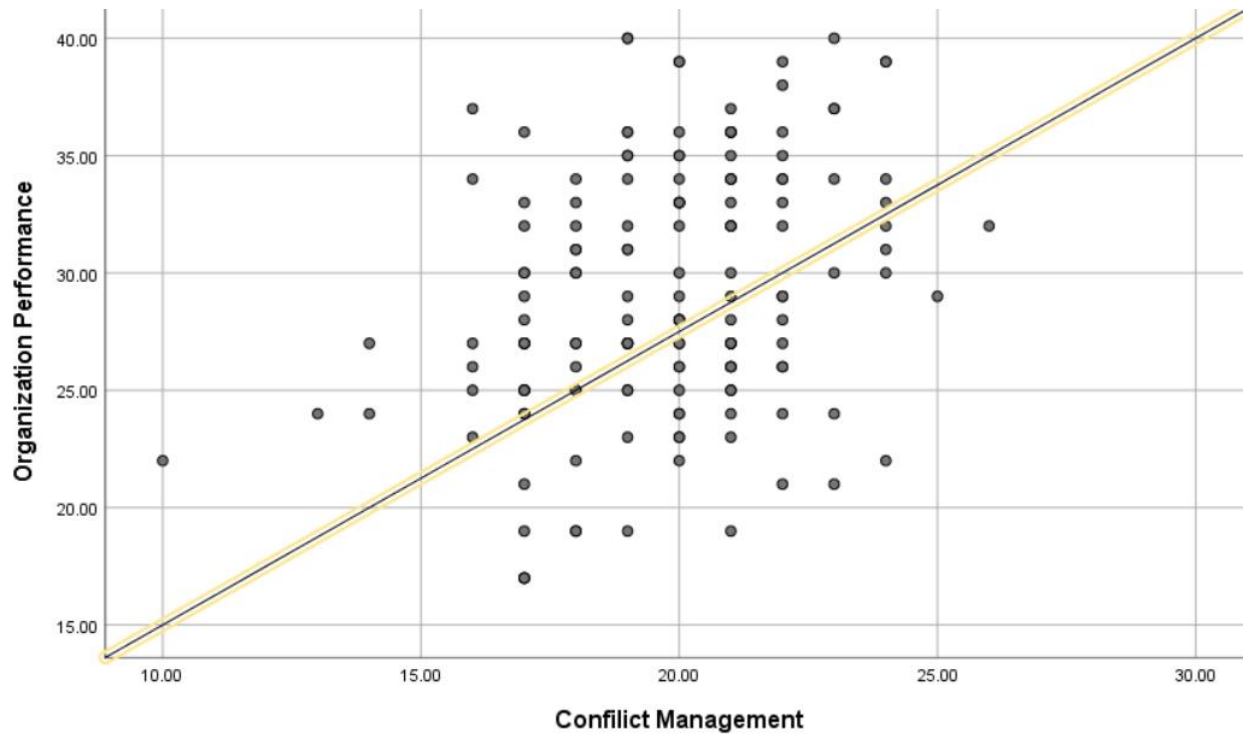
Figure 4. 4 Scatter plot of Organizational Trust with Organizational performance



Source: SPSS v 26 output

This scatter plot with its upward-sloping regression line suggests a positive linear relationship: higher levels of organizational trust are associated with higher organizational performance.

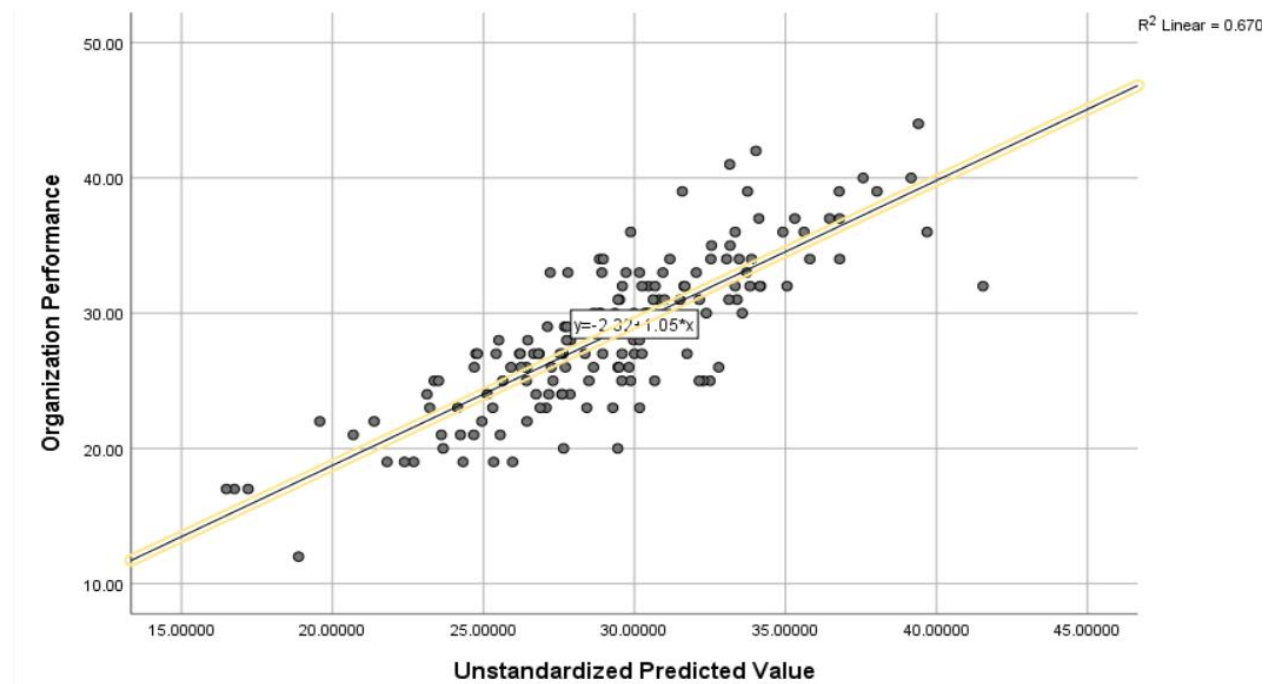
Figure 5 Scatter plot of Conflict Management with Organizational performance



Source: SPSS v 26 output

The plot indicates a positive linear relationship between "Conflict Management" and "Organization Performance", meaning that higher levels of effective conflict management are associated with better organizational performance.

Figure 4.6 Scatter plot of independent variables with Organizational performance



Source: SPSS v 26 output

This indicates that the independent variables: HR Practices, Leadership, Communication, Trust, and Conflict Management tend to result in higher organizational performance when all other factors are held constant. The positive linear relationship and relatively high R^2 value (0.673) suggest that the model explains a substantial proportion of the variance in organizational performance.

Assumption 2- There is no Multicollinearity

Table 11 Coefficient Table

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-43.021	4.264		-10.088	.000		
	HR Prcties	.933	.100	.440	9.335	.000	.986	1.015
	Leadership	.597	.100	.283	5.989	.000	.984	1.016
	Communication	.867	.105	.392	8.245	.000	.970	1.031
	Organizational Trust	.660	.112	.278	5.913	.000	.990	1.010
	Conflict Management	.451	.112	.192	4.040	.000	.976	1.024

a. Dependent Variable: Organization Performance

The above collinearity statistics show that there is no multicollinearity in the data, as all VIF values are below 10 and all tolerance values are greater than 0.1.

For **HR Practices**, the VIF and tolerance scores were (statistics = 1.015 and 0.986, respectively).

Leadership had VIF and tolerance scores of (statistics = 1.016 and 0.984, respectively).

Communication showed a VIF and tolerance score of (statistics = 1.031 and 0.970, respectively).

For **Organizational Trust**, the VIF and tolerance values were (statistics = 1.010 and 0.990, respectively).

Lastly, **Conflict Management** had a VIF and tolerance score of (statistics = 1.024 and 0.976, respectively).

Assumption 3- The values of residuals are independent.

Table 12 Model Summary

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.820 ^a	.673	.662	3.34921	2.248

a. Predictors: (Constant), Conflict Management, HR Prcties, Organizational Trust, Leadership, Communication

b. Dependent Variable: Organization Performance

The independence of residuals was tested using the Durbin-Watson statistic. The obtained value was 2.248, which lies within the acceptable range of 1.5 to 2.5. This indicates that there is no autocorrelation in the residuals, and thus, the assumption of independence of errors is met.

Table 13 ANOVA Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3442.679	5	688.536	61.382	.000 ^b
	Residual	1671.360	149	11.217		
	Total	5114.039	154			

a. Dependent Variable: Organization Performance

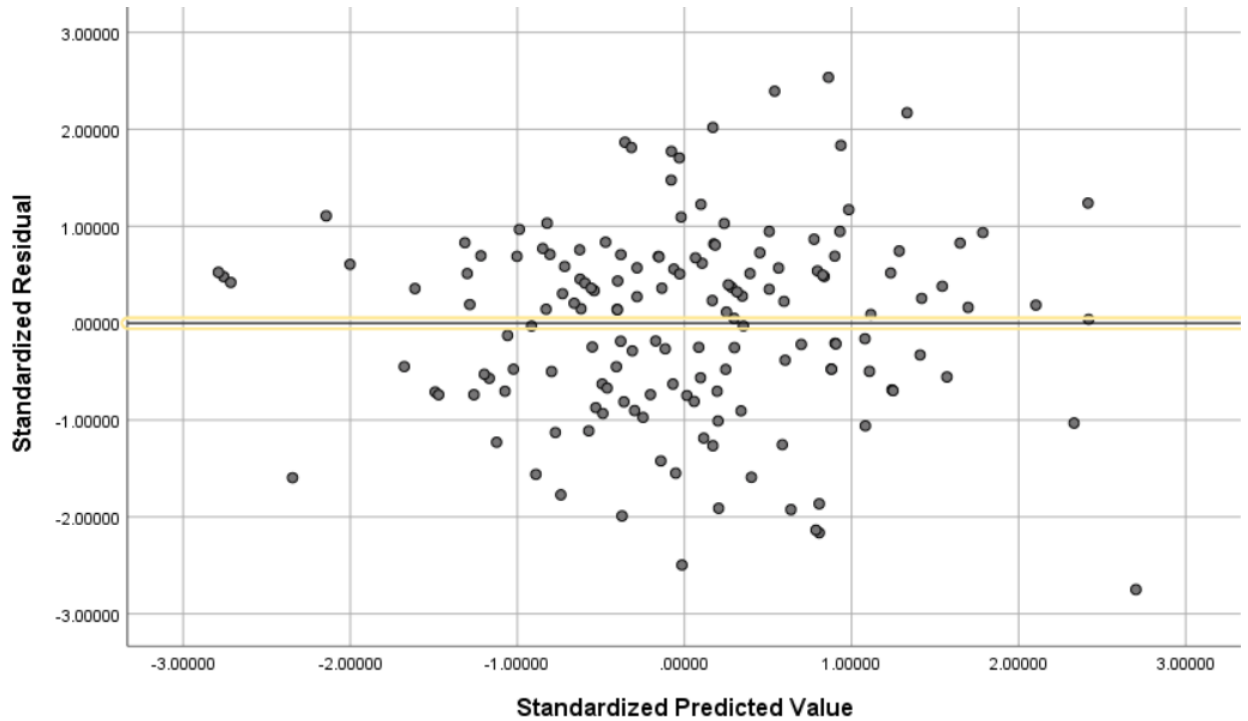
b. Predictors: (Constant), Conflict Management, HR Prcties, Organizational Trust, Leadership, Communication

Source: SPSS v 26 output

Table 13 presents the ANOVA results for the regression analysis examining the effect of Conflict Management, HR Practices, Organizational Trust, Leadership, and Communication on Organizational Performance. The model shows a significant overall fit, as indicated by the F-value of 61.382 and a significance level of .000 ($p < 0.001$). This means that the combined predictors reliably explain a significant portion of the variance in organizational performance. The regression sum of squares (3442.679) compared to the residual sum of squares (1671.360) suggests that the model accounts for a substantial amount of the variability in the dependent variable. Overall, these results confirm that the selected independent variables collectively have a strong and statistically significant impact on organizational performance.

Assumption 4- Homoscedasticity/ The variance of residuals is constant.

Table 14 Homoscedasticity

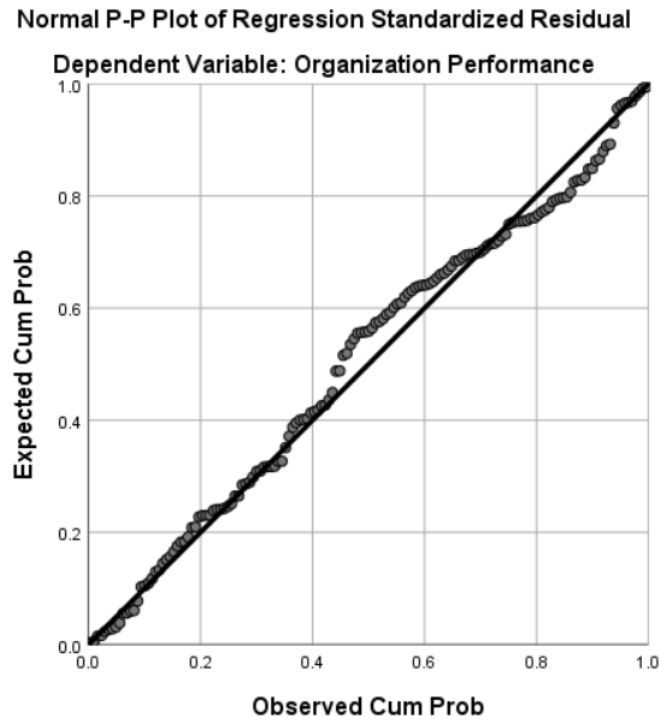


Source: SPSS v 26 output

The scatterplot of standardized residuals against standardized predicted values shows that the residuals are **randomly scattered** around zero, with no clear pattern or funnel shape. This indicates that the assumption of **homoscedasticity** has been met — the variance of the residuals is relatively constant across all levels of predicted values.

Assumption 5- The values of residuals are normally distributed.

The assumption test is met when the closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.



Based on the outputs of the multiple regression analysis, the dependent variable Organizational Performance was regressed on the independent variables: HR Practices, Leadership, Communication, Organizational Trust, and Conflict Management. The model was statistically significant, $F = 61.3$, $p < .05$, indicating that the five independent variables collectively have a significant influence on Organizational Performance.

Additionally, the Adjusted $R^2 = 0.673$, which implies that 67.3% of the variation in Organizational Performance is explained by the five independent variables. The remaining 32.7% may be attributed to other factors not included in the model. This result suggests that the bureau has implemented systems and strategies that emphasize effective HR practices, strong leadership, open communication, trust, and conflict resolution, which collectively boost organizational performance.

Based on the coefficients table:

- HR Practices has a significant and positive influence on Organizational Performance ($\beta = .440$, $t = 9.335$, $p = .000$). This indicates that a one-unit increase in HR Practices leads to a 0.933-unit increase in Organizational Performance.
- Leadership also significantly and positively affects performance ($\beta = .283$, $t = 5.989$, $p = .000$), suggesting a one-unit increase in Leadership improves Organizational Performance by 0.597 units.
- Communication shows a strong positive effect ($\beta = .392$, $t = 8.245$, $p = .000$), meaning a one-unit increase in Communication results in a 0.867-unit increase in performance.
- Organizational Trust is similarly impactful ($\beta = .278$, $t = 5.913$, $p = .000$), indicating a 0.660-unit increase in performance for every unit increase in trust.
- Conflict Management has the least but still significant effect ($\beta = .192$, $t = 4.040$, $p = .000$), where a one-unit increase in conflict management contributes 0.451 units to performance.

Therefore, all independent variables significantly and positively predict Organizational Performance. Among them, HR Practices has the strongest influence, followed by Communication, Leadership, Organizational Trust, and Conflict Management.

4.4.2. Mathematical model

The Effect of independent variables on the dependent variables can be determined by the following equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

- Y = Organizational Performance (Dependent variable)
- X_1, X_2, X_3, X_4, X_5 = Independent variables (HR Practices, Leadership, Communication, Organizational Trust, and Conflict Management)

- β_0 = Intercept (constant)
- β_1 = Coefficient for HR Practices
- β_2 = Coefficient for Leadership
- β_3 = Coefficient for Communication
- β_4 = Coefficient for Organizational Trust
- β_5 = Coefficient for Conflict Management
- ε = Error term

Based on the regression coefficient output: $\beta_0 = 1.272$, $\beta_1 = 0.933$, $\beta_2 = 0.597$, $\beta_3 = 0.867$, $\beta_4 = 0.660$, $\beta_5 = 0.451$

$$Y = 1.272 + 0.933X_1 + 0.597X_2 + 0.867X_3 + 0.660X_4 + 0.451X_5 + \varepsilon$$

Organizational Performance = $1.272 + 0.933(\text{HR Practices}) + 0.597(\text{Leadership}) + 0.867(\text{Communication}) + 0.660(\text{Organizational Trust}) + 0.451(\text{Conflict Management}) + \varepsilon$

4.4.3 Hypothesis Testing

As indicated in the below table, all independent variables have a significantly positive influence on the dependent variable, Organizational Performance.

Table 4.14 Hypothesis Testing

Hypothesis	Regression Weights	B	T	p-value	Results
H1	HRP → OP	0.933	9.335	0.000	Supported
H2	LDR → OP	0.597	5.989	0.000	Supported
H3	COM → OP	0.867	8.245	0.000	Supported
H4	OT → OP	0.660	5.913	0.000	Supported
H5	CM → OP	0.451	4.040	0.000	Supported
R ²					0.673

Source: SPSS v 26 output

H1: HR Practices have a positive and significant effect on organizational performance.

The regression output shows that HR Practices significantly influence organizational performance ($\beta = 0.933$, $p = 0.000$). This implies that an increase in HR Practices is

strongly associated with a significant improvement in organizational performance. Therefore, the alternative hypothesis is accepted, and the null hypothesis is rejected.

H2: Leadership style has a positive and significant effect on organizational performance.

Leadership also showed a significant positive effect on organizational performance ($\beta = 0.597$, $p = 0.000$). This indicates that effective leadership practices contribute substantially to better organizational outcomes. Hence, the study accepts the alternative hypothesis and rejects the null hypothesis.

H3: Communication has a positive and significant effect on organizational performance.

Communication was found to be a significant predictor of organizational performance ($\beta = 0.867$, $p = 0.000$). The result suggests that effective communication within the organization plays a critical role in enhancing performance. Accordingly, the alternative hypothesis is accepted.

H4: Trust has a positive and significant effect on organizational performance.

Trust in the organization was also found to significantly affect performance outcomes ($\beta = 0.660$, $p = 0.000$). This means that organizational trust fosters employee engagement and enhances overall performance. Thus, the alternative hypothesis is accepted.

H5: Conflict management has a positive and significant effect on organizational performance.

Conflict management displayed a significant positive relationship with organizational performance ($\beta = 0.451$, $p = 0.000$). This implies that well-managed conflicts can foster a healthier work environment and better performance. Therefore, the alternative hypothesis is supported.

4.5. Discussion

The objective of this study was to examine the effect of Employee Relationship Management (ERM) dimensions on organizational performance within the Addis Ababa City Administration Land Development and Administration Bureau (LDAB). Statistical analysis using SPSS indicated that the five independent variables—HR

practices, leadership, communication, organizational trust, and conflict management—account for 67.3% of the variation in organizational performance ($R^2 = 0.673$), suggesting a strong model.

The results reveal that each ERM component has a positive and statistically significant effect on organizational performance:

- **HR practices** had the greatest effect ($\beta = 0.933$, $p < 0.001$), implying that improvements in HR practices would substantially enhance organizational performance. This finding aligns with Yuris et al. (2022), who emphasized the role of HR practices in driving performance through effective ERM adoption.
- **Communication** also demonstrated a strong and significant association ($\beta = 0.867$, $p < 0.001$), supporting Banerji and Dayal's (2005) assertion that communication is a key mechanism for enhancing coordination, transparency, and performance outcomes.
- **Organizational trust** showed a meaningful and significant impact ($\beta = 0.660$, $p < 0.001$), consistent with prior studies (Hagenimana et al., 2018; Fu Bajaj et al., 2013) that found trust fosters stronger employee commitment and improved performance.
- **Leadership** exhibited a moderate but significant positive effect ($\beta = 0.597$, $p < 0.001$). This result corresponds with Janes O. Samwel (2018), who noted that leadership's influence on performance varies depending on leadership style and organizational context.
- **Conflict management** had the lowest beta value among the predictors ($\beta = 0.451$, $p < 0.001$) but remained statistically significant. This indicates that effective management of workplace conflict contributes positively to performance at LDAB, echoing findings by Alper et al. (2000) and Ifeyinwa and Chinonso (2016), who highlighted conflict resolution as essential for organizational harmony and productivity.

In conclusion, HR practices, communication, organizational trust, leadership, and conflict management all play important roles in enhancing organizational performance at LDAB. Although their impacts vary, each factor is significant, underscoring the importance of a balanced and integrated approach to managing employee relationships to achieve optimal results.

Chapter 5: **Summary, Conclusion, and Recommendation**

This chapter deals with the summary of the findings, conclusions analyzed from the study, and recommendations for future studies.

5.1. Summary

The research attempts to examine the influence of independent variables, HR practices, Communication, leadership style, organizational trust, and conflict management on the dependent variable, organizational performance. The study covers a sample size of 177 employees in the Land Development and Administration Bureau at the central. The Data was collected using a questionnaire and edited, coded, and analyzed using SPSS v26.

The summaries of major findings are presented as follows:

- The number of Male respondents is higher than Female respondents.
- The majority of the age group lies between 29-38.
- Most of the Employees have 3 -4 years of experience working for LDAB.
- The first group of measurement indicates an overall mean of 3.3 and a standard deviation of 1.13, which indicates more than half of the respondents agreed to the HR Practices questions.
- Recruitment and selection practices based on merit have the highest mean value, indicating employees of LDAB are willing to create changes that are required for the benefit of the bureau. Implies a relatively favorable perception towards recruitment and selection processes, indicating that LDAB is making efforts to prioritize qualifications and competencies during hiring.
- The Leadership style have an average mean of 3.43 and a 1.18 standard deviation, respectively.
- 39.8% of employees strongly agree and 21.8% of employees agree that the managers provide clear guidance and support to their employees.
- The third group of measurement were found with an overall mean and standard deviation of 3.42 and 1.14 respectively.

- Most employees of LDAB believe that their manager communicates with them about their performance on a regular basis higher mean value of 3.57.
- The Organizational trust has an average mean of 3.43 and 1.18 standard deviation, respectively.
- 39.8% of employees believe that decisions made by management are fair.
- The Pearson correlation shows that there is a positive and significant relationship between the independent variables and the dependent variable, Organizational Performance in LDAB.
- The finding of adjusted R^2 revealed that HR practices, leadership style, communication, trust, and account for 66.4% of employee commitment.

5.2. Conclusion

The findings of this study confirm that Employee Relationship Management (ERM) plays a vital role in enhancing the organizational performance of the Land Development and Administration Bureau (LDAB). By examining five key ERM components—HR practices, communication, organizational trust, leadership, and conflict management—the research provides evidence of their individual and collective influence on performance outcomes.

Among these factors, **HR practices** emerged as the most influential ($\beta = 0.933$, $p < 0.001$), indicating that strategic efforts in recruitment, training, compensation, and employee development are central to organizational success. This aligns with Yuris et al. (2022), who emphasized the role of effective HRM in driving performance through ERM.

Communication also demonstrated a strong positive effect ($\beta = 0.867$, $p < 0.001$), reinforcing its role in promoting coordination, transparency, and accountability within the organization, as supported by Banerji and Dayal (2005).

In addition, **organizational trust** significantly contributed to performance improvement ($\beta = 0.660$, $p < 0.001$). This finding is consistent with studies by

Hagenimana et al. (2018) and Fu Bajaj et al. (2013), who highlighted that trust fosters employee commitment and a productive work environment.

Leadership had a moderately strong effect ($\beta = 0.597$, $p < 0.001$), suggesting that its impact on performance is shaped by both leadership style and organizational context, in line with the conclusions of Janes O. Samwel (2018).

Although **conflict management** had the lowest beta value ($\beta = 0.451$, $p < 0.001$), its influence was still meaningful. Proper conflict resolution contributes to workplace harmony and team effectiveness, as noted by Alper et al. (2000) and Ifeyinwa and Chinonso (2016).

However, despite the presence of these practices, ERM at LDAB is not institutionalized under a specific unit or formally assigned to a dedicated function. This organizational gap may limit the full realization of ERM's potential. Establishing a structured ERM framework and assigning clear responsibilities could enhance the long-term benefits of these practices.

In conclusion, this study highlights the importance of adopting an integrated and systematic approach to employee relationship management to improve organizational performance sustainably and effectively.

5.3. Recommendation

Based on the findings of the study, the following recommendations are proposed to improve organizational performance within the Land Development and Administration Bureau (LDAB):

- **Prioritize Key Dimensions of Employee Relationship Management (ERM)**

The Bureau should focus on critical ERM dimensions—particularly human resource (HR) practices, communication, and organizational trust—as these have shown the most significant influence on performance outcomes in public service delivery.

- **Strengthen HR Practices:** LDAB is advised to adopt and sustain effective HR practices by delivering regular training and development programs that enhance employee skills and job performance. Fair and transparent compensation structures,

including competitive salaries and incentive systems, should be maintained to boost motivation. Additionally, a performance management system should be implemented to address underperformance constructively and transparently.

- **Enhance Internal Communication:** The Bureau should establish clear and consistent communication channels, such as regular staff meetings, internal bulletins, and digital platforms to facilitate the exchange of information. Encouraging two-way communication will allow employees to express concerns and ideas openly. Managers should provide both formal and informal feedback and promote a culture of openness and collaboration across all levels.

- **Promote Fairness and Build Organizational Trust:** LDAB should foster a workplace culture built on fairness, transparency, and integrity. This includes honoring commitments, involving employees in decision-making, and ensuring clarity in policy implementation. Strengthening organizational credibility will enhance employee trust and commitment, aligning staff efforts with institutional goals.

- **Increase Employee Engagement and Ownership:** To promote engagement, LDAB should involve employees in decision-making, planning, and policy formulation processes. Structured orientation and induction programs should be conducted to help employees understand the Bureau's mission, values, regulations, and performance expectations. This fosters a sense of belonging and ownership, which enhances motivation and commitment.

- **Develop a Structured ERM Framework:** The Bureau should establish a formal and well-defined Employee Relationship Management framework. This model should include key components identified in the study—such as HR practices, leadership, communication, trust, and conflict management—to systematically guide employee-employer interactions and improve service delivery.

- **Monitor and Evaluate ERM Implementation Continuously:** It is essential for LDAB to regularly assess the effectiveness of its ERM initiatives. A monitoring and evaluation system should be developed to track progress, identify areas for improvement, and ensure accountability. Continuous assessment will help sustain positive employee relations and enhance organizational performance in the long term.

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Annex-1

ADDIS ABABA UNIVERSITY
SCHOOL OF POSTGRADUATE STUDIES
Masters of Business Administration Questionnaire

Dear Respondents,

My name is Alekaw Ketemaw, I am doing my thesis entitled “**Effect of employee relationship management on organizational performance**” in case of Addis Ababa Land Development and Administration Bureau” as a partial fulfilment of the requirements for Masters of Business Administration (MBA) degree. The purpose of this study is to see how employee relationship management affects organizational performance at AALDAB. To that goal, a questionnaire is utilized to collect relevant data from respondents. The confidentiality of the information you supply is totally guaranteed because the data collected is only used for academic purposes. For that reason, I would appreciate the genuine response you give to the questions. All information given will strictly confidential.

Please contact me at (+251933009936) or (alekawketemaw09@gmail.com) if you have any queries about this study.

We greatly value your co-operation. Thank you for your consideration and timely completion of the questionnaire.

Note:

Do not write your name.

Put a tick mark “√” in the space provided in front of each item.

The questionnaire has three parts that includes respondents profile and study related questions.

Alekaw Ketemaw
The Researcher

Part I - Personal Information

Direction: Please select an appropriate response category by putting a thick mark (√) on the one that corresponds to your response.

1. Gender

❖ Male

❖ Female

2. Age

❖ 18-28

❖ 49-58

❖ 29-38

❖ Above 58

❖ 39-48

3. What is your level of Education?

❖ High school and below

❖ Masters

❖ Diploma

❖ PHD

❖ First Degree

4. Monthly Income

❖ Below 5000ETB

❖ 8001-11000ETB

❖ 5001-8000ETB

❖ Above 11000ETB

5. How long have you worked for LDMB?

❖ Below 2 Years

❖ 2-3years

❖ 3-4 years

❖ More than 5 Years

Part II- ERM

Direction: This part of the questionnaire uses a five-point Likert scale to assess your perception for employee relationship management. Please place (√) mark in the space provided to indicate your level of agreement with the statements in the left column. Where, 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5 =Strongly Agree.

No	Measurement Items	Measurement Scale				
		<i>SD</i>	<i>D</i>	<i>N</i>	<i>A</i>	<i>SA</i>
		1	2	3	4	5
HR Practices						
1	My organization provides me with adequate training and development opportunities.					
2	I believe that compensation in my organization is done fairly.					
3	Appointment in My organization is based on performance.					
4	Recruitment and selection practices are based on merit.					
5	My organization pays me a good salary and wages.					
6	The performance appraisal system in my organization is fair and transparent.					
Leadership Style						
1	Managers in this organization promote teamwork and collaboration.					
2	My managers involve me in decision-making processes.					
3	Managers in this organization promote a positive working environment.					
4	The management encourage innovation and creativity among employees.					
5	The leadership style in my organization enhances my performance.					
6	My Manager provide me with clear guidance and support.					
Communication						
1	There is open and transparent communication between management and employees.					

2	Communication channels within My organization are effective.					
3	Communication within my department is efficient.					
4	There is a feedback mechanism that allows me to share my ideas.					
5	I am informed about changes in working procedures in a timely manner.					
6	My manager communicates with me about my performance on a regular basis					
Trust						
1	I trust the management to act in my best interest.					
2	I trust that information shared by the organization is accurate.					
3	I can rely on my organization to keep its promises					
4	I feel secure sharing concerns without fear of retaliation.					
5	There is mutual trust among employees in my organization.					
6	I believe that decisions made by management are fair.					
Conflict management						
1	My organization has clear procedures for resolving conflicts.					
2	My organization provides workplace conflict management training.					
3	I have the power to negotiate and bargain during conflict resolution.					
4	Conflicts are addressed in a timely manner within my organization.					
5	The management remains neutral and fair in handling conflicts.					
6	The organization promotes a culture of conflict resolution.					

Part III- Organizational Performance

Direction: This part of the questionnaire also uses a five-point Likert scale to assess your perception for organizational performance. Please place (√) mark in the space provided to indicate your level of agreement with the statements in the first column. Where, 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5 =Strongly Agree

No	Measurement Items	Measurement Scale				
		SD	D	N	A	SA
		1	2	3	4	5
1	The quality of services provided by my organization has improved.					
2	My organization is effective at meeting the needs of the public.					
3	It is important for me to be recognized by this organization for a job well done.					
4	My organization actively innovates to improve service delivery.					
5	My organization consistently achieves its goals and objectives.					
6	My organization functions smoothly with minimal internal conflict.					
7	The organization's resources (financial, human, technological) are utilized efficiently.					
8	The organization effectively implements its strategic plans.					
9	Customers are satisfied with the policies and working conditions of this organization.					